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€500,000,000 4.25% Senior Secured Notes due 2028

Mobilux Finance SAS (the **Issuer**), a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, with its registered office at 1 Avenue Spinoza, 77184 Emerainville, France and registered under number 821 716 032 (*R.C.S. Meaux*) is offering (the **Offering**) €500,000,000 aggregate principal amount of 4.25% Senior Secured Notes due 2028 (the **Notes**). The proceeds from the Offering will be used to repay certain of the Group's existing indebtedness, to pay a dividend to the Group's equity holders and for general corporate purposes. See "*Use of Proceeds*".

The Notes will bear interest at a rate of 4.25% and will mature on 15 July 2028. Interest on the Notes will be paid semi-annually in arrears on 15 January and 15 July of each year, commencing on 15 January 2022.

The Issuer may redeem the Notes in whole or in part at any time on or after 15 July 2024, in each case, at the redemption prices set out in this offering circular (the **Offering Circular**). Prior to 15 July 2024, the Issuer will be entitled to redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium, as described in this Offering Circular. Prior to 15 July 2024, the Issuer may also redeem up to 40% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at the redemption price equal to 104.25% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, provided that at least 50% of the original principal amount of the Notes remains outstanding after the redemption. Prior to 15 July 2024, the Issuer may on one or more occasions redeem up to 10% of the Notes during each calendar year at a redemption price of 103% of the aggregate principal amount thereof plus accrued and unpaid interest and additional amounts, if any. Additionally, the Issuer may redeem all, but not less than all, of the Notes at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of the repurchase. However, a change of control will be deemed not to have occurred if specified consolidated leverage ratios are not exceeded in connection with such event.

On or subsequent to the issue date, the Parent Guarantor may select upon satisfaction of certain conditions, any French or Luxembourg parent entity of which the Parent Guarantor is a subsidiary to substitute itself (the **Succeeding Parent Guarantor**) and/or any French or Luxembourg subsidiary of the Succeeding Parent Guarantor (or the Parent Guarantor itself) to substitute the Issuer (the **Succeeding Issuer**), whereupon such Succeeding Parent Guarantor and/or such Succeeding Issuer will assume all of the obligations of the Parent Guarantor or the Issuer, respectively, under the Notes (a **Substitution**).

On the Issue Date, the Notes will be senior obligations of the Issuer, guaranteed (the **Guarantees** and, each, a **Guarantee**) on a senior basis by Mobilux 2 SAS (the **Parent Guarantor**), Mobilux Acquisition SAS, Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS (together, the **Guarantors** and each, a **Guarantor**), and secured by the Collateral (as defined herein). The Notes and Guarantees will rank *pari passu* in right of payment with all of the Issuer's and Guarantors' existing and future indebtedness that is not expressly subordinated in right of payment to the Notes, including indebtedness incurred under the New Super Senior Revolving Credit Facility (as defined herein). The property and assets that will secure the Notes and the Guarantees will also secure liabilities under the New Super Senior Revolving Credit Facility and may secure certain priority hedging obligations (the **Super Senior Obligations**) on a first-ranking basis. In the event of enforcement of the security interests over the Collateral, the Super Senior Obligations and certain other indebtedness permitted under the Indenture (as defined herein) to be incurred on a priority basis will be repaid with the proceeds from the enforcement of the Collateral in priority to the Notes. The validity and enforceability of the Guarantees and the security interests and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Guarantees and the Security Interest and Certain Insolvency Law Considerations*". The Collateral and the Guarantees may be released in certain circumstances.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of the Luxembourg Stock Exchange (the **Euro MTF Market**). There are no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2014/65/EU on markets in financial instruments. The Euro MTF Market falls within the scope of Regulation (EU) No 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse.

An investment in the Notes involves a high degree of risk. Prospective Investors should have regard to the factors described under the section headed "Risk Factors" beginning on page 26.

Price for the Notes: 4.25%, plus accrued interest, if any, from the Issue Date

The Notes and the Guarantees (the **Securities**) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any state securities laws, or the laws of any other jurisdiction. The Securities are being offered and sold within the United States only to "qualified institutional buyers" (**QIBs**) in reliance on Rule 144A under the Securities Act (**Rule 144A**), and in offshore transactions in accordance with Regulation S under the Securities Act (**Regulation S**). **You are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.** The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Securities or the accuracy or adequacy of this Offering Circular. For additional information about eligible offerees and transfer restrictions, please see "*Notice to Investors*".

The Regulation S Notes have initially been represented by interests in a global note certificate in registered form (the **Regulation S Global Note Certificate**), without interest coupons, and the Rule 144A Notes have initially been represented by interests in a global note certificate in registered form (the **Rule 144A Global Note Certificate**) and, together with the Regulation S Global Note Certificate, the **Global Note Certificates**, without interest coupons, which in each case have been delivered in book-entry form through a common depository of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream**), on 29 June 2021 (the **Issue Date**). See "*Book-Entry; Delivery and Form*".

Global Coordinator & Joint Bookrunner

BNP PARIBAS

Joint Bookrunners

BARCLAYS

BofA SECURITIES

CRÉDIT AGRICOLE CIB

DEUTSCHE BANK

**GOLDMAN SACHS BANK
EUROPE SE**

ING

RBC CAPITAL MARKETS

The date of this Offering Circular is 13 July 2021

IMPORTANT INFORMATION

In making an investment decision regarding the Notes and the Guarantees offered by this Offering Circular, you must rely on your own examination of the Issuer and the terms of this Offering, including the merits and risks involved. This Offering Circular relates to the offering of the Notes on the Issue Date. The Offering is being made on the basis of this Offering Circular only. Any decision to purchase the Notes and the Guarantees in the Offering must be based on the information contained in this Offering Circular.

The Issuer accepts responsibility for the information in this Offering Circular. We have prepared this Offering Circular solely for use in connection with this Offering and for application of the Notes for listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. You may not distribute this Offering Circular or make photocopies of it without our prior written consent other than to people you have retained to advise you in connection with this Offering.

You are not to construe the contents of this Offering Circular as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes and the Guarantees. You are responsible for making your own examination of the Notes and the Issuer and your own assessment of the merits and risks of investing in the Notes and the Guarantees. None of the Issuer, the Guarantors or any of the Initial Purchasers (as defined herein) is making any representation to you regarding the legality of an investment in the Notes and the Guarantees by you under appropriate legal investment or similar laws.

To the best of our knowledge and belief, having taken all reasonable care to ensure such is the case, the information contained in this Offering Circular is in accordance with the facts and contains no omission likely to affect its import. The information contained in this Offering Circular has been furnished by the Issuer and other sources we believe to be reliable. This Offering Circular contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents. You should contact the Issuer or the Initial Purchasers with any questions about this Offering or if you require additional information to verify the information contained in this Offering Circular. All summaries are qualified in their entirety by this reference. Copies of such documents and other information relating to the issuance of the Notes and the Guarantees will be available at the specified offices of the listing agent in Luxembourg. See *“Listing and General Information”*.

The Initial Purchasers will provide prospective investors with a copy of this Offering Circular and any related amendments or supplements. By receiving this Offering Circular, you acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether or not to invest in the Notes and the Guarantees.

The information set out in those sections of this Offering Circular describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of the Issuer or the Guarantors 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.

No person is authorised in connection with any offering made by this Offering Circular to give any information or to make any representation not contained in this Offering Circular and, if given or made, any other information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors or the Initial Purchasers. The information contained in this Offering Circular is accurate as of the date hereof. Neither the delivery of this Offering Circular at any time nor any subsequent commitment to purchase the Notes or the Guarantees shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Circular or in the business of the Issuer or the Guarantors since the date of this Offering Circular.

The Initial Purchasers make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this Offering Circular. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or the future. The Issuer and the Guarantors have furnished the information contained in this Offering Circular.

The Notes and the Guarantees are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See *“Plan of Distribution”* and *“Notice to Investors”*.

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, and the Issuer has submitted this Offering Circular to the competent authority in connection with the listing application. We cannot guarantee that our application for admission of the Notes to trading on the Euro MTF Market and to list the Notes on the Official List of the Luxembourg Stock Exchange will be approved as of the settlement date for the Notes or any date thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

The Issuer reserves the right to withdraw this Offering at any time. The Issuer is making this Offering subject to the terms described in this Offering Circular and the purchase agreement relating to the Notes (the **Purchase Agreement**). The Issuer and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The distribution of this Offering Circular and the offer and sale of the Notes and the Guarantees are restricted by law in some jurisdictions. This Offering Circular does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes and the Guarantees in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes and the Guarantees must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and the Guarantees or possesses or distributes this Offering Circular, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Initial Purchasers shall have any responsibility thereof. See “*Notice to Certain Investors*”, “*Plan of Distribution*”, and “*Notice to Investors*”.

Investing in the Notes involves a high degree of risk. Please see “*Risk Factors*” beginning on page 26.

ALTERNATE SETTLEMENT CYCLE

Delivery of the Notes was made against payment on the Notes on the date specified on the cover page of this Offering Circular, which was four 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**)) following the date of pricing of the Notes (this settlement cycle is being referred to as “T+4”). 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 this Offering Circular or the following seven 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 advisers.

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS (THE **STABILISING MANAGER**) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER OR STABILISING MANAGERS) 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 IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION 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 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO CERTAIN INVESTORS

General

This Offering Circular does 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 authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Offering Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions. Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Circular under “*Notice to Investors*” in this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of the Notes. No offer or sale of the Notes may be made in any jurisdiction except in compliance with the applicable laws thereof. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum.

For a description of certain restrictions relating to the offer and sale of the Notes, see “*Plan of Distribution*”. The Issuer accepts no liability for any violation by any person, whether or not a prospective purchaser of the Notes, of any such restrictions.

Notice to U.S. Investors

The Notes and the Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be sold outside the United States in offshore transactions in reliance on Regulation S of the Securities Act and within the United States to qualified institutional buyers in reliance on Rule 144A of the Securities Act. The Notes are subject to certain restrictions on transfer. Prospective purchasers **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.** For a description of certain further restrictions on resale or transfer of the Notes, please see “*Notice to Investors*”.

Notice to EEA 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**). 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**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Solely for the purposes of each 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 manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Note (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Notice to French Investors

This Offering Circular has not been prepared and is not being distributed in the context of a public offering (other than to “qualified investors” (*investisseurs qualifiés*) within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (**qualified investors**)) of financial securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and therefore has not been approved by, registered or filed with the *Autorité des Marchés Financiers*. Consequently, the Notes are not being, nor will they be, offered or sold, directly or indirectly, to the public (other than to qualified investors) in France and this Offering Circular has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public (other than to qualified investors) in France or used in connection with any offer for subscription or sale of the Notes to the public (other than to qualified investors) in France. The Notes may only be offered, sold or distributed in France to qualified investors in accordance with Articles L.411-1

and L.411-2 of the *French Code monétaire et financier*. No direct or indirect distribution, transfer or sale of the Notes so acquired shall be made to the public in France other than in compliance with Articles L.411-1 to L.411-4, L.412-1 and L.621-8 to L.621-8-2 of the *French Code monétaire et financier*.

Notice to United Kingdom Residents

This Offering Circular is only being distributed to and is only directed at (a) persons who are outside the United Kingdom, (b) persons falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Market Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**)), (c) persons falling within Article 49(2)(a) to (d) of the Order (high net worth entities, unincorporated associations, etc.) or (d) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act (the **FSMA**)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as **relevant persons**). This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents. The Notes are not being offered to the public in the United Kingdom.

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 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the **FSMA**) and any rules or regulations made under the FSMA to implement the IMD, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA (**UK MiFIR**). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Notice to Luxembourg Investors

This Offering Circular constitutes a prospectus for the purpose of part IV of the Luxembourg law of 16 July 2019 on prospectuses for securities (the **Luxembourg Prospectus Act**).

This Offering Circular has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in Luxembourg (**Luxembourg**). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except for the sole purpose of the listing on the Official List of the Luxembourg Stock Exchange and admission to trading of the Notes on the Euro MTF Market and except in circumstances which do not constitute an offer of securities to the public which benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus in accordance with the Luxembourg Prospectus Act and the relevant circulars issued by the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

The Issuer is a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France with registration number 821 716 032 RCS Meaux. The Issuer's registered office is 1 Avenue Spinoza, 77184 Emerainville, France. The Issuer is a holding company with no independent operations of its own and whose only material assets as of the Issue Date will consist only of the intragroup receivables owed to it under the Proceeds Loans (as defined below). The Issuer does not prepare, and does not intend to prepare, consolidated financial statements at the level of the Issuer. As a result, this Offering Circular instead presents consolidated financial and other data for Mobilux 2 SAS and its subsidiaries (including the Issuer).

This Offering Circular contains:

- an English translation of the audited consolidated financial statements of Mobilux 2 SAS and its subsidiaries from time to time (the **Group**) as of and for the year ended 30 June 2019, which include as comparative financial information the audited consolidated financial information of the Group as of and for the year ended 30 June 2018 (the **2019 Financial Statements**);
- an English translation of the audited consolidated financial statements of the Group as of and for the year ended 30 June 2020, which include as comparative financial information the audited consolidated financial information of the Group as of and for the year ended 30 June 2019 (the **2020 Financial Statements**, and together with the 2019 Financial Statements, the **Annual Financial Statements**); and
- the unaudited condensed consolidated interim financial statements of the Group as of and for the nine months ended 31 March 2021, which includes as comparative financial information the unaudited condensed consolidated interim financial information of the Group as for and for the nine months ended 31 March 2020 (the **Interim Financial Statements**, and together with the Annual Financial Statements, the **Financial Statements**).

The Annual Financial Statements were prepared in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union, as set out in note B.1 to the 2020 Financial Statements and the 2019 Financial Statements. The Annual Financial Statements were originally issued in French.

The Annual Financial Statements have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres statutory auditors, as stated in their reports, English translations of which are included elsewhere in this Offering Circular.

The Interim Financial Statements were prepared in accordance with International Accounting Standards (**IAS**) 34 Interim Financial Reporting, as set out in note A.1 to the Interim Financial Statements.

We have also presented certain unaudited financial information for the twelve months ended 31 March 2021 (the **LTM**). The LTM was calculated by adding the unaudited condensed consolidated statements of comprehensive income and cash flows for the nine months ended 31 March 2021 and the audited consolidated statements of comprehensive income and cash flows for the year ended 30 June 2020, and subtracting the unaudited condensed consolidated statements of comprehensive income and cash flows for the nine months ended 31 March 2020.

This LTM data has been prepared solely for the purpose of this Offering Circular, has not been prepared in the ordinary course of our financial reporting and has not been audited or reviewed. The financial information for the nine months and twelve months ended 31 March 2021 is not necessarily indicative of the results that may be expected for the year ended 30 June 2021, and should not be used as the basis for or prediction of an annualised calculation.

The unaudited financial information of the Group for the twelve months ended 31 March 2021 has been prepared solely for the purposes of this Offering Circular, is not necessarily indicative of our results of operations for any future period, is not prepared in the ordinary course of the Group, has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, Regulation (EU) 2017/1129 or any generally accepted accounting standards.

Non-IFRS Financial and Operating Information

Throughout this Offering Circular we include references to Adjusted EBITDA, Like-for-like Sales, Net Debt, Normalised Adjusted EBITDA Normalised Net Debt, Free Cash Flow and Adjusted Free Cash Flow. These are not measures specifically defined under IFRS, or any other internationally accepted accounting principles, and you should not consider

such items as an alternative to the applicable IFRS measures. We believe that the presentation of these measures enhances an investor's understanding of the financial performance of our ongoing operations.

Our non-IFRS measures are defined by us as follows:

- “**Adjusted EBITDA**” represents recurring operating profit before depreciation, amortisation and impairment, and other operating income and expenses (as reported in the Financial Statements), non-recurring items, management fees and service costs. As from 1 July 2019, the Group has applied IFRS 16 “Leases”. The impact of the application of IFRS 16 and IAS 17 are excluded in the computation of Adjusted EBITDA.
- “**Like-for-like Sales**” represents the amount of sales generated by a constant number of stores from one year to the next. Like-for-like Sales is not a measure defined by IFRS, and our methodology for determining Like-for-like Sales may not be comparable to the methodology used by other companies in determining their Like-for-like Sales. The amount of Like-for-like Sales is not necessarily indicative of our future revenue or earnings.
- “**Net Debt**” represents non-current borrowings plus current borrowings less cash and cash equivalents and bank deposits. The impact of the application of IFRS 16 and IAS 17 are excluded in the computation of Net Debt.
- “**Normalised Adjusted EBITDA**” represents Adjusted EBITDA for the twelve months ended 31 March 2021 that has been further adjusted, on the basis of certain assumptions, to exclude certain extraordinary, non-recurring or one-off effects on the business resulting from the COVID-19 pandemic and related government measures. See “*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*”.
- “**Normalised Net Debt**” represents Net Debt as at 31 March 2021 that has been further adjusted, on the basis of certain assumptions, to exclude certain extraordinary, non-recurring or one-off effects on working capital resulting from the increased activity related to the COVID-19 pandemic. See “*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*”.
- “**Free Cash Flow**” represents net cash flows provided by operating activities plus net cash flows used in investing activities, excluding, for the avoidance of doubt, drawdowns and repayments under the Existing Super Senior Revolving Credit Facility and repayments of shareholder loans.
- “**Adjusted Free Cash Flow**” represents Adjusted EBITDA less maintenance capital expenditures and central capital expenditures and changes in working capital.

Even though these measures are used by management to assess ongoing operating performance and even though these measures are commonly used by investors, they have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. For example, Adjusted EBITDA:

- excludes certain tax payments that may represent a reduction in cash available to us;
- does not reflect any cash capital expenditure requirements for the assets being depreciated and amortised that may have to be replaced in the future;
- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect the financial expense, or the cash requirements necessary to service interest payments, on our debts;
- does not reflect the impact of earnings or changes resulting from certain matters we consider not to be indicative of our ongoing operations; and
- other companies may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, investors should not place any undue reliance on these non-IFRS measures and financial indicators and should not consider these as: (a) an alternative to operating income or net income as determined in accordance with IFRS, or as a measure of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with IFRS, or as a measure of our ability to meet cash

needs; or (c) an alternative to any other measure of performance under IFRS. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS measures only supplementally to evaluate our performance. For further information regarding the calculation of Adjusted EBITDA and other non-IFRS measures presented in this Offering Circular, or for a reconciliation to the related IFRS measure of these measures, see “*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*”.

The financial information and financial statements included in this Offering Circular are presented in euro.

The financial information and Financial Statements included in this Offering Circular are not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations of the U.S. Securities and Exchange Commission (the **SEC**) which would apply if the Notes or the Guarantees were registered with the SEC.

Certain numerical figures included in this Offering Circular have been rounded. Discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

MARKET AND INDUSTRY DATA

We obtained market data and certain industry data and forecasts included in this Offering Circular from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Primary sources for third-party industry data and forecasts included the National Institute of Statistics and Economic Studies of France (**INSEE**), l’Institut de Promotion et d’Etudes de l’Ameublement (**IPEA**), the International Monetary Fund (**IMF**), the LSA, a French retail and marketing magazine (**LSA**), Côte Clients, the Organisation for Economic Co-operation and Development (the **OECD**), Observatoire Cetelem and l’Association Française des Sociétés Financières (**ASF France**), GfK, and other reports including a commissioned industry report. The statements in this Offering Circular relating to market data and certain industry data and forecasts are each according to such sources, including the commissioned industry report, or our own internal surveys and estimates. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable based upon our management’s knowledge of the industry, have not been independently verified. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. We do, however, accept responsibility for the correct reproduction of this information. Statements as to our market position are based on recently available data. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “*Risk Factors*” appearing elsewhere in this Offering Circular.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this Offering Circular belongs to its holder.

TAX CONSIDERATIONS

Prospective investors in the Notes are advised to consult their own tax advisers as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the Offering. See “*Certain Tax Considerations*”.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. When used in this document, the words “anticipate”, “believe”, “estimate”, “aims”, “targets”, “forecast”, “expect”, “continues”, “ongoing”, “potential”, “guidance”, “seeks”, “may”, “intend”, “plan”, “could”, “would”, “should” and “project” or, in each case, their negative, and similar expressions, as they relate to us, our management or third parties, identify forward-looking statements. Forward-looking statements include statements regarding our business strategy, financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of our management, as well as assumptions made by our management and information currently available to us. Although we believe that these beliefs

and assumptions are reasonable, these statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf and include, in addition to those listed under “*Risk Factors*” and elsewhere in this Offering Circular, the following:

- the impact on our sales, profits and cash flow resulting from general economic conditions, consumer confidence and spending patterns;
- market demand and industry conditions;
- our ability to control our franchisees;
- our ability to accurately anticipate and manage consumer demand and inventory;
- our ability to successfully introduce new products;
- our ability to secure adequate and timely supply of merchandise from suppliers;
- our ability to maintain good relationships with our suppliers;
- the cost of providing consumer financing solutions and their availability to our customers;
- impact of changes in credit and debt and provider requirements;
- fluctuations in our quarterly results and our ability to generate higher sales during peak promotional periods;
- the highly competitive nature of the industry in which we operate;
- our ability to retain customers;
- our store expansion strategy may not be successful;
- difficulties regarding the integration of stores acquired from our franchisees;
- our ability to grow our e-commerce platform;
- our ability to protect our reputation and value associated with our name and brand;
- our ability to avoid operational problems and product defects and, if such issues were to arise, to rectify them quickly;
- our ability to renew or replace our store leases or enter into leases for new stores on favourable terms and the availability of suitable lease space for our stores;
- a disruption in our information technology systems;
- the theft or misappropriation of funds, products or consumer data;
- our ability to successfully retain and hire key management;
- our ability to reduce our cost base in case of downturn;
- the potential reassessment by tax authorities which could result in future tax liabilities;
- the fact that our principal shareholders, the Sponsors, may have interests that conflict with ours;
- our ability to take advantage of purchasing and other synergies resulting from our cooperation with XXXLutz Group, a group related to WM Holding GmbH, one of our Sponsors, and Conforama France, a furniture retail group acquired by Mobilux, our indirect parent, in September 2020;

- our ability to generate sufficient cash, raise sufficient capital or refinance our debt at or before maturity to meet both our debt service and capital investment requirements;
- our exposure to currency fluctuations;
- our substantial leverage and ability to meet significant debt service obligations;
- the continuing effects of COVID-19 and the outbreak of other pandemics or epidemics and expectation of financial or economic recovery from its impact; and
- the other factors discussed in more detail under “*Risk Factors*”.

The foregoing factors and others described under “*Risk Factors*” should not be construed as exhaustive. We do not assume any obligation to update any forward-looking statements and disclaim any obligation to update our view of any risks or uncertainties described herein or to publicly announce the result of any revisions to the forward-looking statements made in this Offering Circular, except as required by law.

In addition, this Offering Circular contains information concerning our industry and our market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which our industry, our market and business segments will develop. We have based these assumptions on information currently available to us, including through the market research and industry reports referred to in this Offering Circular. Although we believe that this information is reliable, we have not independently verified and cannot guarantee its accuracy or completeness. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, they could have a material adverse effect on our future results of operations and financial condition, and the trading price of the Notes.

USE OF TERMS

Unless otherwise specified or the context requires otherwise in this Offering Circular, references to:

2024 Notes are to the €380 million aggregate principal amount of 5.5% senior secured notes due 2024 issued by the Issuer on 10 November 2016.

Average basket measures the average euro value of all transactions in a given period (based on total sales, including VAT, divided by the number of receipts processed).

BNP Paribas Personal Finance are to a subsidiary of BNP Paribas that provides consumer financing.

CAGR are to compound annual growth rate.

Collateral are to the Collateral, which will secure the Notes and the new Super Senior Revolving Credit Facility. See “*Description of the Notes—Security*”.

Company, the **Group**, **we**, **us** and **our** are to the Parent Guarantor and its consolidated subsidiaries, except as otherwise indicated or where the context otherwise requires.

Conforama France are to the portion of the business (including 162 stores) of Conforama France S.A., a public limited company (*société anonyme*) incorporated under the laws of France, with registered office at 80 boulevard du Mandinet (Lognes), 77432 Marne La Vallée, France, registered with the Register of Commerce and Companies of Meaux under number 414 819 409, acquired by Mobilux, our indirect parent company, in September 2020.

cross channel or **cross canal** are to our strategy of marketing to customers via various channels that span our website and offline stores.

Dividend are to a distribution of an aggregate amount up to €215,000,000 to the direct and indirect shareholders of the Parent Guarantor in connection with the Transactions. See “*Use of Proceeds*”.

EEA are to the European Economic Area.

EU are to the European Union.

euro or **€** are to the lawful currency of the European Monetary Union.

Existing Super Senior Revolving Credit Facility are to the existing revolving credit facility of up to €100,000,000, available to the Group subject to the terms of the Existing Super Senior Revolving Credit Facility Agreement and to be terminated as part of the Transactions;

Existing Super Senior Revolving Credit Facility Agreement are to the credit facility agreement for the Existing Super Senior Revolving Credit Facility entered into by Mobilux Acquisition SAS and other parties on 17 November 2016;

Footfall measures the number of persons that visit a store in a given period.

Footfall Conversion Rate measures the number of visits in our total stores that give rise to a transaction in a given period (based on the number of receipts processed divided by Footfall).

France, unless otherwise noted, are to France excluding French Overseas Territories.

French Overseas Territories are to French Polynesia, La Réunion, Guadeloupe, French Guiana, Martinique, and Mayotte.

Guarantees are to the guarantees of the Notes by the Guarantors; see “*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*”.

Guarantors are to the Parent Guarantor, Mobilux Acquisition SAS, Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS.

IFRS are to international financial reporting standards, as adopted by the EU.

Indenture are to the indenture governing the Notes dated on the Issue Date, between, among others, the Issuer, the Guarantors and the Trustee.

Initial Purchasers are to BNP Paribas, Barclays Bank Ireland PLC, BofA Securities Europe SA, Crédit Agricole Corporate and Investment Bank, DEUTSCHE BANK AKTIENGESELLSCHAFT, Goldman Sachs Bank Europe SE, ING Bank N.V. and RBC Capital Markets (Europe) GmbH.

Intercreditor Agreement are to the intercreditor agreement dated on the Issue Date, between, among others, the Issuer, the Guarantors, the Trustee, the Security Agent and the financial institutions listed therein; see “*Description of Certain Financing Arrangements—Intercreditor Agreement*”.

Issue Date are to the date of the issuance of the Notes.

Issuer are to Mobilux Finance SAS, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, with registered office at 1 Avenue Spinoza, 77184 Emerainville, France, registered with the Register of Commerce and Companies of Meaux under number 821 716 032.

Like-for-like Average Basket are to the average basket generated by a constant number of stores from one year to the next (assuming 209 constant stores for the nine months ended 31 March 2021 as compared to the nine months ended 31 March 2020, 208 constant stores for the year ended 30 June 2020 as compared to the year ended 30 June 2019 and 196 constant stores for the year ended 30 June 2019 as compared to the year ended 30 June 2018).

Like-for-like Conversion Rate are to the conversion rate generated by a constant number of stores from one year to the next (assuming 209 constant stores for the nine months ended 31 March 2021 as compared to the nine months ended 31 March 2020, 208 constant stores for the year ended 30 June 2020 as compared to the year ended 30 June 2019 and 196 constant stores for the year ended 30 June 2019 as compared to the year ended 30 June 2018).

Like-for-like Sales are to the amount of sales generated by a constant number of stores from one year to the next (assuming 209 constant stores for the nine months ended 31 March 2021 as compared to the nine months ended 31 March 2020, 208 constant stores for the year ended 30 June 2020 as compared to the year ended 30 June 2019 and 196 constant stores for the year ended 30 June 2019 as compared to the year ended 30 June 2018).

Like-for-like Sales Growth measures the per cent. change in Like-for-like Sales from one year to the next.

Like-for-like Tickets are to the amount of tickets generated by a constant number of stores from one year to the next (assuming 209 constant stores for the nine months ended 31 March 2021 as compared to the nine months ended 31 March 2020, 208 constant stores for the year ended 30 June 2020 as compared to the year ended 30 June 2019 and 196 constant stores for the year ended 30 June 2019 as compared to the year ended 30 June 2018).

Like-for-like Traffic are to the amount of traffic generated by a constant number of stores from one year to the next (assuming 209 constant stores for the nine months ended 31 March 2021 as compared to the nine months ended 31 March 2020, 208 constant stores for the year ended 30 June 2020 as compared to the year ended 30 June 2019 and 196 constant stores for the year ended 30 June 2019 as compared to the year ended 30 June 2018).

LTM are to last twelve months and is calculated by adding the unaudited condensed consolidated statements of comprehensive income and cash flows for the nine months ended 31 March 2021 and the audited consolidated statements of comprehensive income and cash flows for the year ended 30 June 2020, and subtracting the unaudited condensed consolidated statements of comprehensive income and cash flows for the nine months ended 31 March 2020.

New Super Senior Revolving Credit Facility are to the new revolving credit facility providing for borrowings of up to €139.5 million made available to the Issuer on the Issue Date, subject to the terms of the New Super Senior Revolving Credit Facility Agreement; see “*Description of Certain Financing Arrangements—New Super Senior Revolving Credit Facility*”.

New Super Senior Revolving Credit Facility Agreement are to the credit facility agreement for the New Super Senior Revolving Credit Facility by and among, *inter alia*, the Issuer, the mandated lead arrangers named therein and BNP Paribas as agent and to be entered into on or prior to the Issue Date. See “*Description of Certain Financing Arrangements—New Super Senior Revolving Credit Facility*”.

Non-Guarantor Subsidiaries are to all the consolidated subsidiaries of the Company, other than the Guarantors.

Notes are to the €500 million 4.25% Senior Secured Notes due 2028 to be issued by the Issuer under the Indenture in the Offering.

Offering are to the offering of the Notes.

Parent Guarantor are to Mobilux 2 SAS, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, with registered office at 1 Avenue Spinoza, 77184 Emerainville, France, registered with the Register of Commerce and Companies of Meaux under number 820 334 647.

PFL are to *Plate-Forme* Logistique, our directly-operated logistics platform providing central purchasing and logistics coordination.

Proceeds Loans are to those certain proceeds loans among the Issuer, BUT International SAS, Cogesem SAS and Mobilux Acquisition SAS entered into in connection with the offering of the 2024 Notes.

Refinancing are to, collectively, (i) the redemption and repayment in full of the 2024 Notes, including any applicable accrued but unpaid interest and redemption premium as of the date of such redemption and repayment; and (ii) repayment in full of all amounts outstanding under, and the termination of, the Existing Super Senior Revolving Credit Facility Agreement as of the date of such repayment and termination.

Security Agent are to BNP Paribas.

Security Documents are to the security agreements defining the terms of the Collateral that secures the Notes and the Guarantees.

Shareholder Loan are to the loan in the outstanding principal amount of €82,574,000 as at 31 March 2021 (excluding aggregate accrued and unpaid interest as at 31 March 2021 of €2.4 million) provided by Mobilux 1 SAS to the Parent Guarantor pursuant to a loan agreement, dated 16 November 2016.

Sponsors are to investment funds managed or advised by Clayton, Dubilier & Rice, LLC and to WM Holding GmbH.

Subsidiary Guarantors are to the Guarantors other than the Parent Guarantor.

Succeeding Entity are to the Parent Guarantor or any French or Luxembourg parent entity of which the Parent Guarantor is a subsidiary, and that is a subsidiary of Mobilux S.à r.l., which on or subsequent to the issue date may elect to undertake, upon satisfaction of certain conditions, to be substituted for the Issuer as issuer of the Notes, whereupon it will assume all of the obligations of the Issuer under the Notes.

Transactions are to, collectively, (i) the Offering, (ii) the Refinancing, (iii) the entry into the New Super Senior Revolving Credit Facility, (iv) the payment of the Dividend, (v) the repayment of all amounts outstanding under the Shareholder Loan, and (vi) the payment of related commissions, fees and expenses in connection with all of the foregoing.

Trustee are to Deutsche Trustee Company Limited.

U.S. and United States are to the United States of America.

U.S. dollars or \$ are to the lawful currency of the United States of America.

XXXLutz Group are to XXXLutz KG and its affiliates.

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SUMMARY

This summary highlights information contained elsewhere in this Offering Circular. The information set forth in this summary does not contain all the information you should consider before making your investment decision. You should carefully read the entire Offering Circular, including the section “Risk Factors” and our consolidated financial statements and related notes, an English translation of which is included elsewhere in this Offering Circular, before making your investment decision. This summary contains forward-looking statements that contain risks and uncertainties. Our actual results may differ significantly in the future as a result of factors such as those set forth in “Risk Factors” and “Forward-Looking Statements”.

Unless the context otherwise requires, all references herein to “we”, “our”, “us”, “BUT” and the “Company” are to Mobilux 2 SAS and its direct and indirect subsidiaries, except as otherwise indicated or where the context otherwise requires.

Overview of the Group

We are one of the leading home equipment retailers in France, constantly growing our market share in furniture retail in France, which we estimate to be 11.8% as at 31 December 2020, a 1.7% increase since 2016, when we were acquired by our Sponsors. We are a one-stop-shop home equipment omnichannel retailer, offering a wide choice of products ranging from traditional to contemporary style furniture, kitchens and decoration, as well as white appliances and brown goods. Our product offering is complemented by our strong customer service offerings, which include, among others, consumer financing, installation, delivery and extended warranties. Based on survey that we conducted in August 2020, our brand awareness in France was 91%.

With 315 stores (including franchisees) in France and French Overseas Territories as of 31 March 2021, we operate the largest home equipment store network in France. As of 31 March 2021, 209 stores were directly operated by us and the remaining 106 stores, typically smaller, were operated by franchisees (which contributed to 7.8% of our total revenue). In addition to our retail stores, we have four distribution centres in France located near Orleans (two in Mer) and Lyon (Mions and Pusignan), primarily to centralise the supply and logistics of imported furniture, as well as decoration accessories and electrical products. Our distribution centres in Lyon and Orleans distribute our products nationwide in order to simplify the flows of goods, to reduce costs, to improve our service level in store, and to improve our fill rate and productivity.

To complement our store retail network, we have developed strong omnichannel capabilities to meet growing online demand. In the twelve months ended 31 March 2021, our online banner sales represented 10.3% of our total banner sales (excluding sales from our Marketplace platform), as compared to 6.7% for the year ended 30 June 2019, reflective of a number of initiatives implemented to drive online sales and penetration, as well as temporary factors due to the COVID-19 pandemic.

In the nine months ended 31 March 2021, we generated revenue of €1,667.9 million and Adjusted EBITDA of €242.9 million, representing increases of 27.2% and 120.8%, respectively, as compared to the nine months ended 31 March 2020. In the nine months ended 31 March 2021, furniture, white goods, brown goods and decoration accounted for 63.8%, 23.3%, 5.4% and 7.6% of our product sales, respectively. In the year ended 30 June 2020, we generated revenue of €1,615.4 million and Adjusted EBITDA of €118.0 million, representing a decrease of 4.9% and an increase of 12.8%, respectively, as compared to the year ended 30 June 2019.

We have benefitted and expect to continue to benefit significantly from our relationship with our Sponsors, which acquired us in November 2016. Since the year ended 30 June 2018 (*i.e.*, the first full fiscal year following that acquisition) to the twelve months ended 31 March 2021, the CAGR of our revenues, Adjusted EBITDA and Normalised Adjusted EBITDA have been 8.1%, 52.5% and 26.5%, respectively, while our gross margin has increased from 41.5% to 44.8% over the same period. Through one of our Sponsors, we are affiliated with the XXXLutz Group, the second largest furniture retailer in Europe, and we have established a sourcing cooperation arrangement with the XXXLutz Group. Our other Sponsor, CD&R, one of the oldest private equity firms, has unique operating expertise and a long track record of successful investments, in particular in the retail sector. In September 2020, our Sponsors acquired Conforama France, the third largest furniture retail group in France by market share with 162 stores and revenues of €1.8 billion (normalised to exclude the impact of the COVID-19 pandemic) for the twelve months ended 31 December 2020. Together with Conforama France, we are currently the largest furniture retailer in France by market share. Our affiliation, through our Sponsors, with XXXLutz Group and Conforama France provides us with a number of significant benefits, including enabling us to have differentiated sourcing and product curation capabilities. BUT and Conforama France are two distinct and standalone companies, with the two banners being operated separately and having distinct management teams and central functions. As a result, there is no financial link between the two businesses. We have, however, established cooperation arrangements with Conforama France which we believe have significant potential to unlock supply-side synergies.

Our Competitive Strengths

Leading home equipment player in France with a proven ability to gain market share.

We estimate that, as of 31 December 2020, we, together with Conforama France, are the largest furniture retailer in France with an approximately 19% share of the French furniture market (excluding Conforama France, we are the second largest furniture retailer in France with an 11.8% share of the French furniture market) and the third largest home appliances buying group in France through our Mano partnership with Casino and Cdiscount, with a well-established brand and over 50 years of history. In addition, through our affiliation with the XXXLutz Group, we are part of the second largest furniture retailer group in Europe. Based on a survey that we conducted in August 2020, our brand awareness among furniture retailers in France was 91%. We have built our leading brand position by fostering a reputation for broad product variety, quality and value in our product offering, and we have maintained the status of our brand through our continued investment in marketing activities over our long history. For instance, we advertise both nationally and regionally, targeting middle-income and value-oriented customers. According to a study that we conducted in September 2020, 37% of our customers are aged between 18 to 34 years old, 43% are aged between 35 to 54 years old and 20% are over the age of 50, while approximately 52% of our customers are women. National advertising includes TV advertisements, billboards, radio and press exposure. Our main advertising tool, which comprises 50% of our marketing costs, is the distribution of 16 million unaddressed leaflets in the catchment areas of each of our stores every two weeks. In addition, as part of our progressive shift to greater digitalisation, 20% of our marketing costs are utilised on content and digital platforms.

We have continuously expanded our market share in the core furniture category in the last eight years. As at December 2020, we have a market share of 11.8%, which represents a 3.1% increase since 2013 and a 1.7% increase since our acquisition by the Sponsors in 2016, outperforming our main competitors, including Ikea, which, according to sales figures published by Ikea held a 15% share of the French furniture market in 2020. We believe our leading market position is driven by our strong brand recognition (covering four lifestyle exclusive brands, three specialised brands and three inspirational collections per year), our large store network of 315 stores (including franchisees) within close proximity to customers (80% of our customers in France live within a 30 minute drive of a BUT store), our strong omnichannel capabilities (in 2020 we had 27 million visitors in-store and 94 million visits online), our broad and well-curated product offering and as well as the value for money and price proposition we offer (based on a survey that we conducted in September 2020, 32% of our customers shop at BUT because of the value for money that we offer, 22% because of proximity and 21% because of our good product offering availability).

We believe that we offer a compelling customer value proposition by offering at competitive prices the entire suite of products needed to equip a home in a single location. While we offer products from the main brands, such as SEB, Vedette, Whirlpool, Bosch or Siemens, for the nine months ended 31 March 2021 approximately 21% of our product offering comprised of our own brands and exclusively designed BUT products. In particular, we specialise in offering an eclectic mix of modern and stylistic furniture products under our exclusive “Time”, “Linea Natura”, “Zandiara and “Modern Living” labels, giving us a distinctive presence in the French furniture market.

Part of the second largest European furniture retailer driving scale advantage in the market and continued operational benefits

Through one of our Sponsors, we are affiliated with the XXXLutz Group, the second largest furniture retailer in Europe. In 2020, XXXLutz, which operates in 11 countries and has over 75 years of experience in the furniture market, generated approximately €5.1 billion in banner sales. We are also affiliated with Conforama France, which was acquired by Mobilux, our indirect parent, in September 2020. There are a number of significant benefits from our cooperation with the XXXLutz Group and Conforama France, including enabling us to have differentiated product curation capabilities. For example, we use exclusive brands from the XXXLutz Group to enlarge our offerings at different price points, which strengthens our brand and market position as a style expert, helps us retain our current customers and attract new clients, and ultimately ensures that we stand out from our competitors in the furniture sector.

In addition, our cooperation with the XXXLutz Group and Conforama France has greatly increased our purchasing power, enabling us to secure improved purchasing terms through the GIGA International organisation, a sourcing association of 15 retail banners affiliated to the XXXLutz Group. Through GIGA International, we have access to sourcing offices in Eastern Europe and Asia and to a sourcing team of hundreds of people globally to help drive our scale advantage in the market. This has brought us significant operational and financial benefits to drive our differentiation in the market in terms of purchasing.

In addition, through our cooperation with the XXXLutz Group, we have also managed to benefit from the XXXLutz Group's best practices and knowledge sharing, and have increased our merchandising capabilities, developed our technology (through website experience, product content or availability) and improved our customer service offering.

Resilient business, well-positioned to benefit from the strong home equipment market demand post-COVID-19

Given the strengths of our brand, our retail network and product offering, we are well-positioned to take advantage of the expected long-term growth in the French furniture market that is being driven by supportive macro factors and in particular the resilience in the French housing market (French real estate transactions in 2020 were 22% above the 10-year historical average). The Banque de France has forecast that it expects French GDP to grow by 5.5% for the 2021 (as compared to 2020), with household consumption in France expected to grow by 4% in 2021 (as compared to 2020). From 2013 to 2019, the CAGR of the French furniture market was 1.8% and the total size of the French furniture market increased from €12.0 billion in 2013 to €13.4 billion in 2019.

Growth in the French furniture market has accelerated during the COVID-19 pandemic. The size of the French furniture market decreased by only 5.2% to €12.7 billion in 2020 as compared to 2019, despite lockdown measures being imposed by the French government for three months that resulted in the closure of home equipment retail stores. This slump in activity, however, was followed by a strong recovery following the easing of the lockdown measures in May 2020, primarily driven by increased demand for furniture, decoration and DIY (for example, the "Do it Yourself" French market grew by 4.8%, as a result of increased re-investment in consumers' homes and, unlike furniture stores, DIY stores remaining open through the French lockdown periods in 2020) as customers sought to reinvest in their homes to make them more comfortable in light of ongoing work from home policies. We expect these positive trends in the French furniture market to continue in the future.

As discussed above, the French furniture market has a proven track record of strong resilience during periods of economic downturn, and we believe the French furniture market will remain strong during any further COVID-19 outbreaks and other future economic downturns.

Strong omnichannel capabilities able to respond to growing online demand

We have developed strong omnichannel capabilities to meet growing online demand, with our online presence (including last-mile delivery and "click and collect" services) complementing our established retail network. In the twelve months ended 31 March 2021, our online banner sales (excluding sales through our Marketplace online platform) represented 10.3% of our total banner sales, as compared to 7.9%, 6.7% and 5.6% for the years ended 30 June 2020, 2019 and 2018, respectively. In addition, we have improved our in-store merchandising capabilities to enhance customer experience and increase our in-store conversion rate, which was 30.3% for the year ended 30 June 2020 as compared to 29.9% for the year ended 30 June 2018, as well as our online and omnichannel offering to our customers, and product availability as a result of an improved supply chain organisation.

We have a strong track record of developing online sales through a number of management actions, including improving our capacity to target and attract customers to our website, and converting that traffic into store visits. In addition, we have implemented a two-hour click and collect service, free delivery in-store, a same day delivery service in large cities and set up an additional 135 pick-up points. We have broadened our product assortment (we offered our customers 244,494 SKUs online, including our Marketplace platform, and 8,644 SKUs excluding our Marketplace platform in the year ended 30 June 2020) and customer service offering, and are continuously enhancing our online customer experience. For instance, the recent launch of Marketplace, our online market for third-party professional partner vendors and a complementary offer, strengthens our offer range by adding product categories that we do not have in our own assortment and accelerating the time to market. In the year ended 30 June 2020, our "click and collect" service generated approximately 80% of our online sales, with each BUT store having its own warehouse to allow customers to order products online and collect them from our stores at no extra cost. As a result of these management actions, the average monthly visitors to our website increased to approximately 7.8 million for the year ended 30 June 2020 as compared to approximately 7.1 million for the year ended 30 June 2019 and approximately 6.6 million for the year ended 30 June 2018. In addition, our online growth accelerated during the COVID-19 pandemic, with online sales in the nine months ended 31 March 2021 increasing by 79.5% as compared to the nine months ended 31 March 2020, representing 10.3% of total sales during that period.

The growth of online sales in the last three years has largely benefitted omnichannel retailers like us. Today, we estimate that omnichannel players account for approximately 50% of total internet sales in the French furniture sector with the remaining 50% consisting of pure internet players (such as Cdiscount and Amazon) and other third parties. We believe integrated omnichannel players, such as us, are well positioned to continue to grow our share of the French online furniture market, given the bulky nature of some of the products, the difficulties and cost inefficiency of delivery and customers' ability to

return products, and customers' desire to "feel and touch" the products, particularly for high ticket items and products available in a broad range of colours and styles. We believe our ability to physically display our products, combined with our strong online platform and "click and collect" service, positions us well to take advantage of the steady growth of online demand.

Significant upside potential from our ongoing cooperation with Conforama France

In September 2020, our indirect parent company, Mobilux, acquired Conforama France, the third largest furniture retail group in France by market share with 162 stores and revenues of €1.8 billion (normalised to exclude the impact of the COVID-19 pandemic) for the twelve months ended 31 December 2020. BUT and Conforama France are two distinct and standalone companies, with the two banners being operated separately and having distinct management teams and central functions. As a result, there is no financial link between the two businesses. We have, however, established cooperation arrangements with Conforama France which we believe have significant potential to unlock supply-side synergies (see "*Certain Relationships and Related Party Transactions—Other Related Party Transactions*"). We expect to see the benefit of the first wave of synergies through 2021.

We estimate that, for the twelve months ended 31 December 2020, BUT and Conforama France together enjoyed an aggregate 19% share of the French furniture market, with 477 stores (including BUT franchises), figures which make the combined group the top furniture retailer in France. Through our affiliation and cooperation with the XXXLutz Group, we already benefit from significant scale in furniture and decoration, and our cooperation with Conforama France will further strengthen our purchasing platform. In particular, as a result of our affiliation with Conforama France, we believe we will be able to combine our electrical goods purchasing scale and reinforce our existing relationships with key branded suppliers. We believe there is potential to unlock significant synergies through cooperation with Conforama France in the future. We have also been improving our sourcing and purchasing terms as we have, among other initiatives, consolidated our Asian sourcing organisations. In particular, our affiliate B.U.T. Sourcing Limited, which is responsible for our sourcing, purchasing and supply chain activities in Asia, was reorganised to provide the same services on behalf of Conforama France, resulting in purchasing scale and cost benefits, including with respect to transportation costs. Management also believes that further cooperation with Conforama France creates opportunities to realise gains from reducing indirect purchasing expenses. The governance and cooperation model between Conforama France and BUT put in place by Mobilux is value-enhancing for our business. There are no short-term plans for further integration of BUT and Conforama France.

Talented management with a proven track record in driving profitable growth

Our senior management team has significant experience across a broad range of disciplines and a proven track record of driving profitable growth. We have restructured our team since 2016, with four (out of seven) members of our senior management team joining us since then. This team has extensive experience in the retail sector, largely at leading French and global retailers. See "*Management*".

Our Chief Executive Officer, Alexandre Falck, a French retail expert, joined us in October 2018. After starting his career in Arthur Andersen, he joined Carrefour, where he occupied different operational and management positions, including store and regional manager in Asia, and head of Carrefour Market (comprising small sized stores located in the heart of cities). He then joined Kingfisher as head of Brico Dépôt, a brand dedicated to DIY and home improvement products with stores located in France, Spain, Portugal and Romania. Before joining BUT, Mr. Falck was head of Les Mousquetaires, a privately-owned retail group.

Superior financial performance, with strong cash flow generation and de-leveraging track record, especially during the COVID-19 pandemic

We have delivered strong revenue growth since 2016 when we were acquired by our Sponsors. Our revenue increased to €1,971.8 million for the twelve months ended 31 March 2021 as compared to €1,593.7 million for the year ended 30 June 2018, representing a CAGR of 8.1%. Despite the impact of the COVID-19 pandemic on global and French markets and consumer spending power, we have emerged stronger, with our revenue increasing by 11.9% for the twelve months ended 31 March 2021 as compared to the twelve months ended 29 February 2020. Our sales growth has been driven by like-for-like growth of 24.4% for the period between the year ended 30 June 2018 and the twelve months ended 31 March 2021. In addition, our Adjusted EBITDA significantly increased above our revenue growth to €250.9 million for the twelve months ended 31 March 2021 from €78.6 million for the year ended 30 June 2018, representing a CAGR of 52.5%, which was primarily driven by an improvement in our gross margin rate, tight control of costs and our ability to efficiently and constantly adapt to the level of market activity. Our Normalised Adjusted EBITDA for the twelve months ended 31 March 2021 increased to €150.0 million from Adjusted EBITDA of €78.6 million for the year ended 30 June 2018, representing a

CAGR of 26.5%. In addition, we continue to benefit from robust Free Cash Flow generation, demonstrating a profitable business model. From 2018 to 2020 (inclusive), we generated cumulative Free Cash Flow of approximately €459 million, while we generated Free Cash Flow of approximately €402.5 million for the twelve months ended 31 March 2021 notwithstanding the difficulties faced by the COVID-19 pandemic. Our strong operating cash flow is driven by our increased Adjusted EBITDA, our working capital management and controlled capital expenditure. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

Our strong cash flow generation, driven by continued growth to our Adjusted EBITDA, working capital management and controlled capital expenditure, has allowed us to de-leverage the Group since we were acquired by our Sponsors in 2016. Our Net Debt to Adjusted EBITDA ratio decreased from 2.3x for the year ended 30 June 2018 to 0.4x for the year ended 30 June 2020. As at 31 March 2021, our Net Debt to Adjusted EBITDA ratio was minus 0.3x, putting the Group in a net cash position through 2021, and our Normalised Net Debt to Adjusted EBITDA ratio was 0.2x.

Following our acquisition in 2016 by the Sponsors, the subsequent investment and operational changes in the Group implemented between 2016 and 2018, including disciplined gross margin management (involving improved management of our product life cycle and rigorous management of buying quantities and control of promotional intensity), marketing efficiency and promotional mix management, and the reorganisation of logistics flows and reduced complexity in our supply chain, has transformed our business. The resulting improvements to our financial performance are still at an early stage, and we believe these operational changes will be key drivers to the continuing improvement of our profitability margins in the future.

We have been particularly resilient during the COVID-19 pandemic. We have continued to outperform the furniture and decoration market, particularly since we reopened our stores in May 2020 following which, based on data released by IPEA, our sales have been 44% higher than the market average, which is driven by our good product availability, our ability to reopen stores quickly after the first lockdown in France and our ability to operate our online and “click and collect” service. In addition, we implemented strong proactive measures to safeguard our financial position from the risks posed by the pandemic, including improving our supply chain flows to drive inventory availability (for example, the Group did not experience any major supply disruption since only approximately 20% of our products are sourced in Asia), implementing COVID-19 cost measures (including furlough during the French lockdowns), reducing our marketing and advertising, and negotiating exonerations with landlords and other providers regarding our rental costs payments and other expenses during the lockdown period), closely monitoring liquidity and accelerating our Marketplace and online sales drive, including our “click and collect” offering.

Our Strategy

Strengthen our product offering

Ongoing evolution of the product offering. We intend to continue to evolve our product offering, leveraging our strong in-house purchasing capabilities and our affiliation with XXXLutz Group to support the development of our exclusive furniture brands and products. For example, we introduced four brands in 2020 (“Time”, “Linea Natura”, “Zandiara and “Modern Living”) with great success. Our new private label offering in the furniture and decoration has delivered significant growth uplift compared to products without an exclusive label or known brand. We are also focused on the ongoing renewal and modernisation of our product range to remain at the forefront of design trends in the home retail sector, with more than 60% of our furniture products having been renewed in the last three years, the development of our product customisation capabilities to meet the growing customer demand for greater product customisation and personalised experience, and the expansion of the range of our decoration product options.

Ongoing improvement in product mix. We aim to continue to increase our profitability through a shift in our product mix towards high margin categories, concentrating in particular on furniture and decoration items, and to improve our promotional monitoring of the life cycle of our products to prevent inventories ageing. In addition, we intend to focus on exploiting the potential opportunities presented by increased consumer spending during the holiday season (including Christmas) for further sales growth and revenue generation by developing specialised products. We also intend to develop and market our third and fourth price quartile products (being more expensive and higher quality products).

Product range expansion through growth in Marketplace. We intend to increase the range of SKUs and vendors on the Marketplace, our on-line market for third-party professional partner vendors, including offering complementary product categories (such as garden furniture and children’s furniture), as well as a wider diversity of styles in our core categories as a result of high quality criteria in sellers’ selection and our ability to anticipate and match mass-market demand, especially on trends and design in our core categories.

Continue modernisation of the store network and selectively expand footprint

Ongoing modernisation and investment in the store network. In order to continue our modernisation and investment drive, we intend to remodel up to 60 of our stores in the next five years, with up to 12 stores to be remodeled under the new “Elan” format by September 2021. The Elan format is a new concept store format for our medium- and large-sized stores, which expands the range of new product lines (such as curtains, tableware and bathroom range) and strengthens our decoration product offering. Further, our “Elan” stores have revisited our merchandising and have been developed to enhance our customer experience and improve our conversion rate, in particular through the introduction of a compulsory one-way pathway through our stores and the use of digital tools, such as interactive screens and salesperson devices, to display products and improve the efficiency of purchases. We believe the expansion of the “Elan” store format will generate higher traffic, increased conversion rate and sales, particularly in the high margin “decoration” category.

Sites identified for potential future openings. We have identified ten priority sites for potential future openings over the next five years as we continue to implement our strategy to expand and optimise our store footprint. These sites are primarily located in small- and medium-sized cities, where we have established a profitable store format. We aim to establish additional small-sized and profitable franchisee stores to develop our franchisee network, where such stores may not otherwise be profitable as a directly-operated store.

Further franchise development opportunities in smaller cities. To increase our footprint in smaller cities, we intend to strengthen our relationship with our franchisees and expand our franchise network in these areas. In particular, we intend to open up to 15 franchise stores in the next five years, which has the potential to generate significant revenue growth despite limited additional capital expenditure being required.

Ongoing development of omnichannel strategy

The development of our omnichannel sales network moderated the COVID-19 pandemic impact and offers opportunities for post-pandemic growth. We have experienced significant growth in online banner sales penetration in the last five years, from €97.9 million online sales for the year ended 30 June 2018 to €220.3 million online sales for the twelve months ended 31 March 2021, representing a CAGR of 31.0%. In particular, in the furniture category, online penetration increased to 10.3% of banner sales as of 31 March 2021 as compared to 5.6% of banner sales for the year ended 30 June 2018. We are focused on adding further online services (such as financing services, delivery options and geo-tracking) and improving our website experience for customers, which has recently been bolstered by the successful launch of our Marketplace online platform in October 2019.

We have further potential to develop our online sales by leveraging our store network (for example, by expanding our “click and collect” service), utilising our strong brand awareness and working to increase traffic to our stores and website. This will be achieved through a number of tactical actions, including improving our delivery options by delivering directly to our customers from our warehouse on a cost-effective basis (for example, by offering delivery services seven days a week until 10pm with real-time geotracking to enable customers to monitor their delivery status), establishing tracked delivery services and improving our lead time to delivery. We further intend to improve our customer experience by increasing product availability and improving our visual consistency, as well as encouraging customer feedback to assist us pinpoint and address areas of improvement to maintain high standards of customer service. The launch of our Marketplace online platform has been a key component of our online strategy, and we are committed to continue its development with a focus on high quality vendors and the extension of the range of our complementary product categories (such as garden furniture and children’s furniture). In addition, we aim to target new customer groups through our partnerships with third-party marketplaces to sell exclusive products and to establish 135 additional pick-up points in larger cities to make our products more accessible for consumers.

Crystallise synergies from cooperation with Conforama France

Direct purchasing. There is significant supplier overlap between BUT and Conforama France, which gives us the ability to strengthen our existing relationships with key European suppliers and develop new relationships with leading manufacturers given our combined scale. As a result of our cooperation with Conforama France, we will also be able to combine our electrical goods purchasing scale through the Mano buying group, a purchasing alliance between BUT, Conforama France, Cdiscount and Casino which constitutes the third largest electrical goods buying group in France, which will reinforce our existing relationships with key branded suppliers. In addition, by sharing Asian organisation and infrastructure with Conforama France, we will benefit from significant purchasing scale and cost benefits.

Indirect costs. We believe that our affiliation with Conforama France offers a meaningful opportunity to optimise our indirect spending, including, among others, advertising volumes and transportation costs.

Continue to focus on operational excellence

To drive our market position, we intend to optimise our in-store execution and merchandising, improve product availability and continue our cost management programme.

Optimise supply chain and logistics. We have completed a reorganisation of our supply chain and the transition to two national distribution centres, which has resulted in a 0.5% margin improvement in the twelve months ended 31 March 2021 and an improvement in the management of our flows and service to stores. Our warehouse, stores' storage and in-store (excluding franchises) space as at 31 March 2021 was approximately 192,800 square metres, 477,480 square metres and 653,546 square metres, respectively, and believe we have further potential to improve our inventory management and further leverage our in-store and central warehouse footprint.

Improve product availability. Since product availability is an important driver of customers' purchase decisions and consequently sales volumes, we are focused on improving in-store product availability and minimising lead times. We aim to have over 90% of our products available and in stock by continued use of our network of warehouses located behind or in the immediate vicinity of every BUT store and through the strengthening of our existing supply chain, distribution network and inventory forecasting capabilities. Similarly, we aim to decrease the average delivery time to our stores from nine to five days, which we endeavour to further decrease in the future, while we also intend to improve the waiting time for our "click and collect" service to less than 10 minutes for 95% of our orders. Further, we manage our inventory through a centralised "push strategy" in our distribution centres to dispatch inventory to our stores based on headquarter estimates of anticipated customer demand rather than relying on orders from individual stores.

After Sales. We migrated our after sales contract to a new provider during the last quarter of the year ended 30 June 2021, which will result in significant cost reduction, as well as improvement in after sales customer experience and quality of service.

ESG strategy and sustainability

We are committed to principles of good corporate governance and sustainability and have adopted four initiatives to improve our Environmental, Social and Governance (ESG) strategy: (i) sustainable sourcing, (ii) reducing our environmental footprint throughout the value chain, (iii) ensure well-being and professional development and (iv) commit to projects with a positive impact. Our customers, employees and other stakeholders are increasingly focused on ESG. We believe our commitment will further drive loyalty of these stakeholders, including our customers, and generate further brand awareness and growth of our business and profitability.

Promote sustainable sourcing. We aim to promote sustainable sourcing by producing "co-responsible, accessible to all" furniture, supporting "made in France" and ensuring better traceability. In addition, we are currently developing a "Wood Policy", a responsible timber sourcing strategy pursuant to which we have begun to track our progress towards our goal of achieving 100% responsibly sourced timber by 2025 through a monitoring table for wood suppliers, assessing performance on metrics including the percentage of eco-certified wood sourced, the number of wood traceability sheets collected by country, and an analysis of suppliers identified as potentially using illegal timber.

Reduce our environmental footprint throughout the value chain. We have implemented various measures to reduce our environmental impact, including reductions to our energy consumption, refinements our waste management practices to bolster recycling rates, and development of positive energy stores. In addition, we have made efforts to promote re-use and repair of used furniture, our enhanced product return policies, and assistance and support given to customers as regards repairs and after-sales services.

Ensure well-being and professional development. We value the well-being and professional development of our employees and have taken steps to ensure that this is achieved by promoting health, safety and well-being at work, providing training and supportive programmes for employment and skills development, and implementing a clear policy of diversity and inclusion.

Commit to projects with positive impact. In recognition of the key difference an organisation of our size can make to communities on a local, regional and national scale, we take an active role in supporting local communities, such as the project for “the improvement of the habitat of people in difficulty”, to drive positive social and/or environmental change.

Our History

Our business was founded in 1972 by the Venturini family and focused primarily on furniture products until electrical products were introduced in 1978. In 1987, Carrefour, the French retail conglomerate, acquired a 47% ownership in the business and took us public in 1990. We were then acquired by Kingfisher, a European home improvement retail company, in 1998 and subsequently acquired by Kesa Electricals plc, an electronics retailer based in the United Kingdom, in 2003. In 2008, Kesa Electricals plc sold us to investment funds associated with or advised by Colony Capital, Goldman Sachs European Special Situations Group and OpCapita.

In November 2016, such investment funds sold us to a joint venture owned by affiliates of Clayton, Dubilier & Rice, LLC (CD&R) and WM Holding GmbH.

Recent Developments

Store closures during the COVID-19 pandemic

From 14 March 2020 to 10 May 2020, from 1 November 2020 to 27 November 2020 and from 4 April 2021 to 18 May 2021 our stores were required to close in accordance with the French administrative instructions further to the COVID-19 pandemic. Following the end of the COVID-19 related lockdowns in France, all of our stores have now re-opened.

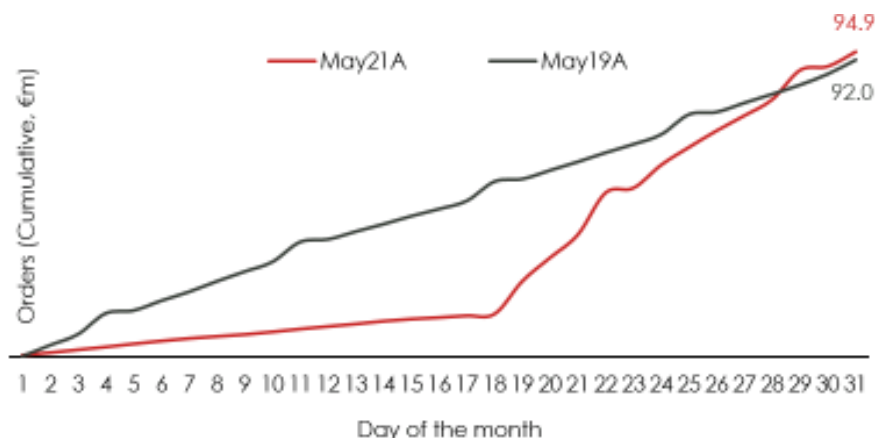
Despite the impact of the COVID-19 pandemic on global and French markets and consumer spending power, our revenue increased by 22.1% for the twelve months ended 31 March 2021 as compared to the twelve months ended 31 March 2020. Our sales growth has been driven by like-for-like CAGR of 8.3% for the period between the year ended 30 June 2018 and the twelve months ended 31 March 2021. In addition, our Adjusted EBITDA significantly increased above our revenue growth to €250.9 million for the twelve months ended 31 March 2021 from €78.6 million for the year ended 30 June 2018, representing a CAGR of 52.5%, which was primarily driven by an improvement in our gross margin rate, tight control of costs and our ability to efficiently and constantly adapt to the level of market activity. Our Normalised Adjusted EBITDA for the twelve months ended 31 March 2021 increased to €150.0 million from Adjusted EBITDA of €78.6 million for the year ended 30 June 2018, representing a CAGR of 26.5%. In addition, we continue to benefit from robust Free Cash Flow generation, demonstrating a profitable business model. From 2018 to 2020 (inclusive), we generated Free Cash Flow of approximately €459 million, while we generated Free Cash Flow of approximately €402.5 million for the twelve months ended 31 March 2021 notwithstanding the difficulties faced by the COVID-19 pandemic.

Reopening of the stores following the third COVID-19 related lockdown in France

During the third COVID-19 related lockdown in France from 3 April to 19 May 2021, all of our stores were closed. We, however, maintained our online and “click and collect” service in all of our stores, and kept distribution centres and store depots open to ensure product availability. These measures resulted in an increase of 231% for our online sales in April 2021 as compared to April 2019, offsetting a significant decline in store sales which resulted in our Like-for-like Sales for April 2021 declining by 39.2% as compared to April 2019.

Our performance since the reopening of our stores has been very strong. Despite stores being closed until 19 May 2021, the cumulated orders for May 2021 were 3.1% higher than the cumulated orders for May 2019. In addition, our orders from 19 May to 30 May 2021 have been 100.0% higher than the same period in 2019.

Daily cumulated order – May 2021 compared to May 2019



Stores network expansion

We opened a new directly-operated store in Alençon in June 2020 and new franchisee stores in Saint Yrieix la Perche in October 2019, Charencieu in November 2020, Chateau-Thierry in November 2020 and Millau in January 2021.

Conforama France acquisition

In September 2020, Mobilux, our indirect parent, acquired Conforama France, a competitor operating in the home equipment sector with 162 stores and revenues of €1.8 billion (normalised to exclude the impact of the COVID-19 pandemic) for the twelve months ended 31 December 2020. BUT and Conforama France are two distinct and standalone companies, with the two banners being operated separately and having distinct management teams and central functions. As a result, there is no financial link between the two businesses. We have, however, established cooperation arrangements with Conforama France which we believe have significant potential to unlock synergies. We have also been improving our sourcing and purchasing terms as we have, among other initiatives, consolidated our Asian sourcing organisations. Management also believes that further cooperation with Conforama France creates opportunities to realise gains from reducing indirect purchasing expenses. The governance and cooperation model between Conforama France and BUT put in place by Mobilux is value-enhancing for our business. There are no short-term plans for further integration of BUT and Conforama France.

The Transactions

We expect to receive total gross proceeds of approximately €500 million from the issuance of the Notes. We expect to use the proceeds of the Notes and available cash: (i) to redeem and repay in full the 2024 Notes, including all accrued and unpaid interest and applicable redemption premiums; (ii) to repay all amounts outstanding under the Shareholder Loan; (iii) to pay the Dividend (as defined herein); and (iv) to pay associated fees and expenses.

The expected estimated sources and uses of the funds necessary to consummate the Transactions, including the proceeds of the Offering of the Notes, are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, the actual amount of indebtedness and the actual Issue Date.

Sources	(€ millions)	Uses ⁽¹⁾	(€ millions)
Notes offered hereby.....	500.0	Refinancing of 2024 Notes ⁽²⁾	387.8
Use of cash on balance sheet	203.0	Redemption premium for 2024 Notes ⁽³⁾	5.2
		Repayment of Shareholder Loan ⁽⁴⁾	85.0
		Dividend distribution to shareholders	215.0
		Transaction fees ⁽⁵⁾	10.0
Total Sources	703.0	Total Uses.....	703.0

(1) The actual amount that will be required to redeem and repay in full all of the Shareholder Loan at completion of the Transactions in June 2021 will be marginally higher than the amount presented in this table as a result of an increase in the aggregate accrued and unpaid interest as of the

actual date of redemption. However, this increase will be offset by a corresponding decrease in the amount of the Dividend distribution to the direct and indirect shareholders of the Parent Guarantor in connection with the Transactions.

- (2) Represents the amounts required to redeem and repay in full all of the 2024 Notes, which includes principal of €380.0 million and aggregate accrued and unpaid interest of €7.8 million. The amount of interest is calculated assuming redemption of the 2024 Notes on 31 March 2021.
- (3) The amount of redemption premium is calculated assuming redemption of the 2024 Notes on 31 March 2021.
- (4) Represents the amounts required to redeem and repay in full all of the Shareholder Loan, which includes principal of €82.6 million and aggregate accrued and unpaid interest of €2.4 million, assuming redemption of the Shareholder Loan on 31 March 2021.
- (5) Represents estimated fees and expenses associated with the Transactions.

No dividends, other than the Dividend, will be paid to the direct and indirect shareholders of the Parent Guarantor within twelve months of the issuance of the Notes.

The Issuer

The Issuer, Mobilux Finance SAS, is a limited liability company (*société par actions simplifiée*) incorporated under the laws of France on 25 July 2016. On the date of this Offering Circular, the business address of the Issuer is 1 Avenue Spinoza, 77184 Emerainville, France. The Issuer is registered under number 821 716 032 R.C.S. Meaux. On the date of this Offering Circular, the Issuer's share capital is €50,000, divided into 1 fully paid share, with a nominal value of €50,000. The Issuer is wholly-owned by Mobilux Acquisition SAS, which is a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France. Mobilux Acquisition SAS is wholly-owned by Mobilux 2 SAS, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, which in turn is wholly-owned by Mobilux 1 SAS, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, which is in turn owned by Mobilux S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg.

The Substitution

On or subsequent to the issue date, the Parent Guarantor may select upon satisfaction of certain conditions, any French or Luxembourg parent entity of which the Parent Guarantor is a subsidiary to substitute itself (the **Succeeding Parent Guarantor**) and/or any French or Luxembourg subsidiary of the Succeeding Parent Guarantor (or the Parent Guarantor itself) to substitute the Issuer (the **Succeeding Issuer**), whereupon such Succeeding Parent Guarantor and/or such Succeeding Issuer will assume all of the obligations of the Parent Guarantor or the Issuer, respectively, under the Notes (a **Substitution**). See "*Description of the Notes—Parent Guarantor and Issuer Substitution*".

A Substitution shall be permitted by the Indenture, provided such Substitution complies with certain terms in the Indenture. Following a Substitution, the Trustee will join the Issuer in doing all such things that are required to be done to effect such Substitution in the clearing systems or pursuant to the Indenture without the consent of Holders of the Notes. Following a Substitution of the Issuer, the Succeeding Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer as issuer under the Indenture and the Notes, and upon such Substitution, the Issuer will be released from its obligations as issuer under the Indenture and the Notes. In the case of the Substitution of the Parent Guarantor, the Subsidiaries of the Succeeding Parent Guarantor that are not Subsidiaries of the Parent Guarantor will be treated as having become Restricted Subsidiaries from the date of such Substitution for the purposes of the Indenture. A Substitution of the Parent Guarantor or Issuer, in each case, may only occur once. Following the Substitution of the Parent Guarantor, financial statements to be provided thereafter to investors will be of the Succeeding Parent Guarantor.

As of the date of this Offering Circular, there is no certainty when a Substitution will occur or whether it will occur at all. The provisions in this Offering Circular concerning a Substitution are included solely to describe the changes which would occur should the Parent Guarantor, in its discretion, elect to undertake a Substitution in the future.

Principal Shareholders

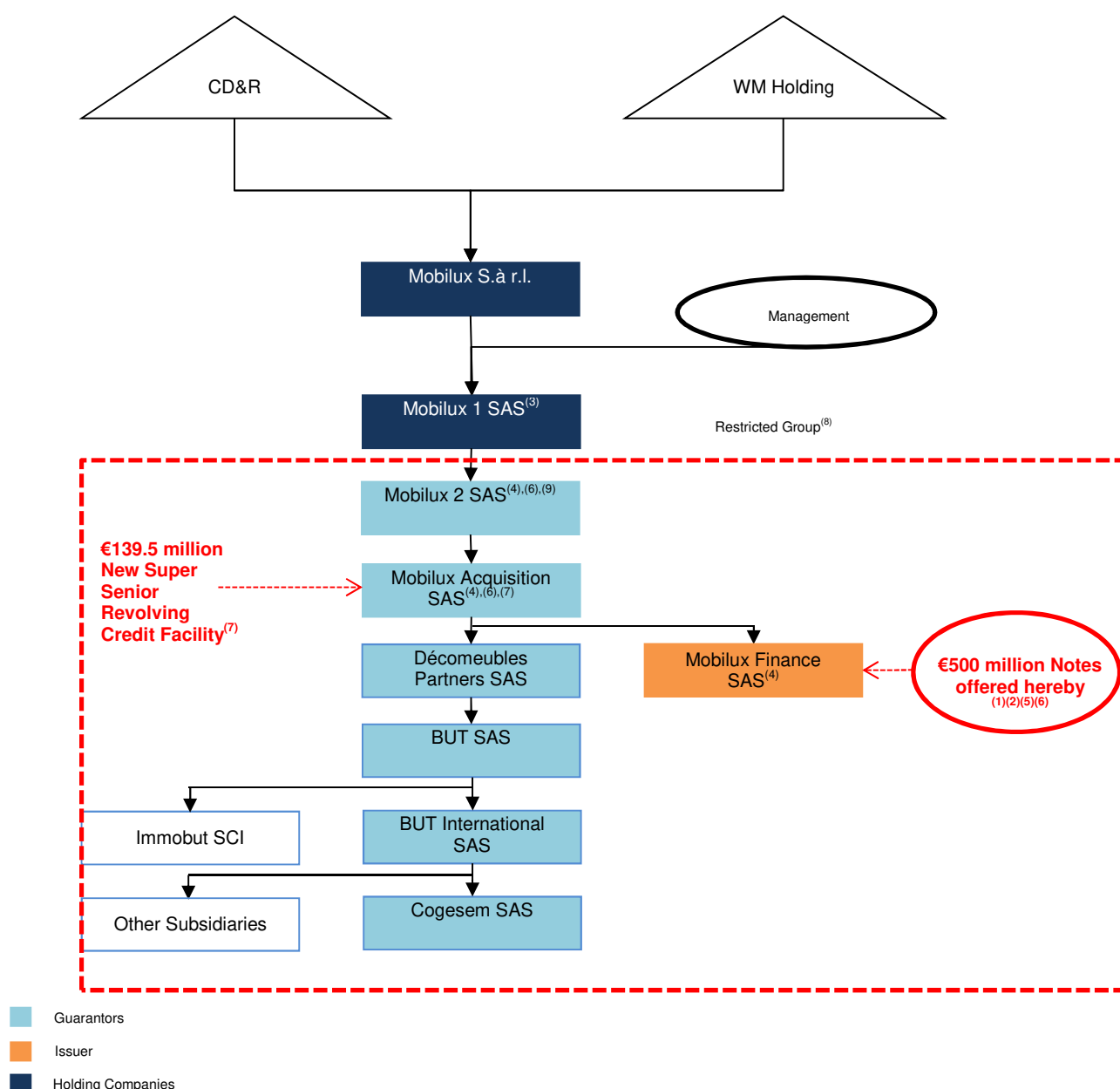
As of the date of this Offering Circular, investment funds managed by Clayton, Dubilier & Rice, LLC and WM Holding GmbH (**WM Holding**) indirectly own (through Mobilux S.à r.l.) 95.8% of the Group, and senior members of our management team directly or indirectly own 4.2% of the Group in connection with our management incentive plan.

Clayton, Dubilier & Rice, LLC, also referred to as “CD&R”, is a private equity firm that manages investments in global businesses and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has managed the investment of over \$34 billion in 102 U.S. and European-headquartered companies with an aggregate transaction value of more than \$145 billion. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies.

WM Holding GmbH, a private limited company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria, owns 50% of Mobilux S.à r.l. WM Holding is 100% owned by MW Holding GmbH (***MW Holding***), whereby MW Holding holds (i) a direct interest equal to 75% and (ii) an indirect interest equal to 25% indirectly through its wholly owned subsidiary RYM GmbH. MW Holding in turn is 100% directly owned by Dr. Andreas Seifert, 66, a founder and member of the management board of the XXXLutz Group and the ultimate beneficial owner of WM Holding. He is a graduate of Wirtschaftsuniversität of Vienna, Austria and holds a doctorate in law from the University of Vienna. The XXXLutz Group is the second largest furniture retailer in Europe. Established in 1945 and headquartered in Wels, Austria, XXXLutz Group employs approximately 25,700 employees and has approximately €5.1 billion annual turnover. In addition to furniture, XXXLutz Group sells home furnishings, curtains, baby items, lighting, flooring, oriental carpets, giftware, housewares and home accessories.

CORPORATE AND FINANCING STRUCTURE

The following chart shows a summary of our corporate structure as of the Issue Date, upon giving effect to the Transactions. For a summary of the debt obligations referenced in this diagram, see “*Description of Certain Financing Arrangements*” and “*Description of the Notes*”. The chart does not give effect to a Substitution (see “*Summary—The Substitution*”).



- (1) On the Issue Date, the Notes will be guaranteed on a senior basis by the Guarantors.
- (2) The Notes will rank *pari passu* in right of payment with all existing and future indebtedness of the Issuer and the Guarantors that is not expressly subordinated in right of payment to the Notes, including indebtedness incurred under the New Super Senior Revolving Credit Facility. The Guarantors will be subject to certain limitations under applicable law, as described under “*Risk Factors—Risks Related to Our Financial Profile and the Notes—The guarantees/security interests may be limited by French law or subject to certain limitations or defenses that may adversely affect their validity and enforceability*”.

As of 31 March 2021, the Guarantors and the Issuer represented 91.2% of the total gross assets of the Group on a consolidated basis (before intercompany eliminations). For the twelve months ended 31 March 2021, the Guarantors and the Issuer were responsible for 97.4% of the

Group's total operating profit before depreciation and amortisation, and other operating income and expense on the same consolidated basis (before intercompany eliminations).

- (3) Our corporate headquarters is in Emerainville. Our registered office is 1 Avenue Spinoza, 77184 Emerainville, France.
- (4) The Issuer is a wholly-owned subsidiary of Mobilux Acquisition SAS, organised as a private limited liability company (*société par actions simplifiée*) under the laws of France. The Issuer's registered office is located at 1 Avenue Spinoza, 77184 Emerainville, France. The Issuer is registered with the Trade and Companies Registry (*Registre du Commerce et des Sociétés*) of Paris under number 821 716 032.
- (5) We expect to use the proceeds of the Notes and available cash: (i) to redeem and repay in full the 2024 Notes, including all accrued and unpaid interest and applicable redemption premiums; (ii) to repay all amounts outstanding under the Shareholder Loan; (iii) to pay the Dividend; and (iv) to pay associated fees and expenses. See "*Use of Proceeds*".
- (6) On the Issue Date, the Notes and obligations under the New Super Senior Revolving Credit Facility Agreement will be secured, subject to the terms of the security documents, on a first-priority basis) by virtue of the Intercreditor Agreement) by the Collateral, as more specifically described under "*Description of the Notes—Security*".
- (7) On or prior to the Issue Date, the Issuer and the Guarantors will enter into the New Super Senior Revolving Credit Facility Agreement. The New Super Senior Revolving Credit Facility will provide for up to €139.5 million in multicurrency super senior revolving credit to be made available to Mobilux Acquisition SAS and certain of the Guarantors. We do not expect to draw down funds under the New Super Senior Revolving Credit Facility Agreement on the Issue Date. See "*Description of Certain Financing Arrangements—New Super Senior Revolving Credit Facility*".
- (8) The entities in the "Restricted Group" will be subject to the covenants in the New Super Senior Revolving Credit Facility Agreement and the Indenture.

THE OFFERING

The summary below describes the principal terms of the offering of the Notes. It may not contain all the information that is important to you. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the “Description of the Notes” section of this Offering Circular for a more detailed description of the terms and conditions of the Notes.

Issuer	Mobilux Finance SAS, a direct subsidiary of Mobilux Acquisition SAS, organised under the laws of France as a <i>société par actions simplifiée</i> (the Issuer).
Guarantors	Upon issuance, the Notes will be guaranteed (the Guarantees and, each, a Guarantee) on a senior secured basis by Mobilux 2 SAS (the Parent Guarantor), Mobilux Acquisition SAS, Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS (together, the Guarantors and each, a Guarantor).
Notes Offered	€500,000,000 aggregate principal amount of 4.25% Senior Secured Notes due 2028 (the Notes).
Issue Date	29 June 2021.
Maturity Date	15 July 2028.
Issue Price	100%, plus accrued and unpaid interest, if any, from the Issue Date.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on 15 January and 15 July of each year, commencing on 15 January 2022.
Denominations	Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	After the Issue Date, the Notes: • will be senior secured obligations of the Issuer; • will be secured by the Collateral on a first-priority basis; • will rank <i>pari passu</i> in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes; • will rank senior in right of payment to any existing and any future indebtedness of the Issuer that is subordinated in right of payment to the Notes; • will be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes; • will be guaranteed on a senior basis by the Guarantors, which Guarantees may be subject to the guarantee limitations as described in “<i>Limitations on Validity and Enforceability of the Guarantees and the Security and Certain Insolvency Law Considerations</i>”; and • will be structurally subordinated to any existing and future indebtedness of the Parent Guarantor’s subsidiaries that are not Guarantors.
Ranking of the Guarantees	After the Issue Date, the Guarantee of each Guarantor:

- will be senior secured obligations of the relevant Guarantor;
- will be secured by the Collateral on a first-priority basis;
- will rank *pari passu* in right of payment with any existing and future indebtedness of that Guarantor that is not subordinated in right of payment to the relevant Guarantee;
- will rank senior in right of payment to any existing and any future indebtedness of that Guarantor that is subordinated in right of payment to the relevant Guarantee;
- will be effectively senior to any existing or future unsecured obligations of that Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the relevant Guarantee; and
- will be structurally subordinated to any existing and future indebtedness of such Guarantor's subsidiaries that are not Guarantors.

Security On the Issue Date, the Notes will be secured by:

- (1) pledges over all of the issued share capital of the Issuer, Mobilux Acquisition SAS, Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS;
- (2) pledges of certain existing and/or future intercompany receivables of the Issuer and the Guarantors; and
- (3) pledges of certain bank accounts of the Issuer and the Guarantors.

The Collateral will also secure the liabilities under the New Super Senior Revolving Credit Facility Agreement and may secure certain hedging obligations, and certain other future indebtedness; *provided*, that lenders under the New Super Senior Revolving Credit Facility Agreement, counterparties to certain hedging obligations and certain other lenders or creditors will receive proceeds from the enforcement of the Collateral in priority to holders of the Notes as further described under “*Description of Certain Financing Arrangements—Intercreditor Agreement.*” Any proceeds received upon any enforcement over any Collateral, after all such liabilities have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Notes and any other indebtedness of the Parent Guarantor or its restricted subsidiaries permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture governing the Notes and the Intercreditor Agreement.

Optional Redemption At any time on and after 15 July 2024, the Issuer will be entitled to redeem, at its option, all or part of the Notes at the redemption prices described under “*Description of Notes—Optional Redemption*” plus accrued and unpaid interest to the redemption date.

Prior to 15 July 2024, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus a “make whole” premium as described under “*Description of the Notes—Optional Redemption*”, plus accrued and unpaid interest to the redemption date.

Prior to 15 July 2024 the Issuer may, at its option, and on one or more occasions, redeem up to 40% of the original aggregate principal amount of the Notes (including Additional Notes of the same series) with funds in an equal aggregate amount (the **Redemption Amount**) not exceeding the aggregate proceeds of one or more equity

offerings, at a redemption price equal to 104.25% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date (the ***Equity Offering Redemption***), so long as at least 50% of the original aggregate principal amount of the Notes (including Additional Notes of the same series) remains outstanding immediately after the redemption (unless all Notes are otherwise repurchased or redeemed substantially concurrently with the corresponding Equity Offering Redemption). Any amount payable in any such redemption may be funded from any source (including amounts in excess of the Redemption Amount).

At any time prior to 15 July 2024, the Issuer will be entitled at its option to redeem during each calendar year up to 10% of the original aggregate principal amount of the Notes (including Additional Notes of the same series), at a redemption price equal to 103% of the principal amount of the Notes, plus accrued and unpaid interest to the redemption date.

In connection with any tender for any series of Notes, if holders of not less than 90% in the aggregate principal amount of the outstanding Notes of such series (including Additional Notes of the same series) validly tender and do not withdraw Notes in such tender offer and the Issuer, or any other person making such tender offer, purchases all of the Notes of such series (including Additional Notes of the same series) validly tendered and not withdrawn by such holders, the Issuer will have the right, upon notice given not more than 30 days following such purchase pursuant to such tender offer, to redeem all of the Notes of such series (including Additional Notes of the same series) that remain outstanding following such purchase at a price in cash equal to the price offered to each holder in such tender offer, plus accrued and unpaid interest to the redemption date. See “*Description of the Notes—Optional Redemption*”.

Redemption for Tax Reasons..... If certain changes in the law of any Relevant Taxing Jurisdiction are announced, enacted or become effective on or after the date of this Offering Circular that would impose withholding taxes or other deductions on the payments on the Notes or any Guarantee, 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 the date of redemption. See “*Description of the Notes—Optional Redemption for Changes in Withholding Taxes*”.

Additional Amounts..... Any payments made by the Issuer or any Guarantor under or with respect to the Notes or any Guarantee will be made without withholding or deduction for taxes imposed or levied by any Relevant Taxing Jurisdiction, unless required by law. If withholding or deduction for such taxes is required to be made with respect to a payment on the Notes or a Guarantee, subject to certain exceptions, the Issuer or the Guarantor, as the case may be, will pay such additional amounts as may be necessary so that the net amount received by the holders of Notes after such withholding or deduction is not less than the amount that they would have received in the absence of such withholding or deduction. See “*Description of the Notes—Additional Amounts*”.

Change of Control..... Upon the occurrence of certain events constituting a change of control, we may 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 to (but not including) the date of such repurchase. “*Description of the Notes—Change of Control*”.

Certain covenants The Indenture governing the Notes will contain covenants that will, among other things, limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur additional indebtedness;

- create liens;
- pay dividends, redeem capital stock or make certain other restricted payments or investments;
- enter into agreements that restrict dividends from restricted subsidiaries;
- sell assets, including capital stock of restricted subsidiaries;
- impair the security interests for the benefit of the holders of the Notes;
- engage in transactions with affiliates; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions and certain of them will be suspended if and when, and for so long as, the Notes are rated investment grade or, following a public offering in respect of the Parent Guarantor or any parent thereof, a certain leverage test is met. For more details see “*Description of the Notes—Certain Covenants*”.

Intercreditor Agreement	On the Issue Date, the Trustee, the Security Agent and certain other parties will enter into an intercreditor agreement (the <i>Intercreditor Agreement</i>), which will govern the relative rights of the obligors and creditors under certain of our existing and future financing arrangements (including the New Super Senior Revolving Credit Facility Agreement, the Notes and certain hedge counterparties). Among other things, with respect to such indebtedness, the Intercreditor Agreement will regulate its relative priority, the ranking of security interests from which it benefits, the timing of payments, enforcement procedures and release of guarantees and security interests as well as providing for the subordination of certain of our indebtedness and turnover, equalisation and redistribution provisions. For more information, see “ <i>Description of Certain Financing Arrangements— Intercreditor Agreement</i> ”.
Use of Proceeds	We expect to receive total gross proceeds of approximately €500 million from the issuance of the Notes. We expect to use the proceeds of the Notes and available cash: (i) to redeem and repay in full the 2024 Notes, including all accrued and unpaid interest and applicable redemption premiums; (ii) to repay all amounts outstanding under the Shareholder Loan; (iii) to pay the Dividend; and (iv) to pay associated fees and expenses. See “ <i>Use of Proceeds</i> ”.
No Registration Rights	We will not register the Notes under the U.S. federal or state securities laws or under the securities laws of any other jurisdiction.
Transfer Restrictions.....	The Notes and the Guarantees have not been registered under the Securities Act and 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. The Notes will be subject to certain other restrictions on transfer as described under “ <i>Notice to Investors</i> ”.
Substitution	On or subsequent to the issue date, the Parent Guarantor may select upon satisfaction of certain conditions, any French or Luxembourg parent entity of which the Parent Guarantor is a subsidiary and which is a subsidiary of Mobilux S.à r.l. to substitute itself (the <i>Succeeding Parent Guarantor</i>) and/or any French or Luxembourg subsidiary of the Succeeding Parent Guarantor, or the Parent Guarantor itself, to substitute the Issuer (the <i>Succeeding Issuer</i>), whereupon such Succeeding Parent Guarantor and/or such Succeeding Issuer will assume all of the obligations of the Parent Guarantor or the Issuer, respectively, under the Notes (a <i>Substitution</i>). As of the date of this Offering Circular, there is no certainty when a Substitution will occur

or whether it will occur at all. The provisions in this Offering Circular concerning the Substitution are included solely to describe the changes which would occur should the Parent Guarantor, in its discretion, elect to substitute the Succeeding Parent Guarantor and/or the Succeeding Issuer for itself or the Issuer, respectively, as the parent guarantor or issuer at some point in the future.

Notwithstanding any other provision or covenant in the Indenture, a Substitution shall be permitted by the Indenture, provided such Substitution complies with the terms of this covenant and following such Substitution, the Trustee will join the Issuer in doing all such things that are required to be done to effect such Substitution in the clearing systems or pursuant to the Indenture without the consent of Holders of the Notes. Following (x) a Substitution of the Issuer, references to “Issuer” shall be to the Succeeding Issuer in the Indenture and the Notes in all respects, and the Succeeding Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer as issuer under the Indenture and the Notes, and upon such Substitution, the Issuer will be released from its obligations as issuer under the Indenture and the Notes, and (y) a Substitution of the Parent Guarantor, references to “Parent Guarantor” shall be to the Succeeding Parent Guarantor or, if the Succeeding Issuer is also the Parent Guarantor, to the Succeeding Issuer in the Indenture and the Notes in all respects and the Succeeding Parent Guarantor or the Succeeding Issuer, as applicable, may exercise every right and power of the Parent Guarantor under the Indenture and the Notes. In the case of a Substitution of the Parent Guarantor, the Subsidiaries of the Succeeding Parent Guarantor that are not Subsidiaries of the Parent Guarantor (prior to giving effect to the Substitution) will be treated as having become Restricted Subsidiaries from the date of the Substitution for the purposes of the Indenture. A Substitution of the Parent Guarantor or Issuer, in each case, may only occur once. Following the Substitution of the Parent Guarantor, financial statements to be provided thereafter to investors will be of the Succeeding Parent Guarantor.

Listing Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF Market. See “*Listing and General Information*”.

There can be no assurance that the Notes will be listed and admitted to trading on the Euro MTF Market. See “*Risk Factors—Risks Relating to Our Financial Profile and the Notes—The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*”.

Governing Law..... The Notes and the Indenture governing the Notes will be governed by the laws of the State of New York. The Intercreditor Agreement will be governed by English law. The Security Documents will be governed by the laws of France.

**Registrar, Listing Agent, and
Transfer Agent** Deutsche Bank Luxembourg S.A.

Trustee Deutsche Trustee Company Limited.

Paying Agent Deutsche Bank AG, London Branch.

Security Agent..... BNP Paribas.

Risk Factors..... Investing in the Notes involves a high degree of risk. Please see the “*Risk Factors*” section beginning on page 26 for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER FINANCIAL AND OPERATING DATA

The tables set forth below show certain selected consolidated financial and operating information of the Group (including the Issuer) as of and for the last twelve months ended 31 March 2021, as of and for the nine months ended 31 March 2020 and 2021 and as of and for the years ended 30 June 2018, 2019 and 2020. The financial data in the tables below as of and for the years ended 30 June 2018, 2019 and 2020 are derived from the English translation of the Annual Financial Statements, which were originally issued in French. The Annual Financial Statements included in this Offering Circular and the accompanying notes thereto have been prepared in accordance with IFRS as adopted by the European Union, and have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres, as stated in their reports, English translations of which are included elsewhere in this Offering Circular. The unaudited Interim Financial Statements included in this Offering Circular have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

In addition to the above, this Offering Circular also includes LTM data, which was calculated by adding the unaudited condensed consolidated statements of comprehensive income and cash flows for the nine months ended 31 March 2021 and the audited consolidated statements of comprehensive income and cash flows for the year ended 30 June 2020, and subtracting the unaudited condensed consolidated statements of comprehensive income and cash flows for the nine months ended 31 March 2020. This LTM data has been prepared solely for the purpose of this Offering Circular, has not been prepared in the ordinary course of our financial reporting and has not been audited or reviewed. The financial information for the nine months and twelve months ended 31 March 2021 is not necessarily indicative of the results that may be expected for the year ended 30 June 2021, and should not be used as the basis for or prediction of an annualised calculation.

The financial information below includes certain non-IFRS measures used to evaluate our economic and financial performance. These measures should not be considered as an alternative measure to evaluate the performance of the Group. See “*Presentation of Financial and Other Information*”. This financial information should be read in conjunction with the audited Annual Financial Statements and the unaudited Interim Financial Statements included elsewhere in the Offering Circular and with “*Presentation of Financial and Other Information*”, “*Selected Historical Consolidated Financial Data*”, and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
	(€ millions)					
CONSOLIDATED INCOME STATEMENT:						
Continuing operations						
Retail revenue.....	1,467.7	1,559.2	1,469.6	1,199.5	1,533.4	1,803.5
Other revenue	126.0	138.8	145.8	112.0	134.5	168.4
Revenue	1,593.7	1,697.9	1,615.4	1,311.5	1,667.9	1,971.8
Cost of sales.....	(931.8)	(972.5)	(906.5)	(736.1)	(917.7)	(1,088.1)
Gross profit	661.9	725.5	708.9	575.3	750.1	883.7
Personnel expenses	(257.0)	(272.5)	(258.6)	(202.2)	(236.4)	(292.8)
Taxes other than income	(23.6)	(26.0)	(26.5)	(21.6)	(20.3)	(25.2)
External expenses	(314.8)	(326.0)	(205.5)	(168.8)	(174.7)	(211.4)
Other income from operations	31.7	7.0	4.2	2.8	5.1	6.5
Other expense from operations	(21.9)	(9.1)	(6.9)	(4.9)	(9.4)	(11.4)
Recurring operating profit before depreciation, amortisation, and impairment, and other operating income and expense	76.3	98.8	215.6	180.7	314.5	349.4
Other operating income and expense ⁽¹⁾	41.3	(11.5)	(14.0)	(8.4)	(17.1)	(22.6)
Depreciation, amortisation and impairment of non-current assets	(35.8)	(37.2)	(127.0)	(95.3)	(94.4)	(126.2)
Operating profit / (loss)	81.7	50.2	74.6	77.0	203.0	200.6
Cost of debt.....	(33.6)	(34.2)	(55.3)	(41.3)	(39.3)	(53.3)
Interest income	0.3	0.2	0.2	0.1	0.1	0.2
Other financial income and expense	(4.3)	(14.9)	(8.7)	(6.6)	(10.3)	(12.5)
Profit / (loss) before income tax	44.2	1.3	10.7	29.3	153.5	135.0
Income tax	(11.3)	(13.5)	2.1	2.8	(46.6)	(47.3)
Profit / (loss) for the period.....	32.9	(12.3)	12.8	32.0	106.9	87.7
Profit / (loss) for the period attributable to:						
Owners of the Company	32.9	(12.3)	12.8	32.0	106.9	87.7
Non-controlling interests	—	—	—	—	—	—

- (1) This line item mainly includes gains on disposals of non-current assets sold or retired, restructuring costs, sales and acquisitions of investments and other non-recurring costs.

	As of 30 June			As of 31 March	
	2018	2019	2020	2020	2021
	(€ millions)				
CONSOLIDATED STATEMENT OF FINANCIAL POSITION:					
Assets					
Total non-current assets.....	689.8	709.3	983.2	1,007.6	1,017.3
Of which Goodwill.....	408.9	408.9	408.9	408.9	408.9
Of which Other intangible assets.....	160.5	160.7	156.8	158.2	155.0
Of which Property, plant and equipment.....	96.7	98.0	78.0	91.3	87.3
Total current assets	675.8	680.0	875.4	792.8	909.3
Of which Inventories.....	351.8	325.6	290.6	308.0	289.3
Of which Trade and other receivables.....	105.1	112.5	139.3	130.1	157.6
Of which Derivative financial instruments	5.1	2.4	1.5	4.6	3.0
Of which Cash and cash equivalents ⁽¹⁾	189.1	229.8	428.5	347.7	452.3
Total assets	1,365.6	1,389.3	1,858.7	1,800.4	1,926.6
Equity and Liabilities					
Equity attributable to owners of the Company.....	97.4	(16)	(5.2)	16.3	101.8
Total equity	97.4	(16)	(5.2)	16.3	101.8
Total non-current liabilities.....	690.5	785.6	994.1	1,022.9	959.1
Of which Other loans and borrowings	381.7	382.7	373.5	384.5	375.0
Total current liabilities.....	577.8	619.6	869.8	761.2	865.8
Of which Other loans and borrowings	7.1	3.4	101.5	108.7	5.8
Of which Trade and other payables.....	515.5	589.9	655.6	555.0	713.1
Total liabilities	1,268.2	1,405.2	1,863.9	1,784.1	1,824.8
Total equity and liabilities	1,365.6	1,389.3	1,858.7	1,800.4	1,926.6

- (1) For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
	(€millions)					
CONSOLIDATED STATEMENT OF CASH FLOWS:						
Net cash flows from / (used in) operating activities	192.4	104.8	257.0	133.3	314.3	438.1
Net cash flows from / (used in) investing activities	(30.0)	(36.7)	(28.1)	(22.8)	(30.3)	(35.6)
Net cash flows from / (used in) financing activities	(25.7)	(27.7)	(29.9)	6.4	(260.2)	(296.5)
Impact of changes in exchange rates	(0.1)	0.0	0.0	0.1	(0.2)	(0.3)
Net increase / (decrease) in cash and cash equivalents	136.7	40.4	199.1	117.0	23.6	105.8
Cash and cash equivalents at beginning of period	52.0	188.7	229.1	229.1	428.2	346.1
Cash and cash equivalents at end of period ⁽¹⁾	188.7	229.1	428.2	346.1	451.8	451.8

- (1) For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

	As of 30 June			As of 31 March	
	2018	2019	2020	2020	2021
CERTAIN PERFORMANCE INDICATORS:					
Total stores⁽¹⁾	301	308	310	309	315
of which directly-operated	205	208	209	208	209
of which franchised	96	100	101	101	106
of which BUT Classic	217	213	215	216	212
of which BUT Cosy	84	95	95	93	103
Like-for-like Sales Growth⁽²⁾	(0.2)%	5.9%	(6.1)%	(3.5)%	27.9%

(1) Total stores includes franchises in French Overseas Territories.

(2) The Like-for-like Sales Growth for the year ended 30 June 2020 includes the impact of two months of mandatory store closures in that period due to the COVID-19 pandemic.

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March 2021
	2018	2019	2020	2020	2021	2021
(€ millions, except percentages)						
OTHER FINANCIAL DATA:						
Revenue	1,593.7	1,697.9	1,615.4	1,311.5	1,677.9	1,971.8
Gross margin	661.9	725.5	708.9	575.3	750.2	883.7
Net working capital ⁽¹⁾	(44.9)	(138.1)	(217.0)	(111.3)	(253.3)	(253.3)
Net working capital as percentage of revenue ⁽¹⁾	(2.8)%	(8.1)%	(13.4)%	(8.5)%	(15.2)%	(12.8)%
Adjusted EBITDA ⁽²⁾	78.6	104.6	118.0	110.0	242.9	250.9
Adjusted EBITDA Margin ⁽³⁾	4.9%	6.2%	7.3%	8.4%	14.5%	12.7%
Property lease expense	79.1	83.3	79.3	61.0	56.9	75.2
Capital expenditure	27.8	37.3	28.2	22.8	28.8	34.1
Maintenance capital expenditure ⁽⁴⁾	6.9	5.5	2.9	1.9	2.4	3.4
Central capital expenditure ⁽⁵⁾	9.6	13.1	11.5	10.2	9.2	10.5
Growth capital expenditure ⁽⁶⁾	13.4	18.7	13.8	10.7	17.1	20.3
Total gross debt ⁽⁷⁾	373.0	372.3	475.0	479.0	380.8	380.8
Total Net Debt ⁽⁸⁾	184.3	143.3	46.8	133.0	(71.0)	(71.0)
Total Net Debt Leverage	2.3x	1.4x	0.4x	1.2x	(0.3)x	(0.3)x
Adjusted Free Cash Flow ⁽⁹⁾	107.5	179.2	182.5	71.1	267.7	379.0
Adjusted Free Cash Flow conversion ⁽¹⁰⁾	136.8%	171.4%	154.7%	64.7%	110.2%	151.1%

(1) Net working capital consists of working capital minus liabilities and receivables related to fixed assets.

(2) Adjusted EBITDA is a non-IFRS measure that represents operating profit (as reported in consolidated financial statements) before depreciation, amortisation and impairment of non-current assets (as reported in the Financial Statements), other operating income and expense (as reported in the Financial Statements), management fees and non-recurring items. While the amounts included in Adjusted EBITDA have been derived from our consolidated financial statements, such measure is not a financial measure calculated in accordance with IFRS. Accordingly, Adjusted EBITDA should not be considered as an alternative to net income or operating income as an indicator of our performance, or as an alternative to operating cash flows as a measure of our liquidity. Our management uses Adjusted EBITDA to assess our operating performance and to make decisions about allocating resources among our various segments. In addition, we believe that Adjusted EBITDA is a measure commonly used by investors. Adjusted EBITDA, as presented in this Offering Circular, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. The table below sets for the reconciliation of Adjusted EBITDA:

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March 2021
	2018	2019	2020	2020	2021	2021
(€ millions)						
Operating Income	81.7	50.2	74.6	77.0	203.0	200.6
Depreciation, amortisation and impairment of non-current assets	35.8	37.2	127.0	95.3	94.4	126.2
Other operating income and expense	(41.3)	11.5	14.0	8.4	17.1	22.6
Recurring operating profit before depreciation and amortisation, and other operating income and expense	76.3	98.8	215.6	180.7	314.5	349.4
One-off items ^(a)	2.3	5.8	(97.5)	(70.7)	(71.6)	(98.5)
Adjusted EBITDA	78.6	104.6	118.0	110.0	242.9	250.9

- (a) The table below sets forth our one-off items:

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
	(€ millions)					
Severance expenses ⁽ⁱ⁾	4.6	3.6	4.5	3.3	2.1	3.3
Management fees ⁽ⁱⁱ⁾	1.0	1.0	1.0	0.8	0.8	1.0
Discontinued activity ⁽ⁱⁱⁱ⁾	0.2	1.4	—	—	—	—
Tascom cash impact ^(iv)	—	—	—	3.1	2.7	(0.4)
Service cost ^(v)	0.5	0.3	(0.1)	(0.4)	(0.2)	—
Other one-off items ^(vi)	1.1	4.1	0.3	0.3	0.4	0.6
IFRS 16 application	—	—	(99.5)	(74.8)	(74.6)	(99.4)
Old IAS 17 impact ^(vii)	(5.1)	(4.6)	(3.7)	(2.9)	(2.8)	(3.6)
One-off items	2.3	5.8	(97.5)	(70.7)	(71.6)	(98.5)

- (i) Severance expenses over the period included the reorganisation of distribution centres, reorganisation of top management, non-recurring dismissals of employees in our stores and other ongoing restructuring costs.
- (ii) Management fees incurred in the nine months ended 31 March 2020 and 2021 and in the years ended 30 June 2018, 2019 and 2020 were costs relating to management, monitoring, consulting and advisory fees and related expenses paid or payable to any of CD&R, any of the CD&R Investors, any of the WM Investors and any of their respective Affiliates pursuant to the Management Agreements (in each case as defined in the “Description of Notes”).
- (iii) Discontinued activity includes depreciation, amortisation or impairment, and any other non-cash charges, non-cash losses, or non-cash provisions for reserves for discontinued operations.
- (iv) Tascom cash impact reflects the allocation of tax paid by the Group on 15 June among all four quarters of the fiscal year.
- (v) Service costs are costs relating to retirement indemnities and similar benefits.
- (vi) The line “Other one-off items” includes miscellaneous non-recurring charges of a non-significant amount if taken on an individual basis.
- (vii) Old IAS 17 impact reflects the impact of rental costs under IAS 17 finance leases to the calculation of Adjusted EBITDA.
- (3) Adjusted EBITDA Margin represents Adjusted EBITDA expressed as a percentage of revenue.
- (4) Maintenance capital expenditure consists of capital expenditures in relation to maintenance and security.
- (5) Central capital expenditure consists of capital expenditures not directly related to our stores.
- (6) Growth capital expenditure consists of capital expenditures in relation to our acquisitions, store openings, store transfers, store remodelings and refurbishments.
- (7) Total gross debt consists of the sum of other loans and borrowings (current and non-current part, as reported in the Financial Statements), which includes capitalised debt issuance costs amortised over the period of the respective borrowings, except that prior to the adoption of IFRS 16 total gross debt excludes the impact of IAS 17 finance leases. Total gross debt excludes the unamortised portion of our debt issue costs.
- (8) The following table sets forth a reconciliation of total Net Debt for the periods indicated.

	As of 30 June			As of 31 March	
	2018	2019	2020	2020	2021
	(€ millions)				
Gross debt	373.0	372.3	475.0	479.0	380.8
Cash and cash equivalents	(188.7)	(229.1)	(428.2)	(346.1)	(451.8)
Total Net Debt	184.3	143.3	46.8	133.0	(71.0)

- (9) Adjusted Free Cash Flow is a non-IFRS measure defined as Adjusted EBITDA less maintenance capital expenditures and central capital expenditure and changes in working capital. See “Presentation of Financial and Other Information”.
- (10) Adjusted Free Cash Flow conversion consists of Adjusted Free Cash Flow as a percentage of Adjusted EBITDA.

LTM
31 March 2021
(€ millions)

AS ADJUSTED FINANCIAL INFORMATION:

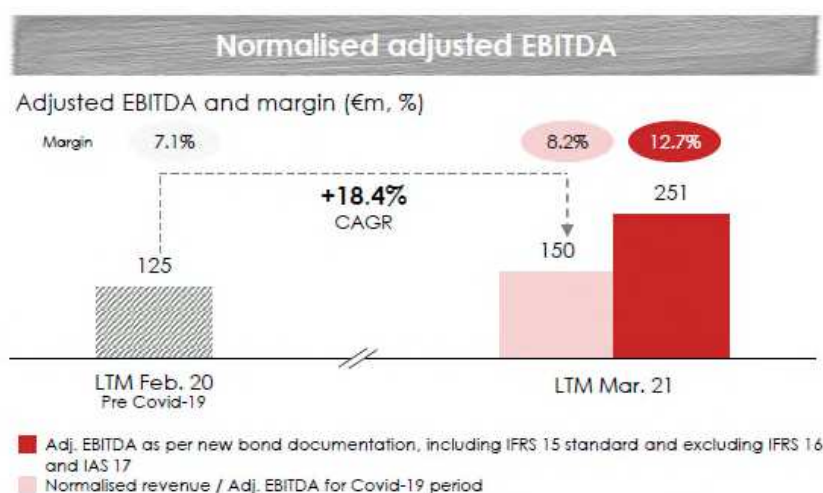
Normalised Adjusted EBITDA ⁽¹¹⁾	150.0
As Adjusted Net Debt ⁽¹²⁾	244.2
As Adjusted Normalised Net Debt ⁽¹²⁾	352.2
As Adjusted Net Debt / Adjusted EBITDA	0.9x
As Adjusted Normalised Net Debt ⁽¹²⁾ / Normalised Adjusted EBITDA ⁽¹¹⁾	2.3x

- (11) The following table sets forth a reconciliation of Normalised Adjusted EBITDA for the period indicated. Although we believe that the Normalised Adjusted EBITDA for last twelve months ended 31 March 2021 better reflects our performance in a normalised market environment, excluding non-recurring items and extraordinary performance, we draw to your attention that it is built on assumptions and estimates on both our global markets performance and our respective market shares/footprints on these markets had the COVID-19 pandemic not occurred that, by construction, are highly subjective and judgmental rather than reflecting actual factual data whether from external or internal source. As such, this Normalised Adjusted EBITDA corresponds to our best estimates of the effects on the business of the COVID-19 pandemic and related government measures. It does not necessarily reflect what our Adjusted EBITDA would have been had COVID-19 pandemic not occurred and may also not be indicative of Adjusted EBITDA's future performance.

LTM
31 March 2021
(€ millions)

Adjusted EBITDA	250.9
Sales volume effect ⁽ⁱ⁾	(37.3)
Gross margin rate effect ⁽ⁱⁱⁱ⁾	(12.9)
Staff costs ⁽ⁱⁱⁱ⁾	(31.3)
Cost avoidance ^(iv)	(12.0)
Advertising normalisation ^(v)	(15.1)
Other ^(vi)	(0.1)
Profit sharing ^(vii)	7.8
Normalised Adjusted EBITDA	150.0

Normalised Adjusted EBITDA



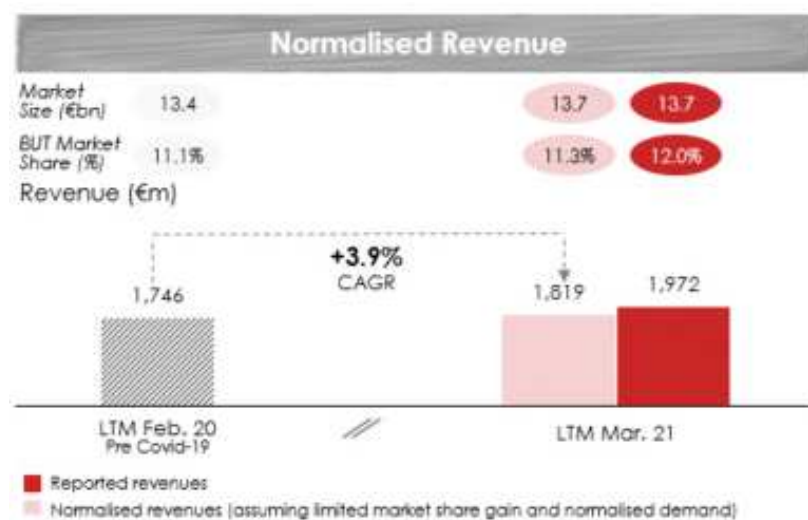
- (i) Sales volume effect reflects the normalisation of our activity level. For the normalisation of our furniture sales, we reduced the size of the French furniture market by estimating a lower increase in the size of such market of 1.8% for the twelve months ended 31 March 2021 in line with historical performance (resulting in an estimated "normalised" French furniture market size of €13.7 billion (see "Industry" section)) and "normalised" our market share of the French furniture market to 11.3% (representing a 0.2% increase as compared to February 2020 in line with the average gain in our market share between 2016 and February 2020 and compared to our reported market share of 11.8% as of 31 December 2020 (i.e., 0.5% less than our actual market share)) (see the evolution of our market share in the chart titled "BUT French furniture market share evolution (%)" on page 91 in the "Industry" section). For the normalisation of our electrical goods sales, we assumed that our market share of the French electrical goods market was stable for 2020 despite the forced closure of our stores for three months pursuant to the French government's restrictive measures implemented in response to the COVID-19 pandemic, as we believe we have outperformed our main omnichannel peers in

the French electrical goods market. Our normalised revenue relates to all of our products, including in the furniture and electrical goods categories.

We believe that we benefitted during this period from an extraordinary performance as compared to our peers, which was driven in particular by (i) the reopening of our stores on 11 May 2020 ahead of our competitors after the end of the first lockdown in France (for instance, Ikea reopened their stores on 25 May 2020; the first French lockdown lasted from 17 March until 10 May 2020 (inclusive) in response to the COVID-19 pandemic, during which all furniture stores in France were forced to close as they were considered to be “non-essential” stores) and (ii) our high product availability as compared to our peers.

As a result, there is implied additional one-off revenue of €153 million included in our normalised revenue for the twelve months ended 31 March 2021.

Normalised revenue



- (ii) Gross margin rate effect reflects the normalisation of the supplier rebates and gross margin, assuming an increase of 0.8 percentage points (as compared to a realised increase of 1.4 percentage points). This is primarily driven by a 0.5 percentage point reduction in our supply chain costs margin and ongoing gross product margin initiatives.
- (iii) Staff costs adjustment reflects a decrease of €17 million in our personnel costs due to the furlough of some of our employees from 1 April 2020 to 31 March 2021 pursuant to the partial unemployment measures introduced in France together with social charges costs avoidance for the remaining amount.
- (iv) Cost avoidance adjustment reflects the cost reductions achieved during the COVID-19 pandemic following certain renegotiations with lessors (€7 million), other contractors (including, among others, car rentals and rental equipment contractors) and decrease in outsourced or mission costs. We do not expect these specific renegotiations to continue post COVID-19 pandemic.
- (v) Advertising normalisation reflects marketing and advertising cost reductions relating to reduced leaflet production and distribution during the French lockdown periods implemented in response to the COVID-19 pandemic, as well as normalisation of advertising expenses (which is close to the level of advertising expenses for the year ended 30 June 2019).
- (vi) Other adjustment reflects other non-recurring items.
- (vii) Profit sharing adjustment reflects the normalisation of our extraordinary profit shared with our employees. In accordance with the agreement entered into between the Issuer and the relevant employee representatives, the profit sharing formula is computed as a percentage of our actual Adjusted EBITDA for the twelve months ended 31 March 2021. Given that our profit sharing with employees has been an extraordinary one-off event reflecting our Adjusted EBITDA being greater than on a normalised basis, we believe that our profit sharing on a normalised basis should be adjusted downwards and based on our Normalised Adjusted EBITDA.
- (12) The following table sets forth a reconciliation of Normalised Net Debt as of 31 March 2021.

	As of 31 March 2021 (€ millions)
Gross debt.....	380.8
Cash and cash equivalents	(451.8)
Net Debt	(71.0)
Repayment of existing 2024 Notes ⁽ⁱ⁾	(387.8)

	As of 31 March 2021
Notes offered hereby ⁽ⁱⁱ⁾	500.0
Use of cash on balance sheet ⁽ⁱⁱⁱ⁾	203.0
As Adjusted Net Debt	244.2
Cash and cash equivalents normalisation ^(iv)	(108.0)
As Adjusted Normalised Net Debt	352.2

-
- (i) Repayment of existing 2024 Notes represents the amount required to redeem and repay in full all of the 2024 Notes, which includes principal of €380.0 million and aggregate accrued and unpaid interest of €7.8 million. The amount of interest is calculated assuming redemption of the 2024 Notes on 31 March 2021.
- (ii) Notes offered hereby reflects the Notes at their aggregate principal amount, excluding unamortised debt issue costs.
- (iii) Use of cash on balance sheet reflects the estimated amount of cash at hand necessary to consummate the Transactions together with the proceeds of the Offering of the Notes. See “*Use of Proceeds*”.
- (iv) Cash and cash equivalents normalisation reflects an expected working capital normalisation of €108.0 million for the fourth quarter of the year ended 30 June 2021. This is a result of the decrease in our working capital as of 31 March 2021 following the increase in our sales after the end of the second French lockdown imposed in response to the COVID-19 pandemic, which led to more trade payables and customer downpayments and less inventory. We believe that this position should increase and generate a cash outflow when we switch to a normative trend of activity.

RISK FACTORS

An investment in the Notes involves a high degree of risk. Prospective investors in the Notes should carefully consider the following risks, together with other information provided in this Offering Circular, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. If these events occur, the trading prices of the Notes could decline, and we may not be able to pay all or part of the interest or principal on the Notes and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial could also adversely affect our businesses, financial condition or results of operations, or our ability to fulfill our obligations under the Notes and affect your investment.

This Offering Circular contains “forward-looking” statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Offering Circular. Please see “Forward-Looking Statements”.

Risks Relating to Our Business and Industry

The current COVID-19 pandemic has materially adversely impacted and disrupted and may continue to materially adversely impact and cause disruption to our business, financial performance and condition. The spread of the COVID-19 pandemic has caused significant disruptions in France, as well as the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contentious disease could have a similar impact.

In late 2019, a new strain of coronavirus (severe acute respiratory syndrome coronavirus 2 or SARS-CoV-2), which can cause coronavirus disease (COVID-19), was detected in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic and governmental authorities around the world implemented measures to reduce the spread of COVID-19. In March 2020, France imposed nationwide lockdowns in which, among other things, non-essential retail stores, such as our stores, were required to close in order to control the spread of COVID-19. In addition, starting in October and November 2020, France was affected by a resurgence (or “second wave”) of rising COVID-19 case levels, resulting in a second nationwide lockdown. On 14 January 2021, the French government announced new measures in response to the COVID-19 crisis. While most of the country had been placed under curfew (starting at 8 p.m.) since 15 December 2020, a stricter 6 p.m. curfew that was already in place in certain regions of France was extended to the entire country. On 3 April 2021, France imposed a third nationwide lockdown in which, among other things, non-essential retail stores, such as our stores, were required to close and a curfew was put in place from 7 p.m. to 6 a.m. The new measures were put in place until 19 May 2021. The lockdowns, curfew measures and other similar restrictions that have been and may be put in place in the future may have a material adverse effect on our sales, liquidity, business, financial condition and results of operations. In light of the intensity of the COVID-19 pandemic, governments may decide to take additional restrictive measures, including lockdowns, and the duration and parameters of any such measures are likely to have a negative impact on our business, financial condition and results of operations.

COVID-19 poses a risk to our employees, our customers, our suppliers, our wholesale business customers and the communities in which we operate. Lockdown measures and other similar restrictions have resulted in temporary store closures, modified store operating hours, a decrease in customer traffic, work stoppages, slowdowns and delays, travel restrictions, cancellation of events and disruptions to our supply chain, among other effects, thereby negatively impacting our operations. For example, for the year ended 30 June 2020, our Like-for-like Sales declined by 6.2% as compared to the same period in 2019, and we believe this decline is mainly attributable to the COVID-19 pandemic resulting in the closure of our stores for 60 days. As the COVID-19 pandemic developed, customer and employee fear about becoming ill with the virus and recommendations or mandates from national and local authorities to socially distance or self-quarantine have continued to have an impact on our markets and our operations. If we do not respond appropriately, in a timely enough manner or at all, to the pandemic and its effects, or if customers or employees perceive our response to be inadequate, insufficient or inappropriate, our brand, reputation, business, financial condition and results of operations could be materially adversely affected.

Further resurgences (or “waves”) of COVID-19 may occur and future lockdowns and other restrictive measures are foreseeable. We cannot predict when or where these waves may occur, the duration of such waves, how far into the future such waves may continue to occur nor can we predict with any certainty the impact of such subsequent waves, including the impact of future national or local lockdowns or other measures implemented by national or local authorities. Additionally, there may be a further decrease in demand for our products in the event of further resurgences of COVID-19 or the occurrence of other pandemics, public health emergencies or threats, any of which may necessitate regulatory responses, resulting in temporary store closures, modified store operating hours, a decrease in customer traffic, work stoppages,

slowdowns and delays, travel restrictions, cancellation of events or disruptions to our supply chain, among other effects, any of which may materially adversely affect our business, financial condition and results of operations. Even when our stores are allowed to remain open, social distancing and other policies implemented to slow the further spread of COVID-19 may impact the operation and appeal of our stores. Customers unaccustomed to wearing face coverings or observing social distancing guidance may choose to shop online or not shop at all.

We may be subject to potential litigation as a result of customers or employees who claim they have contracted COVID-19 at our stores or other facilities, which may cause us to incur significant costs and which may have a negative impact on our brand and reputation. We may also be subject to potential litigation initiated by employees alleging that we have facilitated an unsafe working environment or have increased their exposure to COVID-19. All of these risks may be further exacerbated by resurgences of the virus. Although the government in France has increasingly employed sophisticated strategies for combatting the virus in an effort to avoid costly and extensive lockdown measures, the magnitude of possible virus resurgences and the resulting impacts on the economy may materially adversely affect our business, financial condition, and results of operations. During the first and second waves of COVID-19, we have relied on various governmental assistance programmes, including furlough schemes for our employees during the lockdowns in France. We cannot provide any assurance that during subsequent waves of COVID-19 such governmental assistance programmes or other protective legislation will be available to the same extent as in the past or at all and, if such governmental assistance programmes or protection were not possible or available, our cash outflows to meet ongoing additional COVID-19-related costs may be significantly higher during such subsequent waves than they were in past waves. Were government support not to be available, or to be available on a more limited basis, our overall ability to protect our cash position could be reduced significantly.

Our business is sensitive to reductions in spending by customers and other factors described elsewhere in this “*Risk Factors*” section. To date, the COVID-19 pandemic has caused, and is continuing to cause, significant disruption in economic activity globally, which may lead to a decline in spending. Our sales may be negatively impacted by adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels, increases in taxation and loss of personal wealth resulting from the impact of the COVID-19 pandemic and restrictive measures implemented to respond to it. Other factors that have negatively impacted and may continue to negatively impact our ability to successfully operate during the current COVID-19 pandemic include: our ability to adjust our cost structure to take into account a lower level of activity; our ability to react to changes in anticipated customer demand and manage inventories, which may result in either insufficient or excess inventories; our ability to rely on our distribution centres to manage the receipt, storage, sorting, packing and distribution of our merchandise due to local and regional factors; scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas; a retail environment that causes us to make a greater use of discounts; and an increase in the spot price of gold due to market volatility. Notwithstanding the impact of the COVID-19 pandemic, we have paid our suppliers all amounts due and, in certain cases, in advance of their due dates to support suppliers in need of cash, but we cannot guarantee that, as the COVID-19 pandemic continues, we will not face difficulties in paying suppliers on time or that our suppliers will continue to cooperate with us, which may sour our relationships with them and may have negatively impact our business, financial condition and results of operations.

In addition to the factors listed above, COVID-19 and the restrictive measures taken to respond to it have created an environment of uncertainty and rapid, unpredictable changes that exacerbates and magnifies certain of the other risks we face. The effect of COVID-19 on our business and our wider industry will ultimately depend on a number of factors, including, but not limited to, the duration and severity of the COVID-19 pandemic in France and the rest of the world, the length of time it takes for demand to return to normal levels and for normal economic and operating conditions to resume and the potential for, and uncertainty surrounding, virus resurgence. There are no comparable recent events that provide us with guidance, and so we cannot yet know the full impact of COVID-19 on our business with any certainty nor can we provide any assurance that COVID-19 will not continue to have a material adverse effect on our business, financial condition and results of operations in the future.

Despite the COVID-19 pandemic weakening global economic conditions, the IMF’s World Economic Outlook October 2020 projects global growth, which was 4.6% in 2019, to be minus 4.4% in 2020 before recovering to 5.2% in 2021. These forecasts may prove to be optimistic as the report predates the resurgence of the virus and the imposition of further containment measures across large parts of Europe in the fourth quarter of 2020 and the first quarter of 2021, and the expected recovery of the global economy may be very slow and not as strong as expected. To the extent COVID-19 impacts our business, financial condition and results of operations, it may also have the effect of heightening other risks described in this “*Risk Factors*” section.

Furniture and appliances purchases represent a significant expenditure for consumers and thus a reduction in consumer spending levels could negatively affect our business, financial condition and results of operations.

Demand for furniture and electrical appliances in France is influenced by the prevailing economic conditions. In particular, demand is influenced by consumer spending levels (which in turn are determined by, among other factors, consumer confidence, income levels and interest rates), the availability of consumer credit and the level of housing market activity. Due to the nature of most furniture and appliances purchases and the fact that such purchases often represent a significant expenditure, we believe consumers are more likely to defer the purchase of these items in times of economic uncertainty, personal economic hardship, or in environments of constrained consumer credit.

Given that, in general, we derive all of our sales and profits in France, our results are and have been impacted by the prevailing economic climate, such as during the COVID-19 pandemic, and associated decline in consumer confidence and consumption, availability and cost of consumer credit, the level of consumer debt, interest rates and taxes in France and changes to any of the foregoing. This may adversely affect our revenues and profits through reduced purchases of our products. Weakness in the French economy and uncertain economic outlook, along with increases in unemployment levels, a reduction in government spending and possible tax rises, may adversely affect consumer spending habits, which may negatively affect our business, financial condition and results of operations. In such circumstances, we may increase our promotional offerings to maintain sales volumes, which would further adversely affect our profitability and cash flow.

The retail furniture and electrical goods industries in France are highly competitive and our failure to compete effectively could erode our market share.

The retail furniture market in France is highly competitive. Competition is generally based on product availability, product quality and choice, brand name recognition, price (including the availability of attractive consumer financing options) and service, as well as the number and location of stores. We currently compete against international value furniture retailers, such as Ikea. See “Industry”.

The retail electrical goods market in France is highly competitive. We currently compete against a diverse set of retailers in the home appliances and consumer electronic markets, including national merchants such as Darty, Fnac and Boulanger, as well as locally-owned regional or independent retail specialty stores that have a product offering similar, and often identical, to ours.

Most of our stores are located outside of town or city centres and thus require our customers to travel to our stores. Sales at our stores are derived, in part, from the high volume of traffic and, unlike stores in city centres or in retail parks, we must make our stores attractive destinations. As such, the majority of our stores must compensate for the ability of many of our competitors to generate consumer Footfall due to the location of their stores or mix of products. Sales volume and retail traffic may be adversely affected by economic downturns in a particular area, competition from other retail and non-retail attractions and the perceived or actual difficulty in visiting our locations. Failure to make our stores an attractive destination for customers or a significant decline in the volume of customer traffic would have a material adverse effect on our business financial condition and results of operations.

We also face competition from retailers that market products through catalogues and the internet. In particular, international online retailers, such as Amazon and Cdiscount, sell furniture, consumer electronics and appliances, and as a result of their scale and lower overhead costs, may be able to offer products at more attractive prices than we can. Further, the market for second hand goods (including through on-line portals such as eBay) has expanded in the last few years and any continued expansion could adversely affect our sales.

Certain of our competitors have financial resources that are substantially greater than ours and may be able to purchase inventory at lower costs, spend more on advertising and the promotion of products, adopt aggressive pricing policies to attract customers or expand their store portfolios, or have a broader product offering. Further, more recent entrants into the retail upholstered furniture market, such as homeware specialists or department stores, could increase competition in the market, particularly if their buying power is similar to ours. Any of these actions taken by our current or future competitors may have an adverse effect on our business, financial condition and results of operations.

In addition, the household equipment market has recently experienced consolidation and there may be further market consolidation in the future. For example, Fnac’s acquisition of Darty has resulted in consolidation of the white goods market. Although market consolidation has not yet had a significant negative impact on our business, if we do not have sufficient market presence or are unable to differentiate ourselves from our competitors, we may not be able to compete successfully against other companies. If, as a result of consolidation, our competitors are able to obtain more favourable terms from

suppliers, including more favourable rebates, otherwise take actions that could increase their competitive strengths, or the impact of any potential merger is assessed incorrectly, our competitive position and therefore our business, financial condition and results of operations may also be materially adversely affected.

We operate in a sector that is rapidly evolving and may face challenges adapting to new developments in e-commerce.

We operate in a sector that is undergoing significant change, primarily due to the expansion of the internet and the resulting changes in consumer purchasing patterns. The spread of new media has given rise to robust growth in e-commerce, which has shaken up the *status quo* in every market and in every country in which we operate, by significantly changing modes of consumption, customer behaviour, customer attraction and retention tools and distribution methods. In particular, the increased use of mobile phones and on-line shopping has made customers more independent and mobile in terms of their shopping behaviours.

The growth in e-commerce has spawned internet pure players partially to the detriment of traditional retailers. They generate price competition and offer a wide range of products, all constituting a serious threat to traditional retailers. Also, the increased prevalence and use of price comparison websites has amplified the general price competition in the markets in which we operate. As a result of increased competition from e-commerce providers, we may experience pricing pressure and loss of market share.

We have developed strong omnichannel capabilities to meet growing online demand, with our online presence complementing our established retail network. For the twelve months ended 31 March 2021, online banner sales represented 10.3% of our sales revenue (excluding sales through our Marketplace online platform). Our ability to adapt and, in particular, to develop our internet sales depends on a number of factors, including the ability to successfully market our websites, the hiring, training and retention of qualified personnel, the ability to integrate our growing online operations on a profitable basis, and the capability of our existing distribution network to accommodate our growing online operations. Our ability to adapt to internet sales may be further impacted due to the furniture sector in which we operate being particularly challenging for e-commerce due to a number of factors, including the bulky nature of some products, the difficulties and costliness of delivery and returns of purchases and customers' desire to "feel and touch" some furniture products. Failure to successfully adapt to new developments in e-commerce could have a material adverse effect on our business, financial condition and results of operations.

Our e-commerce offering also faces challenges from new and non-traditional competitors, including those who are internet pure players. We estimate that omnichannel retailers, such as BUT, account for approximately 50% of total internet sales in the French furniture market, with the remaining 50% represented by internet pure players (such as Amazon and Cdiscount). Some internet pure players operate globally and promote intense price rivalry to drive up their sales and market share. Their pricing can be more competitive because they have a lighter cost structure and none of the constraints associated with a store-based model. They also offer an increasingly larger product range. A loss of market share to these competitors as a result of our inability to grow our digital platform and the incurrence of capital expenditure related thereto could have a material adverse effect on our business, financial condition and results of operations.

In addition, growing our online platform increases our reliance on information technology, the interruption, attack or failure of which could adversely affect our business.

COVID-19 has made it more difficult to predict consumer demand and our inability to accurately forecast consumer demand could negatively impact our ability to manage inventories, the prices we can charge for products and thus, our results of operations.

Furniture products have become increasingly subject to changing consumer tastes and trends in recent years. Although some of our traditional product ranges are less sensitive to consumer trends, our success depends in part on our ability to effectively predict and respond to changing consumer tastes, in particular with respect to our contemporary product ranges, and to translate consumers' preferences effectively into marketable designs. In addition, the impact of the COVID-19 pandemic on global markets and consumer habits has made it more difficult to predict consumer demand, and we may therefore be unable to forecast consumer demand for individual products and services, which could result in excess inventory or a shortage of inventory. The lead times between ordering and the delivery of products from our suppliers makes it challenging to predict the demand for products that we sell. If orders do not match actual demand, we could have higher or lower than anticipated inventory levels. Excess inventory could lead to higher interest charges, price reductions or write downs of slow moving or excess stock, any of which could result in profits lower than otherwise would be the case. Shortages of inventory could prevent us from delivering products on a timely basis and damage our reputation with customers. To the extent our inability

to forecast results in inventory imbalances, this may have a material adverse effect on our business, financial condition and results of operations.

A large portion of our products are supplied by a small number of manufacturers, some of whom are located outside of France and we are dependent on these manufacturers to meet our requirements.

Purchases from our top 10 external suppliers represented 33% of goods delivered (in terms of sourcing costs) in the nine months ended 31 March 2021. In addition, our largest external supplier accounted for approximately 6.9% of goods purchased (in terms of sourcing costs) in this period. While we have built long-term commercial relationships with most of our suppliers (formalised through one-year contracts that are renegotiated at the end of each term), we may be unable to procure certain goods from such suppliers should circumstances change, particularly as a result of the disruption to supply chains caused by the COVID-19 pandemic. One of our material bedding suppliers, Adova, is currently under receivership and there can be no assurances that further financial difficulties will not arise with Adova or other of our suppliers. While we maintain relationships with approximately 400 suppliers as at 31 December 2020, any significant disruption or other adverse event affecting our relationship with any of our key suppliers, including supplier bankruptcies or other supplier financial difficulties, could have a material adverse effect on our business, financial condition and results of operations. In addition, if we are required to replace any of our key suppliers for any reason, we may face risks and costs associated with a transfer of operations, and the failure to replace any of our key suppliers on commercially reasonable terms, or at all, could have a material adverse effect on our business, financial condition and results of operations.

In addition, a significant portion of our products are manufactured in Eastern Europe, Italy, Germany, China, Southeast Asia and Brazil. We face a variety of risks generally associated with doing business in non-French markets and importing products from these regions, in particular the regions outside the European Union, including, among others, the impacts of the COVID-19 pandemic; political instability; increased security requirements applicable to non-French goods; the imposition of taxes, duties, other charges and restrictions on imports; currency and exchange rate risks; risks related to labour practices, environmental matters or other issues in the foreign countries or factories in which our products are manufactured; delays in shipping; and increased costs of transportation. We renegotiate contract terms with suppliers on an on-going basis to adjust the prices to volumes, underlying currency exchange rate changes and various other drivers.

Many of our contracts with our Asian-based suppliers are denominated in U.S. dollars. As part of the normal operation of our business, we enter into hedging arrangements on a rolling basis with the intention of mitigating the impact on our cost of sales and net income resulting from the fluctuations of the value of the euro to the U.S. dollar. We also endeavour to mitigate the impact of currency fluctuations through renegotiating terms with our suppliers. If the euro to dollar exchange rate deteriorates, however, there can be no assurances that we will be able to enter into new hedging arrangements on favourable terms or otherwise successfully mitigate the impact of these currency fluctuations. In that case, our costs of production could increase, and if we are unable to adapt our cost base or otherwise pass on these increased costs to our customers, this could have a material adverse effect on our business, financial condition and results of operations. See “—Currency fluctuations and hedging risks could materially adversely affect our earnings and cash flow.”

There is also an increased risk in the prevailing global economic and political climates of supply disruptions, either resulting from the financial insolvency of a supplier or their inability to increase capacity to satisfy potential spikes in demand during an economic recovery. Further, in the prevailing economic climate, the ability of our suppliers to rely on credit insurance to protect against purchaser payment default (including by us) may be limited, which may restrict the ability of our suppliers to do business with their customers, including us. Any of these risks, in isolation or in combination, could adversely affect our reputation, business, financial condition and results of operations.

The unavailability of suitable raw materials at reasonable prices and higher costs relating to logistics and freight may limit our ability to procure furniture from suppliers and, therefore, may negatively impact our ability to deliver quality products to our customers on a timely basis or our gross margin.

We regularly depend upon the ability of third-party manufacturers to secure a sufficient supply of raw materials, adequately finance the production of goods ordered and maintain sufficient manufacturing and shipping capacity, despite inflated demand for such raw materials. These manufacturers purchase substantial amounts of timber, fabric, leather, upholstery filling material and foam, hardware, paint and finishing materials and other raw materials for use in the manufacturing of our furniture products. The price and availability of certain raw materials have fluctuated in the past, and may fluctuate in the future, depending on a variety of factors, including crop yields, weather, supply conditions, government regulation, war, terrorism, labour unrest, global health concerns, including the disruption caused by the COVID-19 pandemic, the economic climate, the cost of petroleum and other unpredictable factors. The inability of these manufacturers to procure raw materials, or to procure them at reasonable prices, may negatively impact our ability to deliver quality products to our customers on a

timely basis, which may, in turn, impact our customer relationships and/or increase our costs, some or all of which we may be unable to pass on to our customers. If we are unable to pass on these cost increases to customers, our results of operations may be adversely affected.

Logistics is an important element of our cost structure, and costs of our third-party providers or costs relating to freight and transportation may increase in the future. Transportation costs have historically fluctuated significantly over time, particularly as a result of fluctuating oil prices, and increases in these costs could result in reduced profits. We depend on third parties for transporting certain of our products, and these services are subject to price changes and could be disrupted. We source many products internationally, and therefore we may be subject to higher transport costs and may face a greater threat of damage to our products during shipping, any of which may materially adversely affect our business, financial condition and results of operations.

A reduced supply of consumer finance could impact on our future financial performance.

We currently provide consumer financing through BUT International SAS on the basis of a commercial agreement with BNP Paribas Personal Finance, from which we derive economic benefits. See “—Material adverse trends in the factors affecting our offering of finance options to our customers, including further tightening of credit standards, could impact on our future financial performance”. While the duration of our commercial agreement with BNP Paribas Personal Finance has been extended until 30 June 2028, to the extent that BNP Paribas Personal Finance chooses to terminate or not renew our arrangement for any reason or to sell its business to another party, we cannot guarantee that we will be able to find suitable alternative sources of consumer finance on commercially acceptable terms or that delays in finding such alternative sources would not disrupt our consumer finance offering. See “Business — Our Products — Consumer Financing”.

Material adverse trends in the factors affecting our offering of finance options to our customers, including further tightening of credit standards and recent and future regulatory changes, could impact on our future financial performance.

Some of our sales are to customers who utilise our finance offering, which enables them to purchase products by paying for them in monthly instalments over terms of up to 90 months. Our consumer finance offering in our stores is provided through BUT International SAS on the basis of a commercial agreement between us and BNP Paribas Personal Finance and through other external providers some of our franchisees may use. The consumer credit card we offer through our consumer financing is subject to market standard interest rates at BNP Paribas Personal Finance’s discretion. Exclusive BUT offers (*Offres exclusives de BUT*) are subject to interest rates between 3% and 15%, depending on product range and credit duration.

The *Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes* (DGCCRF), which is represented at the local level by the *Directions Départementales de la Protection des Populations* and the *Directions Départementales de l’Emploi, du Travail, des Solidarités et de la Protection des Populations*, is responsible for implementing competition regulation and ensuring consumer protection and security. As for consumer protection and security, the DGCCRF requires businesses to comply with various consumer-related laws and regulations, including rules on advertising style and content, the nature, composition and labelling of products supplied legally mandated information to be provided to consumers before they make a purchase, product safety and customer service processes in France. Changes in consumer protection and security laws and regulations, as well as the interpretation of such provisions by the relevant authorities could materially affect the operating costs or sales of the business.

Moreover, given that all those consumer-related laws and regulations are highly technical and formalistic and that there is not necessarily case law and/or developments regarding the interpretation of the relevant legal requirements and their practical application, it is always difficult to ensure full compliance with these obligations, including as this is often linked to questions of fact.

Our failure to comply with consumer protection requirements set by the French laws and regulations can give rise to criminal and administrative sanctions (including financial penalties). Furthermore, any breach of these laws and regulations can lead to legal actions which may result in the payment of damages under civil liability, impair the enforceability of certain consumer agreements, lead to the forfeiture of the lender’s right to interest on the loan or give rise to the loss of a license. More generally, any sanction or legal action may undermine our reputation in the furniture retail market in France.

The French legal and regulatory framework applicable to the consumer credit facilities was amended by the Consumer Credit Act No. 2010-737 dated 1 July 2010 completed by Ordinance No. 2016-301 dated 14 March 2016 relating to the legislative part of the French Consumer Code ratified by law No. 2017-203 dated 1 February 2017 (the **Lagarde Law**). This regulation aims to strengthen the protection of consumers and provides, among other things, that:

- advertising must comply with additional information requirements (Art. L.312-6, L.312-59 and D.312-21 et seq. of the French *Code de la consommation*, which also provide for additional pre-contractual information requirements: before subscribing credit agreements, consumers must be provided with an “information sheet” enabling them in particular to compare the lender’s various offers (Art. L.312-12 of the French *Code de la consommation*));
- compensation of salespeople cannot depend on the type of credit contract they made customers enter into or the interest rate at which the credit was granted (Art. L.314-23 of the French *Code de la consommation*);
- loyalty programmes associated with renewable credits cannot be subject to the use of a credit facility (Art. L.312-68 of the French *Code de la consommation*); and
- the overall interest rate that can be charged in connection with consumer financing is limited.

Most of these changes affecting the consumer credit regulation in France came into full effect on 1 May 2011. The Lagarde Law restricts the ability of financial services providers to provide automatically renewable credit. As a portion of the customers in our commercial loan portfolio have their credit renewed automatically, the implementation of the Lagarde Law has impacted our results of operations. While the effects of the Lagarde Law have been partially mitigated, the Lagarde Law could have additional negative impacts on our future financial services offering.

In addition, the *Loi Hamon* introduced on 17 March 2014 requires retailers offering a loyalty programme including a renewable credit to also offer customers another loyalty programme distinct from any credit offering (since 1 July 2016, this requirement has been applicable to any retailer offering a loyalty programme including any kind of credit, even if the credit is not renewable). Because we previously only combined our loyalty card programme with our consumer credit card, customers who had been incentivised to apply for our credit cards as a result of the loyalty card programme might no longer apply for such cards as a result of the *Loi Hamon*. We launched a new loyalty card not associated with the provision of credit on 18 December 2014. This could adversely impact the number of credit cards issued to our customers and therefore impact the revenues we derive from our consumer finance business.

This very complex and changing legislative environment may lead to complexity and uncertainty notably to determine which regulations are applicable to each credit agreement entered into with consumers over the past years.

Furthermore, BNP Paribas Personal Finance and any external providers of consumer finance offering in our franchise stores may tighten its credit standards and/or increase its charges for the provision of such credit if default rates among consumers increase. This may limit the ability of our consumers to obtain finance on commercially acceptable terms and/or may increase the amount of the fee paid by us to these external providers. Further, the availability of credit card debt to consumers in periods of economic uncertainty is typically restricted due to tightening credit standards or reductions in available credit limits. Any further tightening of credit standards or adverse changes in other factors impacting these arrangements could have a negative impact on our future margins and negatively affect our results of operations.

Our insurance and reinsurance businesses are subject to regulatory requirements which could negatively affect our available cash.

Our reinsurance subsidiary, Cafina S.A. (organised in Luxembourg), and our insurance subsidiary, Cafina Assurances Limited (organised in Malta), and their respective activities, are subject to regulation by the Luxembourg and Malta insurance regulatory authorities (the Luxembourg Commissariat aux Assurances and Malta Financial Services Authority, respectively). Accordingly, each of these subsidiaries is subject to comply with requirements regarding its capital adequacy or policies regarding investment of its cash and other assets. In the event a relevant insurance regulatory authority decides to require any subsidiary subject to its regulatory oversight to increase its regulatory capital or change its current investments, we may have reduced cash available to fund our business outside of Luxembourg or Malta (as applicable), or both, in connection with such change. Any such changes required by any insurance regulatory authority may nonetheless reduce our available cash. In addition, any change in regulations regarding the reparability of electrical goods could negatively impact our extended warranties business.

A review of the common ownership of us and Conforama France may result in conditions being imposed by the French antitrust authority.

Our business is presently under review by the Autorité de la Concurrence (**ADLC**), the French antitrust authority, in connection with the acquisition of Conforama France, a competitor in the home equipment market in France, by Mobilux S.à.

r.l., our indirect parent in September 2020. There can be no assurance that the ADLC review will not result in some conditions being imposed, such as the requirement for stores divestments due to the common market shares of the merged entity on certain downstream local markets. In addition, if the analysis conducted concludes that we have certain economic dependence from some suppliers, the ADLC may ask us to temporarily limit our relationship with those suppliers.

Our results fluctuate on a quarterly basis and our business could suffer as a result of weak sales during peak promotional periods and/or our failure to deliver effective advertising campaigns.

In the past, our results of operations have fluctuated on a quarterly basis, as a result of seasonality in the business. The key factors driving these fluctuations are consumer demand, the actions of our competitors, changes in our product mix, the timing of new store openings and completion of our capital expenditure projects and other external events that may be out of our control. Our business is subject to promotional peaks, with a large proportion of our sales being generated during specific promotional periods. Historically, our most important trading periods in terms of order generation and subsequently realisation of sales and operating profit have been December and January as a result of the holiday season and promotional periods, though the growing importance of Black Friday, and customers' increasing tendency to make purchases earlier in the year, has had an impact on the Group, as sales on Black Friday tend to focus on consumer electronics with lower margins.

In the year ended 30 June 2020, we generated 28.6%, 29.2%, 23.4% and 18.8% of our total revenue in the fiscal first, second, third and fourth quarter, respectively. Moreover, our cash position usually reaches a peak in February, March and September as a result of the higher sales during promotional periods and is relatively lower in April, May and October as sales are comparatively slower from April to June. We have significant fixed costs, such as rents and employee wages and salaries. Therefore, if we experience lower sales during certain quarterly periods or if sales during our peak promotional periods are significantly lower than we expect for any reason, we may be unable to reduce our costs in the short term to offset the lower revenue and as a result, our business, financial condition and results of operations could be materially adversely affected. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors that Affect Our Results of Operations—Seasonality*”.

Our success in appliances and consumer electronics is partially dependent on new technologies and products being developed by third parties, including our suppliers and other manufacturers.

The appliances and consumer electronics that we sell are produced by our suppliers and certain components of those items are produced by the manufacturers that supply our suppliers. While we have a choice in selecting the products to be sold at our stores, we are unable to control the development of products, including the extent to which products include new technologies, features or designs that are attractive to customers. Accordingly, if our suppliers and/or the manufacturers that serve our suppliers are unable to develop products to meet the demands of our customers, this may have a material adverse effect on our business, financial condition and results of operations.

The Group is exposed to changes in the legal and regulatory environment in the countries in which it operates. In particular, as a result of our sale of appliances and consumer electronics, some of our activities are subject to specific regulations, such as the obligation to specify an index of reparability on some electronics products since 1 January 2021, and may become subject to further obligations to provide a “right to repair” and extended guarantee obligations on some products as part of the European Commission’s proposed European Green Deal. If such laws are introduced, this may have a material adverse effect on our business, financial condition and results of operations, including as a result of reduced sales of products due to increased numbers of repairs, as well as reduced sales of extended guarantees.

Average selling prices of products can decrease over time and our results of operations depend on our ability to introduce new products and shift our product mix towards higher margin products.

After a product is introduced, the costs associated with such product and its average selling price typically decrease as the supply of such product becomes more prevalent in the market and new products are developed and introduced for sale. Accordingly, as is common in the electronics industry and to a lesser extent in the furniture industry, we often expect to reduce the average price of products as a result of new product introductions, increases in sales volumes or competitive pressures. In order to maintain margins and offset reductions in average selling prices, we must be able to shift our product mix towards higher margin products by selecting and procuring products from our suppliers that offer improved designs, features or comfort. The failure to do so may materially adversely affect our business, financial condition and results of operations.

We do not recognise revenue on sales for products that we deliver until we complete the delivery. Interruptions at any stage of the manufacturing, distribution and delivery processes could have a material adverse effect on our results of operations.

We do not recognise revenue on sales until we deliver and install our products in our customers' homes. On average, it takes between one to two weeks from the time an order is placed for our products to be delivered to our customers' homes. Any major breakdown of plant or equipment, or accident such as a serious fire, in any or all of our distribution centres, warehouses or delivery vehicles might significantly impact our ability to distribute products to our customers or affect the number of products and product lines in our stores, any of which may materially adversely affect our business, financial condition and results of operations.

We cannot assure you that any of our strategies will be successful.

Our future performance is dependent on our ability to identify, develop and execute our strategies. Because we have outlined an ambitious growth and strategic development platform on which to expand our business, our failure to properly deploy and utilise capital and other resources may adversely affect our planned initiatives. While we believe our focus on strengthening our product offering, continuing to modernise our store network and selectively expand our store footprint, developing our omnichannel strategy and online offering, crystallising synergies from our cooperation with Conforama France, focusing on operational excellence and improving our Environmental, Social and Governance (ESG) strategy will positively benefit our business, misjudgments or flaws in our execution may materially adversely affect our business, financial condition and results of operations.

In particular, we intend to further increase the number of our retail stores in France. We opened one new directly-operated store and four new franchise stores in the twelve months ended 31 March 2021. The success of any further expansion of our retail store portfolio will depend in part upon our ability to open and operate new stores in a timely and cost-effective manner while minimising cannibalisation. Successful execution of any new store roll-out also depends upon a number of other factors, including the identification of suitable available store sites in optimal locations; the negotiation of acceptable financial terms; the hiring, training and retention of qualified personnel; the level of existing and future competition in areas where new stores are to be located; our ability to integrate new stores into our operations on an economically acceptable basis; the capability of our existing information technology and distribution systems to accommodate new stores; and general economic conditions in France. Historically there has been, and we anticipate that in the future there will continue to be, significant competition among retailers for desirable store sites, which may impact the speed with which we can locate new store sites and increase the rents payable for such new stores. There can be no assurances that we will be able to open new stores on a timely or profitable basis or that we will be able to secure store sites on acceptable terms or at all. In addition, we have historically expanded our directly-operated store network through the acquisition of our franchisees' stores and there can be no assurances that we will be able to do so in the future. See “—A significant portion of our stores are operated by franchises and this store ownership mix presents a number of disadvantages and risks”.

Further, unlocking potential synergies through cooperation with Conforama France, which Mobilux, our indirect parent, acquired in September 2020, and our arrangements with XXXLutz Group, a group related to one of the Sponsors, forms an important part of our strategy. These potential synergies include improvement of our purchasing scale and terms and consolidation of our Asia sourcing function, as well as reductions in indirect costs arising from marketing campaigns, leaflets, store operating expenses and logistical and supply chain costs. However, there can be no assurance that these benefits will materialise and these arrangements may also limit or restrict our ability to expand in certain geographic areas or source from or transact with certain counterparties.

Failure in our pursuit or execution of new business ventures, strategic alliances and acquisitions could have a material adverse impact on our business.

Our growth strategy also includes expansion via new business ventures and strategic alliances. As part of our strategy, we may seek to acquire additional stores from our franchises and enter into business ventures and strategic alliances. In addition, we may pursue acquisitions of different banners both in France and outside of France. Assessing these opportunities involves extensive due diligence. However, the amount of information we can obtain about a potential growth opportunity may be limited and the assessment of this information involves a number of assumptions including, among other things, profitability, growth, interest rates and company valuations, and we can give no assurance that new business ventures, strategic alliances and acquisitions will positively affect our financial performance or will perform as planned or that unexpected or unforeseen risks or obligations may materialise.

Among the risks associated with our strategy, which could materially adversely affect our business, financial condition and results of operations, are the following:

- we may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses;
- we may not achieve financial and operational synergies on a timely basis, if at all;
- acquisitions may divert our management's attention and capital from the operation of existing businesses, other business issues and opportunities;
- we may not be able to successfully assimilate or integrate companies that we acquire, including their personnel, financial systems, distribution, operations and general operating procedures;
- we may impair our relationships with our vendors or strategic partners by implementing new strategic alliances or business ventures;
- the assumptions underlying the business plans supporting the valuations may prove inaccurate, in particular with respect to synergies;
- we may be forced to divest or limit the growth of certain businesses so as to obtain the necessary regulatory authorisations, in particular with respect to anti-trust authorisations;
- we may not be able to retain key personnel or customer contracts of acquired businesses; and
- we may encounter unanticipated events, circumstances or legal liabilities related to the acquired businesses.

A significant portion of our stores are operated by franchisees and this store ownership mix presents risks.

Approximately one third of our stores were operated by franchisees as of 31 March 2021 and we receive revenue in the form of a contribution and fees from such franchisees. We have limited influence over our franchisees. We rely on them to implement major initiatives and we have a limited ability to facilitate changes in store ownership. In addition, we face limitations on our ability to enforce franchisee obligations due to bankruptcy or insolvency proceedings as well as the inability or unwillingness of franchisees to participate in our strategic initiatives. Although we have certain rights to terminate a franchise agreement for non-compliance with its terms, we may not be able to identify problems and take action quickly enough to prevent our results of operations or reputation from suffering.

We may purchase stores from our franchisees that are being sold in strategic locations. However, if we cannot finance such purchases, we will not be able to generate expected synergies, which may materially adversely affect our business, results of operations and financial condition.

Any events that negatively impact the reputation of, or value associated with, our brand could adversely affect our business.

Our brand is an important asset of our business. Maintaining the reputation of, and value associated with, our brand and product offering is central to the success of our business. As such, our ability to maintain the reputation of our brand with respect to the quality and design of our products and high levels of customer service are important factors in earning and maintaining customer goodwill. Unfavourable publicity concerning us, our products or any of our retail stores or manufacturers (both internal and external), or a substantial erosion in the reputation of our brand may materially adversely affect our business, financial condition and results of operations.

Currency fluctuations and hedging risks could materially adversely affect our earnings and cash flow.

Our business is subject to risks due to fluctuations in currency exchange rates. In the nine months ended 31 March 2021, although the majority of our cost of sales was denominated in euro, a significant portion of our purchases, primarily from Asia-based and Eastern European suppliers, was denominated in U.S. dollars. Our revenues are denominated primarily in euro, and we report our consolidated financial results in euro. The exchange rate between U.S. dollars and euro has fluctuated significantly in recent years and may fluctuate significantly in the future. The average noon buying rates for U.S. dollars per euro for the years ended 30 June 2018, 2019 and 2020 were 1.1936, 1.1409 and 1.1058, respectively and the average spot rate

during the month of May 2021 was 1.2146. Although we may benefit from any future weakening of the U.S. dollar or the strengthening of the euro, we could be adversely affected by future unfavourable shifts in currency exchange rates.

We have entered into hedging arrangements to reduce our exposure to fluctuations in currency exchange rates. Hedging arrangements are entered into on a rolling basis as part of the normal operation of our business. If we are unable to enter into new hedging arrangements on favourable terms, renegotiate favourable terms with our suppliers or otherwise adapt our cost base or pass on these increased costs to our customers, our exposure to these fluctuations in currency exchange rates may have a material adverse effect on our business, financial condition and results of operations.

Compliance with and liability under environmental, real estate, health and safety laws and regulations could impose substantial costs upon us and could subject us to fines and penalties.

Our operations and properties are subject to local, national and EU laws and regulations related to environmental, health and safety protection. Laws and regulations that may affect our business include those governing remediation of contaminated soil, groundwater and buildings, water supply and use, water discharges, air emissions, waste management (including end-of-life requirements, recycling regulations and producers' extended responsibility), product safety and liability and workplace health and safety. Environmental, health and safety laws and regulations have tended to become more stringent and more expansive over time, and enforcement has tended to increase over time. Compliance with future requirements could result in substantial costs to us. If we fail to comply with any such laws or regulations, we could be subject to sanctions which could have an adverse effect on our financial condition or results of operations. Future changes in such laws and regulations could also have an adverse effect on our business, financial condition and results of operations.

Some of the sites we currently own or occupy (or previously owned or occupied) have a long history of industrial activities that could have resulted in contamination of the soil, groundwater or buildings with hazardous materials (including without limitation asbestos containing materials and PCBs). For example, as owners and occupiers of property we are under a duty to locate, manage and (where appropriate) remove asbestos from relevant properties. Failure to comply with this duty of care could lead to increased refurbishments costs or liabilities in respect of personal injury arising out of exposure to asbestos. Under some environmental, health and safety laws and regulations, we could be liable to investigate environmental issues or remediate contamination at properties we currently own or occupy (or previously owned or occupied) or at third parties' properties, even if the contamination was caused by a party unrelated to us and not through our fault, and even if the activity causing the contamination was legal. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination, could result in substantial unanticipated costs. We could be required to establish or increase financial reserves for these obligations or liabilities. In addition, as owners or occupiers of property we are under a duty to locate, record, manage and (where appropriate) remove asbestos from relevant properties. While landlords are required to co-operate, any failure to comply with these duties is an offence and could similarly give rise to liabilities in respect of personal injury arising out of exposure to asbestos.

We also may be liable for any violation of waste management, disposal and recycling regulations regardless of our actions or fault.

Further, under certain French real estate laws, companies operating commercial business centres that are open to the public must obtain regular licenses and authorisations to do so. While we endeavour to comply with these laws and regulations, any failure to do so may have a material adverse effect on our ability to operate certain stores and accordingly, impact our results of operations.

We are dependent on third-party suppliers to produce our products, which subjects us to certain environmental, social and governance risks, among others.

We are subject to certain risks with respect to our suppliers' potential non-compliance with environmental, social and governance laws and regulations, including the risk of liability and penalties if we fail to comply with Law No. 2017-399, enacted in France on 27 March 2017, which requires a certain duty of care to ensure that human and environmental rights are not infringed through the entire production chain, and with commitments undertaken in the context of the United Nations Global Compact. Our relationship with suppliers based in foreign markets in particular presents risks in terms of non-compliance with labour laws on manufacturing and the values listed in the Universal Declaration of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work, particularly in the context of electronics manufacturing. If we fail to comply with such laws and values the reputation of our brand may suffer, which may materially adversely affect our business, results of operations and financial condition.

We are exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations applicable in the countries in which we operate or intend to operate.

We must comply with certain anti-corruption laws or other similar regulations. For example, the French Criminal Code and law of 9 December 2016 relating to transparency, fighting corruption and modernising economic life (more widely known as the *Sapin II Law*) and other similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to foreign officials and/or private parties for the purposes of obtaining or retaining business and require the implementation of an anti-bribery compliance programme. We source certain products from certain parts of the world that have experienced corruption. Under some circumstances, strict compliance with anti-corruption laws may conflict with local customs and practices. Our internal policies mandate compliance with these laws, but despite our compliance policies and training efforts, we cannot assure you that our internal control policies and procedures will always protect us from acts committed by our employees and/or third parties.

Further, we must comply with EU sanctions and any other applicable sanctions. Sanctions can change frequently (and often without advance notice) and we cannot guarantee that aspects of our current business will not be subject to sanctions in the future. U.S. sanctions principally apply to U.S. persons and, as a non-U.S. company, we are not required to comply with such sanctions. Nonetheless, certain aspects of our business may be impacted by U.S. sanctions that target jurisdictions in which we operate.

Violations of such laws can result in civil penalties, including fines, denial of export privileges, injunctions, asset seizures, termination of existing contracts, criminal fines or imprisonment. In addition, such violations could also negatively impact our reputation.

If the European Monetary Union ceases to exist or one or more countries leave the European Monetary Union, our margins and results of operations and financial condition may be materially adversely affected.

Recent economic events affecting the European economies, including the exit of the United Kingdom from the European Union on 31 January 2020 or sovereign debt and other economic crises in certain EU countries, have raised questions regarding the overall stability of the European Monetary Union and the European Union. Despite measures taken by countries in the European Monetary Union and the European Central Bank to alleviate credit risk, concerns persist with respect to the ability of certain European Monetary Union countries to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual European Monetary Union member states.

Governments and regulators have implemented austerity programmes and other remedial measures to respond to the Eurozone debt crisis and stabilise the financial system, but the actual impact of such programmes and measures are difficult to predict. If the Eurozone debt crisis is not resolved, it is possible that one or more countries may default on their debt obligations and/or cease using the euro and re-establish their own national currency or that the Eurozone may collapse. If such an event were to occur, it is possible that there would be significant, extended and generalised market dislocation, which may have a material adverse effect on our business, results of operations and financial condition, especially as substantially all of our operations are in Europe. In addition, the departure of one or more countries from the Eurozone may lead to the imposition of, among others, exchange rate control laws.

Any of these developments, or a perception that any of these developments may be likely to occur, could have a material adverse effect on the economic development of the affected countries or lead to economic recession or depression that could jeopardise the stability of financial markets or the overall financial and monetary system. This, in turn, may have a material adverse effect on our business, financial condition, and results of operations.

The occurrence of catastrophic events including terrorist attacks could adversely affect retail sales.

Catastrophic events such as floods, fires, earthquakes, pandemics (including the COVID-19 pandemic) or epidemics, petrol shortage, terrorist and war activities in France and elsewhere have a negative effect on retailers, particularly for retailers who sell non-essential goods. For example, on 5 May 2021 we had a fire in a warehouse located in Villeneuve-Loubet in France, resulting in the loss of all of our goods held in such warehouse, though we are insured against such loss. The investigation is still in progress. The occurrence of other catastrophic events could adversely affect our business and operating results. We cannot accurately predict the extent to which such events may affect us, directly or indirectly, in the future. There can be no assurance that we will be able to obtain or choose to purchase any insurance coverage with respect to occurrences of terrorist acts and any losses that could result from these acts. If there is a prolonged disruption at our properties due to natural

disasters, terrorist attacks or other catastrophic events, our business, financial condition and results of operations could be materially adversely affected.

We are exposed to a risk of economic, social and political unrest.

Our results can be affected by abnormal or unforeseen circumstances or events, and such circumstances can have a disproportionately adverse effect on the Group's business if they occur during periods of high activity. France has recently experienced certain negative developments with respect to the general business climate, as well as social and political unrest. For example, the "Yellow Vests" movement, which started in November 2018, negatively affected our results in the fourth quarter of 2018 as a result of store closures and reduced foot traffic at stores as fewer consumers visited stores on weekends. If the social instability intensifies, we may be exposed to an increased degree of risks arising from interruption of operations due to economic, political or social instability. Our security costs may rise as a result of any increased social unrest or violence and Footfall in its stores may suffer from adjacent incidents of social unrest or violence. It is possible that any continued or resurgent social and political uncertainty or adverse impact on the French economy as a result thereof could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to renew or replace our store leases or enter into leases for new stores on favourable terms, or if any of our current leases are terminated prior to the expiry of their stated term and we cannot find suitable alternate locations, our growth and profitability could be harmed.

As of 31 March 2021, we leased approximately 98.5% of our store locations. Our current leases expire at various dates ranging from less than one year to more than nine years. However, our leases provide for rent reviews, generally annually, at which time our rents could increase. Our ability to maintain our existing rental rates during renewals or to renew any expired lease on favourable terms will depend on many factors that are not within our control, such as conditions in the local real estate market, competition for desirable properties and our relationships with current and prospective landlords. We have made certain assumptions about future rent reviews in respect of our leasehold property. If rent reviews were to be agreed at rates higher than currently anticipated, there would be an adverse impact on our financial performance.

In addition, there is a risk that the leases may not be renewed in due course or at all due to, among other factors, the state of the real estate market at such time and the competition for retail space. This would result in additional costs being incurred in selecting appropriate or equally suitable alternative premises and relocating to them and there is a risk that suitable alternative premises may not be available. If our lease payments increase or we are unable to renew existing leases or lease suitable alternate locations, this may have a material adverse effect on our business, financial condition and results of operations.

A disruption in our information technology systems and/or website could adversely affect our operations.

The timely development, implementation, and continuous and uninterrupted performance of our hardware, network, applications, website and other systems, including those which may be provided by third parties, are important factors in our delivery of products and services to our customers. Our ability to protect these processes and systems against unexpected adverse events is a key factor in continuing to offer customers our full complement of products on time in an uninterrupted manner. Our operations are vulnerable to interruption from a variety of sources, many of which are not within our control, such as: power loss and telecommunications failures; software and hardware errors, failures, defects, or crashes; computer viruses and similar disruptive problems; fire, flood, and other natural disasters; attacks on our network or damage to our business intelligence tools, software and systems carried out by hackers or Internet criminals; and the performance of third-party vendors. For example, following a number of cyberattacks, our website was taken offline on 28 April, 1 May and 6 May 2019, although appropriate remedial action was taken. Delays or interruptions in the delivery of our products could result from unknown data, software, or hardware defects, insufficient capacity, or the failure of our website hosting and telecommunications vendors to provide continuous and uninterrupted service. A failure of our information technology systems in any store would limit our ability to complete sales, as we would be unable to process credit cards or obtain credit approval to offer product financing. Moreover, a failure that causes our website to become unavailable could materially adversely affect Footfall to our stores, online product viewing opportunities and online sales, any of which could have a material adverse effect on our business, financial condition and results of operations.

Compliance with privacy and information security laws and requirements is increasingly costly, and any data security incident could adversely affect our business.

Our activities require the processing of various categories of personal data, such as payment card information, customer address and contact details, order history, marketing preferences and employee data. Secure processing and transmission of such data is essential to the proper functioning of our business. Any type of data security incident, whether in the form of a

malicious cyber-security breach or accidental loss could negatively impact our reputation, relationships with our customers, suppliers or partners, increase our operating expenses in order to remedy the incident and resolve identified security flaws, expose it to uninsured liability, increase our risk of regulatory scrutiny, subject us to legal claims, result in the imposition of material penalties or fines under French, European Union or other applicable international laws or regulations, and adversely affect our continued participation in credit card schemes.

The regulatory environment governing the processing of personal data by the Group is complex. Compliance with evolving European Union and international privacy, data protection and information security laws and requirements may require the Group to incur costs to make necessary systems changes, engage suitably qualified personnel and implement new administrative processes. In particular, in May 2016 the European Union adopted the General Data Protection Regulation (Regulation (EU) 2016/679) (**GDPR**) with the aim to, among other things, strengthen and unify data protection for all individuals within the European Union. The GDPR became effective in each EU Member State (including the United Kingdom) on 25 May 2018, replacing the former European data protection regulatory framework. The GDPR increases our regulatory burden, in terms of compliance with the new rules, as well as the maximum level of fines for non-compliance. The new regulation provides for more stringent consumer data privacy legislation compared to the prior regulatory framework, including in connection with the solicitation, collection, processing and use of consumer data. We have undertaken a process to conform our internal policies and procedures on the collection, processing and use of personal data to the GDPR. We may be exposed to increased liability under the new laws, including in the form of larger pecuniary sanctions in the event of breach of such laws. Under the GDPR, breaches of data protection rules may result in maximum fines equal to the greater of €20.0 million and 4.0% of the annual global turnover of the sanctioned company. Even technical violations of these laws can result in penalties that are assessed for each non-compliant transaction.

Even if we comply with such laws and requirements, we still may not be able to prevent the occurrence of a security breach involving protected data. Any such breach could reduce consumer confidence in our web and mobile data security processes, which could, in turn, result in a decline in our e-commerce activity. Additionally, our reputation may be damaged and we could experience lost sales, fines or lawsuits that may individually or in the aggregate have a material adverse effect on our business, financial condition and results of operations.

Failure to protect the integrity, security and use of our customers' information and media could expose us to litigation and materially damage our standing with our customers.

The use of individually identifiable data by our business and our business associates is regulated at the sub-national, national and international levels. Increasing costs associated with information security, such as increased investment in technology, the costs of compliance with consumer protection laws and costs resulting from consumer fraud, could cause our business and results of operations to suffer materially. Additionally, the success of our online operations depends upon the secure transmission of confidential information over public networks, including the use of cashless payments. While we have taken significant steps to protect customer and confidential information, there can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography or other developments will prevent the compromise of our customer transaction processing capabilities and personal data. If any such compromise of our security were to occur, it could have a material adverse effect on our business, financial condition and results of operations. Any such compromise may materially increase the costs we incur to protect against such information security breaches and could subject us to additional legal risk.

Intellectual property claims by third parties or our failure or inability to protect our intellectual property rights could diminish the value of our brand and weaken our competitive position.

We may be subject from time to time to intellectual property claims brought against us by third parties, particularly as we expand our business to include new products. Our defence of any claim, regardless of its merit, could be expensive and time consuming, and could divert management resources. Successful infringement claims against us could result in significant monetary liability and prevent us from selling some of our products. In addition, the resolution of claims may require us to abandon or seek redesign of our own-label products, or acquire license rights from third parties, which could have a material adverse impact on our business, results of operations and financial condition.

We currently rely on a combination of copyright, trademark and unfair competition laws, as well as confidentiality procedures and licensing arrangements, to establish and protect our intellectual property rights. We believe that our trademarks and other proprietary rights have significant value and are important to identifying and differentiating our brand and certain of our products from those of our competitors, and creating and sustaining demand for certain of our products. We cannot assure you that the steps taken by us to protect our intellectual property rights will be adequate to prevent infringement of such rights by others, including the imitation of our products and the misappropriation of our brand. If we are unable to

protect and maintain our intellectual property rights, the value of our brand could be diminished and our competitive position could suffer.

Product liability and product recall may adversely affect our results of operations and may not be covered by our product liability insurance.

We require our suppliers to satisfy certain standards regarding the quality, safety and specification of our products. However, it is possible that one or more of our products may, at some point, malfunction or present non-compliance or safety issues in a way that exposes us to liability and/or requires us to undertake recall and repair efforts. In the event of a product recall being required in circumstances where the financial consequences are not satisfied by one of our suppliers or covered by our product liability insurance, there may be an adverse effect on our business, financial performance and results of operations.

Furthermore, we provide extended warranties for our products sold through our operated networks, other than for franchise stores which offer their own warranties. Such extended warranties generally provide three years of additional coverage for the majority of our products. We are currently handling a number of claims under certain extended warranties relating to sales made from 2016 to 2019.

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

The interests of the Sponsors, our principal shareholders, in certain circumstances may conflict with your interests as holders of Notes. The Sponsors have, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. For example, the Sponsors could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends distributions, in each case, so long as permitted under the Indenture, the New Super Senior Revolving Credit Facility Agreement and the Intercreditor Agreement. The interests of the Sponsors could conflict with interests of holders of Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. The Sponsors could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments although such transactions might involve risks to the holders of Notes.

In September 2020, Mobilux, our indirect parent, acquired Conforama France, a direct competitor operating in the furniture sector. We have entered into, and in the future may enter into, certain cooperation arrangements with Conforama France, which we expect would benefit our business results, although no assurances can be given. Nevertheless, our Sponsors would be interested in the growth and development of Conforama France, and as it is a direct competitor, any such growth and development may adversely us. In addition, in 2016 we entered into purchasing arrangements with XXXLutz Group, a company related to one of the Sponsors. We are benefitting under these arrangements and expect that we will continue to do so. However, there can be no assurance that any of these benefits will materialise, and these arrangements may also limit or restrict our ability to expand in certain geographic areas or source from or transact with certain counterparties. See “*Certain Relationships and Related Party Transactions*”.

A loss of key personnel or of our ability to attract and retain experienced employees could adversely affect our business.

The success of our business depends significantly on both our ability to retain members of our senior management, many of whom have significant experience in our business and industry, and our ability to attract and retain a work force that includes experienced sales, product design and production personnel. There is significant competition for skilled employees in the furniture industry, and it therefore may be difficult to attract and retain the personnel necessary for the development and sustainability of our business. The loss of the services of our senior management or key personnel or the failure to attract experienced personnel as required could harm our future operations.

Higher labour costs could adversely affect our business.

We compete with other retailers for competent and dependable employees. The supply of such employees is limited and competition to hire and retain them results in higher labour costs. In recent years, higher labour costs have been offset by declining costs of goods sold driven by cheaper production costs and excess supplies overseas. If this trend does not continue, or other factors, such as import restrictions, lead to higher costs and we are not able to pass on such higher costs to our customers, these higher labour costs could adversely affect our profitability.

We may face labour disruptions and disputes that would interfere with our operations.

Our operations may be affected by labour disruptions and disputes involving our employees and employees of third parties. While we believe our relationships with the trade unions representing our employees are good, negotiations with these unions have been challenging at certain times.

As is the case for most companies of our size in France, we also have ongoing legal disputes with certain of our former employees and may face further litigation in the future. In the future, we may be affected by more significant strikes or disputes which could adversely affect our business, financial condition and results of operations.

We are subject to changes in tax laws, rules and regulations and periodic tax audits and reassessments by tax authorities resulting therefrom, any of which could result in significant additional tax payments.

The application of various domestic and international sales, use, occupancy, value-added and other tax laws, rules and regulations is subject to interpretation by the applicable taxing authorities. We often rely on generally available interpretations of tax laws, rules and regulations in the jurisdictions in which we operate. We cannot be sure that these interpretations are accurate or that the responsible taxing authority is in agreement with our views. If the tax laws, rules and regulations are amended, if new adverse laws, rules or regulations are adopted or if current laws are interpreted adversely to our interests, our tax payments could increase (prospectively or retrospectively) and/or we could become subject to penalties. As a result, these changes could decrease the capital we have available to operate our businesses and could have a material adverse effect on our business, financial condition and results of operations.

Due to the global aspect of our business, we are subject to income taxes in several jurisdictions. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are also subject to periodic tax audits, which could result in reassessments by applicable taxing authorities. Recent tax audits of BUT International SAS resulted in reassessments by the French tax authorities. We strongly disagree with the reassessments and are currently disputing them. See “*Business—Legal Proceedings—Tax Audit Related Proceedings*”. While we strongly disagree with the assessment, if the reassessments were upheld, or if we became subject to other audits or reassessments, we could become subject to significant additional tax payments, including penalties and interest of late payment, which could have a material adverse effect on our business, financial condition, results of operations, or cash flows in the period or periods for which that determination is made.

Further issues of Notes by the Issuer may affect the market value of the Notes.

The Issuer may from time to time, without the consent of Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, the date of issue and the amount of principal) so as to be consolidated and form a single series with the Notes. Even if such additional securities are treated for non-tax purposes as part of the same series as the Notes, such additional securities may in some cases be treated as a separate series for U.S. federal income tax purposes. In such case, such additional securities may be considered to have been issued with original issue discount (**OID**) even if the Notes were not issued with OID for U.S. federal income tax purposes. These differences may affect the market value of the Notes if such additional securities are not otherwise distinguishable from the Notes.

If we do not continue to meet credit and debit card provider requirements, we may lose the ability to accept or process such payments or receive funds from credit and debit card providers for purchases already made.

A substantial portion of our customers pay for their purchases with a credit or debit card. For credit and debit card payments, we pay interchange and other fees, which may increase over time and raise our operating expenses and adversely affect our profits. 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. A failure by us to maintain adequate levels of liquidity (including under a scenario whereby we accumulate large quantities of customer refunds) 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 scenarios may have a material adverse effect on the results of our business, financial condition and results of operations.

Changes to accounting standards may have a material adverse effect on our business, financial condition and results of operations.

The Financial Statements are prepared and presented in accordance with IFRS. As a result, any changes in these accounting standards may have a significant impact on how we record and report our results, which may, in turn, have a material adverse effect on our business, financial condition and results of operations. In recent years, the International Accounting Standards Board (**IASB**) has issued and revised a number of IFRS standards. In particular, the IASB developed a new leases standard, IFRS 16 *Lease Agreements* (**IFRS 16**), which supercedes IAS 17 *Lease Agreements*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and is effective for fiscal years commencing on or after 1 January 2019. As a result, we have adopted IFRS 16 as at 1 July 2019 and we have applied IFRS 16 in our consolidated financial statements from 1 July 2019.

IFRS 16 requires that we adopt a “right-of-use” approach in accounting for our lease contracts and that we recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value (*i.e.*, less than \$5,000). On 1 July 2019, we had 3,161 leases falling within the scope of IFRS 16, of which 259 are real estate leases. IFRS 16 has led to the recognition of a rental liability on our balance sheet of €367.5 million, as well as an increase in fixed assets through the recognition of a right-of-use of €362.7 million. This change to the presentation of our balance sheet has affected the comparability of our assets and liabilities from year to year, especially the comparison of assets and liabilities as of 30 June 2019 and as of 30 June 2020. Additionally, the adoption of IFRS 16 has led to an increase in EBITDA, depreciation and financial expenses.

The IASB may, in the future, develop new, or revise existing, accounting standards, which may have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Tax

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

We are subject to complex tax laws in each of the jurisdictions in which we operate, as well as 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.

Our tax returns are prepared in accordance with applicable tax legislation and prevailing case law. Certain tax positions we take are based on industry practice, tax advice we have received in some cases from third parties (including legal counsel), and similarities to facts and circumstances described in case law. These positions may relate to tax compliance (especially in the current international tax context tending towards enhanced mandatory disclosure obligations), classification of income, treaty relief and withholding tax, franchise, gross receipts, payroll, property and income tax issues, including tax base. It is possible that the tax authorities will not agree with the views we have taken. From time to time, we are subject to tax audits, and any challenges from relevant tax authorities with respect to our application and interpretation of tax rules may result in adjustments to the timing or amount of taxable income or deductions, and such adjustments may not be favorable to us. If any such challenges are made and are not resolved in our favour, they could result in significant additional tax liabilities and have an adverse effect on our financial condition and results of operations.

In particular, European and French tax laws and regulations are extremely complex and are subject to varying interpretations. In this respect, the incorporation into French tax law of 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 7 June 2017 could increase the administrative efforts within the Group and impact existing structures.

In parallel, the European Union intends to harmonise tax legislation of the Member States. In this respect, on 12 July 2016, the Council of the European Union adopted a new EU Directive (Council Directive 2016/1164) laying down rules against tax avoidance practices that directly affect the functioning of the internal market (the **ATAD**). The ATAD was later amended on 29 May 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 and provides that its provisions apply (subject to certain exceptions) from 1 January 2020. Among the set of 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 earnings before interest, tax, depreciation and amortisation (EBITDA) or to a maximum amount of €3 million, whichever is higher (subject to several exceptions) (Article 4 of the ATAD). The French Finance Law for 2020 (Law 2019-1479 of 28 December 2019) also introduced under French tax

law the provisions of the ATAD 2 and thus repealed the existing French anti-hybrid rules, as set forth in Article 212-I-b of the *French Code général des impôts* (the **French Tax Code**). See “*Risk Factors—Risks Related to the Notes — 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*”.

Furthermore, French tax law provides for an anti-abuse provision laid down in 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 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.

On 18 May 2021, the European Commission published a Communication on Business Taxation for the 21st Century (the **Communication**) which provides a new framework for business taxation in the European Union. This far-reaching proposal notably includes a framework named *Business in Europe: Framework for Income Taxation* (BEFIT), which contemplates a single corporate tax rulebook for the European Union based on a formulary apportionment and a common tax base. The BEFIT is intended to replace the Common Consolidated Corporate Tax Base (CCCTB) which has been under discussion since 2011. The Communication also proposes to introduce new anti-tax avoidance (**ATAD 3**) measures in order to tackle the misuse of companies with no or minimal substantial presence and real economic activity.

Finally, since tax laws and regulations in the various jurisdictions in which the Group’s companies 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 the Group’s operations, intragroup transactions or reorganisations (past or future) is or may sometimes be based on the Issuer’s interpretations of French, Luxembourg 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 the Group’s companies are located or operate may result in reassessments, late payment interests, fines and penalties.

Risks Related to Our Financial Profile and the Notes

Our leverage may make it difficult for us to operate our businesses.

We currently have, and after the issuance of the Notes will continue to have, a significant amount of debt with substantial debt service requirements. As of 31 March 2021, and as adjusted to give effect to the Transactions, our total gross debt would have been approximately €492.0 million (including €10.0 million of estimated capitalised issuance costs). This represents an additional €111.1 million of gross debt from our actual total gross debt of €380.8 million as of 31 March 2021, increasing our leverage ratio from minus 0.3x to 1.0x, as adjusted to give effect to the Transactions. In addition, the New Super Senior Revolving Credit Facility will provide for an additional €139.5 million in future borrowings on a committed basis, which may be increased in the future. Our leverage could have important consequences for our business and operations and for you as a holder of the Notes, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debts and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund acquisitions, organic growth projects 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;
- impairing security interest for the benefit of the holders of the Notes;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and

- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Our ability to make payments on and refinance our indebtedness and to fund acquisitions, working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. 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 future acquisitions or other working capital expenditures. For a discussion of our cash flows and liquidity, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources*”.

In addition, we and our subsidiaries may be able to incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. Although the Indenture and the New Super Senior Revolving Credit Facility Agreement will contain restrictions governing the incurrence of additional indebtedness, the 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. If we or our subsidiaries incur new debt or other obligations, the related risks that we now face, as described elsewhere in these “*Risk Factors*”, could intensify.

For further information regarding our substantial leverage and for more information about our outstanding indebtedness, please see “*Description of the Notes*” and “*Description of Certain Financing Arrangements*”.

We are subject to restrictive covenants which limit our operating and financial flexibility.

The New Super Senior Revolving Credit Facility Agreement and the Indenture will contain covenants which impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain loans, investments or acquisitions, including participating in joint ventures;
- prepay or redeem subordinated debt;
- create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- issue or sell redeemable preferred shares;
- engage in certain transactions with affiliates;
- agree to limitations on the ability of our subsidiaries to make distributions;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital of certain subsidiaries; and
- create or incur certain liens.

All of these limitations will be subject to significant exceptions and qualifications. See “*Description of the Notes*” and “*Description of Certain Financing Arrangements*”. The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. The restrictions contained in the New Super Senior Revolving Credit Facility Agreement and the Indenture could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organisation or finance our capital needs.

Any future indebtedness may include similar or other restrictive terms. These restrictions could materially and adversely affect our ability to finance our future operations or capital needs or to engage in other business activities or consummate transactions that may be in our best interest.

In addition to limiting our flexibility to operate our business, our failure to comply with the covenants under the New Super Senior Revolving Credit Facility and the Indenture, including as a result of events beyond our control, could result in an event of default under the terms of our other financing agreements and cause all the debt under those agreements to be accelerated. If this were to occur, it could materially and adversely affect our financial condition and results of operations and we can make no assurance that we would have sufficient assets to repay our debt.

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.

We may incur substantial additional debt in the future. Although the Indenture and the New Super Senior Revolving Credit Facility Agreement 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 and secured. Under the Indenture, in addition to specified permitted indebtedness, we will be able to incur additional indebtedness (which may be unsecured, or secured, on a junior priority basis) so long as on a *pro forma* basis our consolidated coverage ratio (as defined in the Indenture) is at least 2.00 to 1.00, and any additional secured indebtedness so long as on a *pro forma* basis our consolidated secured leverage ratio (as defined in the Indenture, which, among other things, excludes certain specified permitted indebtedness from the calculation of such ratio) is no more than 4.00 to 1.00. We will also be able to refinance indebtedness outstanding under the New Super Senior Revolving Credit Facility with debt incurred in compliance with these ratios and then be able to draw amounts under our New Super Senior Revolving Credit Facility at a time when we do not meet these ratios. The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes and may be secured by collateral that does not secure the Notes. In addition, the Indenture and the New Super Senior Revolving Credit Facility will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Circular.

The Issuer and the Guarantors (other than BUT International SAS) are shell or holding companies that have no revenue generating operations of their own and will depend on cash from the operating companies of the Group to be able to make payments on the Notes or the Guarantees.

The Issuer and the Guarantors (other than BUT International SAS) are holding companies with no business operations and no assets other than intercompany receivables and the equity interests they hold in each of their subsidiaries. The Issuer and the Guarantors (other than BUT International SAS) will, therefore, be dependent upon the cash flow from the operating subsidiaries of the Group in the form of dividends, interest payments on intercompany loans or other distributions or payments to meet their obligations, including their obligations under the Notes and the Guarantees, as well as under the New Super Senior Revolving Credit Facility Agreement. The obligations of the subsidiaries of the Parent Guarantor under intercompany loans will be subordinated in right of payment to certain existing and future senior indebtedness of such subsidiaries, including obligations under the New Super Senior Revolving Credit Facility Agreement. If the subsidiaries of the Parent Guarantor do not fulfill their obligations under the intercompany loans and do not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes. The amounts of dividends and distributions available to the Issuer and the Guarantors (other than BUT International SAS) will depend on the profitability and cash flows of the companies comprising the Group. The subsidiaries of the Parent Guarantor may not, however, be able to, or may not be permitted under applicable law to make dividends, distributions or otherwise make upstream payments or advance upstream loans to their shareholders (including the Issuer and the Guarantors) to make payments in respect of our indebtedness, including the Notes and the Guarantees.

Following the Substitution of the Issuer, the Succeeding Issuer will assume all of the obligations of the Issuer under the Notes and will become the primary obligor of the indebtedness represented by the Notes. The ability of the Succeeding Issuer to make payments to the holders of the Notes will depend on its cash flows and earnings which, in turn, may be affected by all of the factors discussed in these “Risk Factors”.

The Notes will be structurally subordinated to the liabilities of Non-Guarantor Subsidiaries.

Not all of our subsidiaries will guarantee the Notes and our subsidiaries do not have any obligations to pay amounts due under the Notes or to make funds available for that purpose unless they guarantee the Notes. Generally, holders of indebtedness of, and trade creditors of, any of the non-guarantor Subsidiaries, including lenders under bank financing agreements, are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-guarantor Subsidiary becomes insolvent, is liquidated, reorganised 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 Guarantors will have no right to proceed against the assets of such non-guarantor 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 any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such non-guarantor Subsidiary.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor Subsidiaries. As of 31 March 2021, the non-guarantor Subsidiaries, including the Issuer (before intercompany eliminations), had 24.4% of total liabilities on a combined basis. Any of the debt that our non-guarantor Subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

The Indenture allows for the substitution of the Issuer for the Parent Guarantor or any French or Luxembourg subsidiary of the Parent Guarantor or the Succeeding Parent Guarantor, that is also a subsidiary of Mobilux S.à r.l.

The Indenture provides that, the Issuer may be substituted for the Parent Guarantor or any French or Luxembourg subsidiary of the Parent Guarantor or the Succeeding Parent Guarantor that is also a subsidiary of Mobilux S.à r.l., upon the satisfaction of certain conditions. See ‘*Description of the Notes—Certain Covenants—Parent Guarantor and Issuer Substitution*’. If the Parent Guarantor elects to implement the Substitution, it may do so without the consent of Holders of the Notes, subject to satisfying certain conditions including, but not limited to, a requirement that the Issuer guarantees the Notes, and that there is no default or Event of Default as a result of the Issuer Substitution. If a Substitution occurs, the Holders of the Notes will have an investment in a credit group that could be materially different from that of the Notes. Although each of the Issuer and, the Parent Guarantor and the Guarantors will continue to be guarantors following such substitution, the new issuer or parent guarantor of the Notes may have a different risk, operational and financial profile from the Issuer or the Parent Guarantor.

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including our obligations under the Notes, and to fund our ongoing operations, depends on our performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these ‘*Risk Factors*’, many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated cost savings, revenue growth and operating improvements will be realised or that future debt or equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs, including the repayment at maturity of the then outstanding amount under the New Super Senior Revolving Credit Facility Agreement, which matures in 2027.

If our future cash flow from operations and other capital resources (including borrowings under the New Super Senior Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;

- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. At the maturity of the Notes or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to refinance our indebtedness. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditures, sell assets or raise additional debt or equity financing in amounts that could be substantial. In addition, the terms of the Notes and any future debt may limit our ability to pursue any of these measures.

If we are unable to satisfy our obligations through alternative financing, we may not be able to satisfy our debt obligations, including under the Notes. In that event, borrowings under other debt agreements or instruments that contain cross acceleration or cross default provisions, including the Notes and the New Super Senior Revolving Credit Facility, may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

French tax legislation may limit our capacity to deduct interest for tax purposes, and thus reduce the cash flow available to service our indebtedness.

Under Article 39,1-3° of the FTC, the deductibility 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 FTC, 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 loan 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 1.19% for companies closing their fiscal year between 31 May 2021 and 29 June 2021). 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 FTC provides that the deductibility of interest incurred on loans granted by a related party within the meaning of Article 39,12 of the FTC, is deductible up to the rate referred to in Article 39,1-3° of the FTC, or, if higher, up to the rate that the borrowing entity could have obtained from independent financial establishments in similar circumstances.

In addition, articles 205 B to 205 D of the French Tax Code implement the ATAD 2 rules on hybrid mismatches, reverse hybrid mismatches and tax residency mismatches and apply to fiscal years beginning on or after 1 January 2020 (or 1 January 2022 for certain provisions). In particular, these rules 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 payments under structured arrangements within the meaning of such rules, in which case the presence of associated enterprises is not required. The hybrid mismatches which are targeted by these rules result from the difference in the treatment of financial instruments, entities or payment attribution rules in cross border situations. 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. These rules provide for several ways to neutralise hybrid situations; 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.

Beyond the limitation mentioned above, Article 212 bis of the FTC (which transposes interest deduction limitations provided for by the EU anti-tax avoidance directive 2016/1164 of 12 July 2016 (ATAD)), subject to certain exceptions and safeharbour

clauses, limits the deduction of net financial expenses (which are defined as the portion of financial expenses exceeding financial income), accrued by companies that are subject to French corporation tax to the higher of (i) €3 million, and (ii) 30% of the company's result before interest, taxes, depreciation and amortisation adjusted for tax purposes (Tax EBITDA) generated in the same fiscal year (the 30% EBITDA 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 net 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, the consolidation perimeter being limited to fully consolidated (*integration globale*) entities for purposes of this safe harbour mechanism. In this specific case, net financial expenses exceeding the 30% Limitation are deductible up to 75% of their amount. This safe harbour provision does not apply to entities which are subject to thin capitalisation rules.

French thin capitalisation rules have also been amended and apply cumulatively to the 30% EBITDA Limitation, but only to loans granted by related parties, excluding third-party debt guaranteed by related parties. In this respect, where the amount of the related party debt of a company within the meaning of Article 39-12 of the FTC exceeds a ratio equal to 1.5x the company's net equity (*fonds propres*), the deduction of net financial expenses borne by such company is limited to the higher of (i) 30% of its Tax 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 FTC increased by 1.5x the company's net equity (assessed either at the beginning or at the closing date of the fiscal year) divided 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 higher of (i) 10% of its Tax EBITDA, and (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 FTC exceeding 1.5x the company's net equity (assessed either at the beginning or at the closing of the fiscal year) divided 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 thin capitalisation 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 full 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% EBITDA 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 capitalised entities.

Pursuant to Article 223 B bis of the FTC, the above-mentioned limitations apply to companies that belong to French tax consolidated groups within the meaning of Article 223 A of the FTC with respect to loans from lenders outside of such groups. Such limitations will, therefore, apply at the level of the French tax consolidated group to which the Issuer belongs, of which Mobilux 1 SAS is the parent.

Finally, 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-referred tax rules may limit the Group's ability to deduct interest incurred on our indebtedness 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.

The Proposed Financial Transactions Tax (EU FTT).

On 14 February 2013, the European Commission published a proposal for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

On 8 December 2015, Estonia indicated that it will no longer be a participating Member State and, on 16 March 2016, completed the formalities required to leave the enhanced cooperation on the EU FTT.

The EU FTT could, if introduced in its current draft form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. On 10 October 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. Such participating Member States agreed to continue negotiating on a new proposal based on the French model, which in principle would only concern shares of listed companies whose head office is in a Member State of the European Union. However, such proposal is still subject to change until a final approval, 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. In February 2021, the Portuguese Presidency of the Council proposed an inclusive discussion among all Member States on tax design issues of the EU FTT.

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 investors should consult their own tax advisers in relation to the consequences of the EU FTT.

We may not be able to finance a change of control offer and the occurrence of certain important corporate events will not constitute a change of control.

The Indenture will require us to make an offer to repurchase all outstanding Notes at 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to (but excluding) the date of repurchase upon the occurrence of certain events constituting a change of control. Additionally, a change of control under the New Super Senior Revolving Credit Facility (which includes a different definition of change of control), unless waived by the lenders, would permit any lender under the New Super Senior Revolving Credit Facility to elect to cancel its commitments thereunder and the participation of that lender in all amounts outstanding under the New Super Senior Revolving Credit Facility would become immediately due and payable. The source of funds for any repurchase required as a result of any such event would be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by our subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered and we may not be able to secure access to enough cash to finance the required repurchases of the Notes tendered. Our failure to effect a change of control offer when required would constitute an event of default under the Indenture, which would, in turn, constitute a default under the New Super Senior Revolving Credit Facility. See “*Description of the Notes—Change of Control*”. In addition, a change of control could constitute a default under our other indebtedness.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events that might adversely affect the value of the Notes (including certain reorganisations, restructurings, mergers or other similar transactions), in particular a reorganisation, merger or similar transaction involving transfers between the Sponsors, 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. Except as described under “*Description of the Notes—Change of Control*”, the Indenture will not contain provisions that require us to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction. Among other things, we will not be required to offer to repurchase or redeem the Notes if either of our Sponsors, or their respective affiliates, acquires the interest of the Sponsor.

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 leverage ratio is met.

The definition of “change of control” contained in the Indenture includes a disposition of all or substantially all of the assets of the Parent Guarantor and the restricted group taken as 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 the 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 assets of the Parent Guarantor and its restricted subsidiaries 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.

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

The Notes are denominated and payable in euro. If you measure their investment returns by reference to a currency other than 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 such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which such investors measure the return 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 such investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See “*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations for U.S. Holders*”.

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 credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed in these “*Risk Factors*” 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 and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

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

The Issuer and the Guarantors and their respective subsidiaries are organised outside the United States, and their business is conducted entirely outside the United States. The directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, because all of the assets of the Issuer and the Guarantors and their respective subsidiaries and all or a majority of the assets of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See “*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*”.

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

Under various circumstances, the Collateral securing the Notes and the Guarantees will be released automatically, including, but not limited to:

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided under “*Description of the Notes—Legal Defeasance and Covenant Defeasance*” and “*—Satisfaction and discharge*”;
- as described under “*Description of the Notes—Amendments and Waivers*” and “*Description of the Notes—Certain Covenants—Limitation on Liens*”;
- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;
- if the lien granted in favour of the New Super Senior Revolving Credit Facility or such other indebtedness that gave rise to the obligation to grant the lien over such collateral is released (other than pursuant to the repayment and discharge thereof);
- in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement;

- as described under “*Description of the Notes—Impairment of Security Interest*”;
- in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the terms of the Indenture;
- upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;
- in accordance with the Security Documents; or
- as otherwise permitted under the Indenture.

In addition, under various circumstances, Guarantees will be released automatically, including, but not limited to:

- in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary 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 Parent Guarantor or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the “Asset Sale” provisions of the Indenture;
- if the Parent Guarantor designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under “*Description of the Notes—Defeasance*” and “*—Satisfaction and Discharge*”;
- in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement;
- as described under “*Description of the Notes—Amendments and Waivers*”;
- as a result of a transaction permitted by “*Description of the Notes —Merger and Consolidation*”; or
- upon the release of the Guarantor’s Note Guarantee under any Indebtedness that triggered such Guarantor’s obligation to guarantee the Notes under the covenant described in “*Description of the Notes—Certain Covenants—Future Guarantors*”.

See “*Description of Certain Financing Arrangements—Intercreditor Agreement*” and “*Description of the Notes*”.

The guarantees/security interests may be limited by French law or subject to certain limitations or defences that may adversely affect their validity and enforceability.

Under French financial assistance rules, a company is prohibited from guaranteeing or securing indebtedness of another company that is used, directly or indirectly, for the purpose of the acquisition of its shares.

Under French corporate benefit rules, a court could subordinate or void any guarantee or security interest and, if payment had already been made under the relevant guarantee/security interest, require that the recipient return the payment to the relevant guarantor/security provider, if the court found that the French guarantor/security provider did not derive an overall corporate benefit from the transaction involving the grant of the guarantee/security interest as a whole. Existence of corporate benefit is a factual matter which must be determined on a case-by-case basis. Based on current case law:

- the company giving the guarantee/security interest must itself receive an actual benefit or advantage (direct or indirect) from the transaction involving the giving of the guarantee/security interest taken as a whole which is commensurate with the liability which it takes on under the guarantee/security interest;
- the financial commitment assumed by the guarantor/security provider must not exceed its financial capability; and

- (as regards group benefit) the guarantor and the person whose obligations are being guaranteed must belong to the same group and have real common economic purposes and policy, and the guarantee, and the transaction to which it relates, must be entered into in furtherance of the common economic interest of the group as a whole (not just its shareholders) and the liability under the guarantee should be commensurate with such group benefit.

In addition, each of the Guarantees and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering its guarantee voidable or otherwise ineffective under applicable law.

Accordingly, notwithstanding anything to the contrary in a guarantee/security interest provided by a French company, such guarantee/security interest will be subject to the following limitations:

- (A) the obligations and liabilities of a French company under its guarantee/security interest will not include any obligation or liability which if incurred would constitute the provision of financial assistance within the meaning of Article L. 225-216 of the French Commercial Code and/or would constitute a “misuse of corporate assets or powers” within the meaning of Article L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code or any other laws or regulations having the same effect, as interpreted by French courts and/or would infringe L. 511-7 of the French Monetary Code;
- (B) the obligations and liabilities of a French company under its guarantee/security interest for the obligations of a parent company issuing notes will be limited, at any time, to an amount equal to the lesser of (i) the aggregate nominal amount of all notes issued by the parent company and (ii) the amount of the proceeds of such notes (if any) (x) directly or indirectly on-lent to the French company and/or any subsidiaries of such French company under intercompany loans or similar arrangements or (y) used by the Issuer to refinance any indebtedness that was previously directly or indirectly, by way of intercompany loans or similar arrangements, on-lent by it or any borrower or guarantor under such indebtedness, to such French company and/or its subsidiaries, in each case to the extent such intercompany loan or similar arrangement is outstanding at the date a payment is to be made by such French company under its guarantee/security interest, it being specified that any payment made by a French company under its guarantee/security interest shall automatically reduce *pro tanto* the outstanding amount of the relevant intercompany loans or similar arrangements due by such French company to the parent company or its subsidiaries; and
- (C) the obligations and liabilities of a French company for the obligations of any obligor which is its subsidiary will cover all amounts due by such obligor as issuer or borrower under any applicable finance document and as guarantor (the **Guaranteed Obligor**). However, where such Guaranteed Obligor is not incorporated in France, the amounts payable by the French company under this paragraph (C) in respect of the obligations of the Guaranteed Obligor as guarantor, shall be limited as set out in paragraph (B) above.

It is acknowledged that no French company is acting jointly and severally with the other guarantors and no French company shall therefore be considered “*co-débiteur solidaire*” as to its obligations and liabilities under its guarantee/security interest.

Shares or securities accounts held by us in certain of our French subsidiaries shall be pledged under French law. In the event of an insolvency event affecting such French subsidiaries, insolvency proceedings may be initiated in France to the extent that such French subsidiaries have their centre of main interests in France. See “*Limitations on Validity and Enforceability of Guarantees and the Security Interests and Certain Insolvency Law Considerations—European Union*” below. Such proceedings would then be governed by French law.

Certain of our related companies incorporated in France whose shares are pledged to secure the Notes are not required to guarantee such Notes nor do they provide any collateral to secure such Notes. Such companies may however become subject to certain insolvency proceedings governed by French law under circumstances further described below and affecting their own liabilities.

Pursuant to Article L. 650-1 of the French Commercial Code, where insolvency or safeguard proceedings have been commenced, creditors may be held liable for the losses suffered as a result of credit support granted to the debtor, if the grant of such credit support is wrongful, on the following grounds: (i) fraud; (ii) interference with the management of the debtor; and (iii) the guarantees or security interests taken to secure the amounts made available to a debtor are disproportionate to those amounts. In addition, where the creditor is held liable by the relevant court on this ground, guarantees, security interests

and any other credit support granted to secure the amounts made available to the debtor could be held null and void or reduced if found to be disproportionate to those amounts.

See “*Limitations on Validity and Enforceability of Guarantees and the Security Interests and Certain Insolvency Law Considerations*”.

The courts having jurisdiction to commence insolvency or similar proceedings with respect to the Guarantors may not be the courts within the territory of which the Guarantors have their respective registered offices.

The insolvency or similar proceedings to which the Guarantors may be subject will be under the jurisdiction of the courts within the territory of which each of the Guarantors has its respective centre of main interests (for further information see “*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—European Union*” below). The location of the centre of main interests of each Guarantor would be determined at the date on which its petition for insolvency or similar proceedings is filed. It is therefore possible that a Guarantor may be the subject of insolvency or similar proceedings in a jurisdiction other than the jurisdiction in which it has its registered office.

The insolvency laws of France may not be as favourable to you as the insolvency laws of the United States or those of other jurisdictions with which you are familiar; other limitations on the Guarantees and the Security Interests, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

The Issuer and the Guarantors are organised under the laws of France. Our obligations under the Notes are guaranteed by the Guarantors and secured by Security Interests over the Collateral. In addition, the Collateral includes among others a security interest in the shares in certain direct and indirect subsidiaries of the parent entities incorporated under the laws of France, pledges of certain present and future intercompany loan receivables held by the Parent Guarantor and certain of its subsidiaries incorporated under the laws of France, and certain bank accounts opened in France.

The insolvency laws of France may not be as favourable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In particular, the French insolvency laws and regulations are unfavourable to creditors in many respects.

For instance, during French safeguard proceedings, as described in “*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—France*”, the debtor’s management prepares and presents a safeguard plan to its creditors and the court may vet a restructuring plan which could lead to the rescheduling of creditors’ debts over a period of up to ten years (without any compensation such as an increased interest rate or other fee) without obtaining their approval for such a plan. While a new reform has introduced the possibility for members of the creditors’ committee to also prepare their own alternative safeguard or reorganisation plan which will be submitted to the vote of creditors, holders of the Notes are not members of any creditors’ committee and therefore they will not be able to propose any such alternative plans.

In the event of safeguard or reorganisation proceedings commenced in France with respect to the Issuer, all holders of bonds issued by the Issuer in France or abroad (including the Notes) would be consulted on the restructuring plan in one single general meeting of bondholders if specific thresholds are exceeded, as described in “*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—France*”. The provisions relating to the representation of the Notes would be discarded to the extent they are inconsistent with mandatory provisions of French law applicable to distressed companies in the context of these proceedings.

The safeguard or reorganisation plan could include a rescheduling of the claims held by holders of bonds (including the Notes), debt write-offs as well as debt-to-equity swaps if approved by shareholders of the debtor. This plan would have to take into account existing subordination agreements and could provide for a differentiated treatment between the members of the bondholders’ general meeting if the differences in situation so justify.

A two-third majority of the principal amount of the bonds held by the bondholders who did vote in the general meeting would be required for the plan to be approved by the bondholders’ general meeting, notwithstanding any clause to the contrary pursuant to the issuance agreements. See “*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—France—Insolvency*”. Upon the approval of the safeguard or reorganisation plan, as applicable, the plan would be binding on all holders of Notes, including those who voted against the plan in the bondholders’ general meeting.

Under the insolvency laws and regulations of France, the court may in certain circumstances void the Security Interests or the guarantee or payments made thereunder where the debtor was already insolvent (as such term is defined under the laws of France) when the Security Interest or the guarantee was granted or the payment made. See “*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—France—Creditors’ Liability*”.

For an overview of the insolvency laws of France and enforceability issues as they relate to the Guarantees and Security Interests, see “*Limitations on Validity and Enforceability of Guarantees and the Security Interests and Certain Insolvency Law Considerations*”.

Certain covenants may be suspended upon the occurrence of a change in the Group's ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody’s or a rating of BBB- or better by S&P or following an initial public offering of the Capital Stock of the Parent Guarantor the consolidated secured leverage ratio (as defined in the Indenture) is less than 3.00 to 1.00 and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which such Notes cease to have such ratings, certain covenants will cease to be applicable to such Notes. See “*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*”. If these covenants were to cease to be applicable, the Group would be able to incur additional debt or make payments, including dividends or investments, 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.

You may be required to pay a “soulte” in the event you decide to enforce the pledges over shares of French companies by judicial or contractual foreclosure of the Collateral consisting of shares rather than by a sale of such Collateral in a public auction.

In the event that management decides not to file for insolvency proceedings, or alternatively upon a voluntary winding up of the company, the pledges over shares of French companies may be enforced at the option of the secured creditor either by a sale of the pledged shares in a public auction (the proceeds of the sale being paid to the secured creditors), by judicial foreclosure (*attribution judiciaire*) or by contractual foreclosure (*attribution conventionnelle*) of the shares to the secured creditor, following which the secured creditor becomes the legal owner of the pledged shares. In a proceeding for judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*attribution conventionnelle*), the secured debt would be deemed extinguished up to the value of the pledged shares. Such value is determined either by the court in the context of a judicial foreclosure (*attribution judiciaire*) or by a pre-contractually agreed or appointed by the judge expert in the context of a contractual foreclosure (*attribution conventionnelle*) and if the value of the collateral exceeds the amount of secured debt, the secured creditors may be required to pay the relevant pledgor a “soulte” equal to the difference between the value of the shares and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditors from a subsequent sale of the Collateral.

Consequently, in the event the lenders under the New Super Senior Revolving Credit Facility or the holders of the Notes decide to, and are entitled to, enforce the share pledges through a judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*attribution conventionnelle*) or *pacte comissoire* and if the value of such shares exceeds the amount of the secured debt, the lenders under the New Super Senior Revolving Credit Facility and the holders of the Notes may be required to pay to the relevant pledgors a *soulte* equal to the value by which such shares exceed the amount of the secured debt.

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

If the holders of the Notes decline to request the judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*attribution conventionnelle*) of the shares, sale of the pledged shares could be undertaken by 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 shares, since the latter will not be sold pursuant to a competitive bid process and/or a private sale organised 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 a group of companies.

The granting of the security interests in connection with the issuance of the Notes or the incurrence of permitted debt in the future may create or restart hardening periods.

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions, in particular, as the Indenture will permit the release and retaking of security granted in favour of the Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. If the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Issue Date, any security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest. See “*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations*”. The same rights and risks also will apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes. See “*Description of the Notes—Security*”.

Under the Intercreditor Agreement, the holders of the Notes are required to share recovery proceeds with other secured creditors, recover proceeds only after the lenders under the New Super Senior Revolving Credit Facility, certain priority hedging counterparties and lenders or creditors under certain other indebtedness that we may incur in the future are repaid in full, and are subject to certain limitations on their ability to enforce the Security Interests.

The Trustee under the Indenture governing the Notes is expected to enter into the Intercreditor Agreement with, among others, the agent under the New Super Senior Revolving Credit Facility and the Security Agent on or around the Issue Date. Other creditors may become parties to the Intercreditor Agreement or we may enter into additional intercreditor agreements in the future. Among other things, the Intercreditor Agreement will govern the enforcement of the Security Interests, the sharing in any recoveries from such enforcement and the release of the Collateral by the Security Agent.

The Notes will, as far as is possible under law, be secured by the same Collateral that will secure on a first-priority basis our obligations under the New Super Senior Revolving Credit Facility, certain priority hedging obligations and certain other Indebtedness that we may incur in the future. The Indenture will also permit the same Collateral to be pledged on a *pari passu* basis with the Notes, to secure additional indebtedness and certain hedging obligations in accordance with the terms of the Indenture and the Intercreditor Agreement. The Indenture and the Intercreditor Agreement may limit the amount of hedging that can be “superpriority” hedging.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, the liabilities under the New Super Senior Revolving Credit Facility, certain hedging obligations and certain other Indebtedness that we may incur in the future will have priority over the proceeds received from the sale of the Collateral pursuant from the enforcement of such Collateral. The Intercreditor Agreement will provide that the Security Agent, who will also serve as the security agent for the lenders under the New Super Senior Revolving Credit Facility and holders of any permitted future shared security indebtedness, will act to enforce the security interest in the Collateral and take instructions from the secured creditors in respect of the Collateral only as provided for in the Intercreditor Agreement. In the event that the shared Collateral has become enforceable, the Security Agent shall enforce or refrain from enforcing such Collateral on the instructions of (a) the majority (more than 66% by value) of the super senior creditors (the ***majority super senior creditors***) and (b) the majority (more than 50% by value) of the holder of the Notes and other *pari passu* creditors (if any) (the ***majority senior secured creditors***).

If the Security Agent receives conflicting instructions from the majority super senior creditors and from the majority senior secured creditors, then, to the extent instructions from the majority senior secured creditors are given in accordance with the Intercreditor Agreement, the Security Agent will comply with such instructions; provided, that, if:

- (i) the majority senior secured creditors have not either (A) 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 (B) appointed a financial advisor to assist them in making such a determination, within three months of the date of the initial enforcement notice; or

- (ii) the majority senior secured creditors have not either (A) 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 (B) appointed a Financial Advisor to assist them in making such a determination, and the majority super senior creditors 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 or on the expected realisation proceeds of any enforcement and deliver enforcement instructions which they reasonably believe to be consistent with the security enforcement principles and necessary or advisable to enhance the prospects of achieving the security enforcement objective before the Security Agent has received any enforcement instructions from the majority senior secured creditors; or
- (iii) the super senior discharge date (being the date on which all of the super senior liabilities have been fully and finally discharged) has not occurred within six months of the date of the initial enforcement notice; or
- (iv) an insolvency event (other than an insolvency event directly caused by any enforcement action taken by or at the request or direction of the credit facility lenders) is continuing with respect to a debtor, then the Security Agent will act in accordance with enforcement instructions received from the majority super senior creditors until the super senior discharge date has occurred.

In addition, lenders under the New Super Senior Revolving Credit Facility, certain hedging counterparties and lenders or creditors under certain other Indebtedness that we may incur in the future will receive priority to the proceeds from the enforcement of shared security. The holders of the Notes will only benefit from the proceeds from the enforcement of Collateral after the obligations to the priority creditors have been satisfied in full. As such, in the event of a foreclosure on the Collateral, your recovery on the Collateral may be limited or may be zero, if the proceeds from an enforcement sale of the Collateral are only sufficient to satisfy the obligations to the priority creditors. In addition, the Intercreditor Agreement provides that any proceeds from an enforcement of security which is available to satisfy the obligations under the Notes will be paid *pro rata* in repayment of the Notes and any other obligations secured by the Collateral on a *pari passu* basis. The Intercreditor Agreement provides that the Security Agent may release certain Collateral in connection with sales of assets pursuant to a permitted disposal or enforcement sale and in other circumstances permitted by the Indenture and the Super Senior Revolving Credit Facility. Therefore, such collateral available to secure the Notes could be reduced in connection with the sales of assets or otherwise, subject to the requirements of the financing documents and the Indenture.

Certain additional amounts will be available for additional borrowing under the New Super Senior Revolving Credit Facility by way of incremental facilities (subject to the fulfillment of certain conditions thereunder). In addition, the Indenture governing the Notes and the New Super Senior Revolving Credit Facility will permit us, in compliance with the covenants in those agreements, to incur significant additional indebtedness secured by liens on the Collateral. Our ability to incur additional debt in the future secured on the Collateral may have the effect of diluting the ratio of the value of such Collateral to the aggregate amount of the obligations secured by the Collateral. As a result, holders of Notes may receive less, ratably, than holders of other secured indebtedness. The granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. Please see “*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations*”.

Certain actions in respect of defaults taken under the Indenture by beneficial owners with short positions in excess of their interests in the Notes will be disregarded.

By acceptance of the Notes, each holder of Notes agrees, in connection with certain notices of Default (as defined under “*Description of the Notes*”), notices of acceleration or instructions to the Trustee to provide certain notices of Default, notices of acceleration or take any other action (a **Default Direction**), to deliver a written representation to the Issuer and the Trustee that such holder and any of its affiliates acting in concert with it in connection with its investment in the Notes (other than screened affiliates) are not (or, in the case such holder is Euroclear or Clearstream or their respective nominee, that such holder is being instructed solely by beneficial owners that (together with such affiliates) are not) Net Short Holders (as defined under “*Description of the Notes*”). Holders of the Notes, including holders that have hedged their exposure to the Notes and/or other debt issued or guaranteed by the Group in the ordinary course and not for speculative purposes, may not be able to make such representations. These restrictions may impact a holder’s ability to participate in Default Directions and exercise its rights.

Enforcing your rights as a holder of the Notes or under the Guarantees or the Collateral across multiple jurisdictions may prove difficult.

The Issuer and each of the Guarantors is organised under the laws of France; the Collateral will include pledges over the shares of certain direct and indirect subsidiaries of the parent entities incorporated under the laws of France and pledges of certain present and future intercompany loan receivables held by the Issuer and certain of its parent entities' subsidiaries in respect of debtors in France. In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in France. Your rights under the Notes, the Guarantees and the Collateral are likely to be subject to insolvency and administrative laws of France and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*". In addition, the multi-jurisdictional nature of enforcement over the Collateral may limit the realisable value of the Collateral.

The insolvency, administration and other laws of the jurisdiction of organisation of France may be materially different from, or conflict with, each other and with the laws of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest, the duration of proceeding and preference periods. The application of these laws, and any conflict between them, could call into question whether, and to what extent, the laws of any particular jurisdiction should apply, adversely affect your ability to enforce your rights under the Guarantees and the security documents in these jurisdictions or limit any amounts that you may receive.

The Notes are secured only to the extent of the value of the Collateral that has been granted as security for the Notes and future secured indebtedness may be secured by certain assets that do not secure the Notes.

The Notes are secured only to the extent of the value of the Collateral, which consists of a security interest in, among others, the share capital of the Issuer and the Guarantors, certain intercompany loans and certain bank accounts. See "*Description of the Notes—Security*". Not all of our assets secure the Notes, and the Indenture allows the Parent Guarantor and its restricted subsidiaries to secure any future senior secured indebtedness (as defined in the Indenture) permitted to be incurred under the Indenture (which may be structurally senior to the Notes and the Guarantees) with the property and assets of the restricted subsidiaries that do not secure the Notes. The value of such assets and property could be significant. If there is an event of default and to the extent that the claims of the holders of the Notes exceed the value of the Collateral securing the Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes and the Guarantees.

While the Indenture creates certain obligations to provide additional guarantees and grant additional security over assets, or a particular class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of an unrestricted subsidiary as a restricted subsidiary or otherwise, such obligations are subject to certain agreed security principles. The agreed security principles set forth in the Indenture set out a number of limitations on the rights of the holders of the Notes to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Issuer and the Guarantors.

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

The Notes will be secured by pledges over the shares in the Issuer and certain Guarantors, certain present and future intercompany loan receivables held by the Parent Guarantor and its subsidiaries to certain subsidiaries and certain bank accounts. If we default on the Notes, holders of the Notes will be secured only to the extent of the value of the assets underlying the security interests granted in favour of holders of the Notes. There is no guarantee that the value of the Collateral on the issue of the Notes or subsequently will be sufficient to enable the Issuer to perform its obligations under the Notes. There is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. 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 appraisals of the Collateral have been prepared by or on behalf of the Issuer or the Guarantors in connection with the issue of the Notes. The amount of proceeds realised upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, whether or not our business is sold as a going concern, the jurisdiction in which the enforcement action or sale is completed, the ability to readily liquidate the Collateral, the availability of buyers and the condition of the Collateral and exchange rates. Further, there may not be any buyer willing

and able to purchase our business as a going concern, or willing to buy a significant portion of its assets in the event of an enforcement action.

By its nature, some or all of the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Trustee or investors as holders of the Notes to realise or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes or the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement governing our creditors' rights could reduce the proceeds realised upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all. For instance, 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 and intercompany loan receivables may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. Proceeds from enforcement sales of capital stock and assets that are part of the Collateral must first be applied in satisfaction of obligations under the New Super Senior Revolving Credit Facility and counterparties under priority hedging obligations and thereafter towards application to repay on a *pari passu* basis the obligations of the Issuer and the Guarantor under the Notes.

The Indenture also allows incurrence of certain additional permitted debt in the future that is secured by the Collateral on a priority basis. See "*Description of the Notes—Certain Covenants—Limitation on Liens*". The incurrence of any additional debt secured by the Collateral would reduce amounts payable to investors from the proceeds of any sale of the Collateral. The value of the Collateral and the amount to be received upon a sale of such Collateral will depend upon many factors including, among others, the ability to sell the Collateral in an orderly sale, the availability of buyers and other factors. The book value of the Collateral should not be relied on as a measure of realisable value for such assets. Portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of an enforcement of the liens in respect of the Notes, the proceeds from the sale of the Collateral may not be sufficient to satisfy the Issuer's obligations under the Notes.

To the extent that other first priority security interests, pre-existing liens, liens permitted under the Indenture and other rights encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the security and the ability of the security trustee to realise or foreclose on the security.

The Indenture also permits the granting of certain liens other than those in favour of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties enjoy liens, 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 that, 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 issued in exchange for the Notes offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

Security over the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law.

In France, the security interests in the Collateral that secure the obligations of the Issuer under the Notes, the obligations of the Guarantors under the Guarantees are not granted directly to the holders of the Notes but are granted only in favour of the Security Agent. The Indenture and the Intercreditor Agreement provide that only the Security Agent has the right to enforce such security documents. As a consequence, holders of the Notes do not have direct security interests and are not entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will provide instructions (subject to the provisions of the Indenture) to the Security Agent in accordance with the Intercreditor Agreement. Holders of the Notes also bear some risks associated with a possible insolvency or bankruptcy of the Security Agent.

The security over the Collateral in France was also granted in favour of the Security Agent as beneficiary of parallel debt obligations (the ***Parallel Debt***) created to satisfy a requirement that the Security Agent, as grantee of certain types of collateral, be a creditor of the relevant Guarantor. The Parallel Debt is in the same amount and payable at the same time as the obligations of the Issuer under the Indenture and the Notes (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. The Security Agent has, pursuant to the Parallel Debt, a claim against the Issuer for the full principal amount of the Notes. The holders of the Notes are not entitled to enforce such security except through the Security Agent. Holders of the Notes bear some risks associated with a possible insolvency or bankruptcy of the Security Agent. The Parallel Debt obligations referred to above are contained in the Intercreditor Agreement, which is governed by English law. Although the French Supreme Court (*Cour de cassation*) has held, in a decision dated 13 September 2011, rendered in the context of safeguard proceedings opened in France, that, subject to certain conditions being met, the concept of parallel debt governed by the laws of the State of New York was not incompatible with the French legal concept of international public policy (*ordre public international*), this decision cannot be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a parallel debt obligation, and no assurance can be given that such a structure will be upheld by other French courts if tested. There is no certainty that the parallel debt procedure will eliminate or mitigate the risk of unenforceability posed by French law. To the extent that the security interests in the Collateral created under the parallel debt structure are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interest in the Collateral, which in turn could materially and adversely affect the recovery under the Collateral in the case of an event of default.

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.

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

The Collateral securing the Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests in the Collateral 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 securing the Notes as well as the ability of the Security Agent to realise or foreclose on such security. Furthermore, the first-priority security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterisation under English law.

The security interests of the Security Agent are subject to practical problems generally associated with the realisation 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 to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents or that such consents will be given when required. Accordingly, the Security Agent may not have the ability to foreclose upon security and the value of the security may significantly decrease.

Certain of our material contracts terminate or may be terminated by the counterparties thereto upon the occurrence of certain insolvency events. If we, the holders of the Notes, the Trustee or any other party causes such an insolvency event, we would lose our rights under those contracts, which represent a material percentage of our expected turnover and a substantial portion of our property portfolio. As a consequence, the alternative methods available to the holders of the Notes for enforcing the security interests in the Collateral in certain of our material contracts may be limited.

The rights of the holders of the Notes may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security. In the event that management decides not to file for insolvency proceedings and holders of the Notes are hence allowed to enforce the share pledges, or alternatively upon a voluntary winding-up of the company, the security interests in the Collateral securing the Notes may thus 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 we or the Security Agent are required to take to perfect any of these security interests. The Security Agent will have no obligation to perfect or take actions required to perfect any of these security interests.

We have control over the Collateral securing the Notes and there are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes will be released automatically without your consent or the Trustee or the Security Agent obtaining your further consent.

The Security Documents allow us 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. So long as no default or event of default under the Indenture would result therefrom, we may, among other things, in a transaction that does not violate the Indenture, 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 Collateral and making ordinary course cash payments, including repayments

of indebtedness, which will automatically release the Collateral securing the Notes. 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. In addition, the Collateral could be automatically released in connection with an enforcement sale permitted under the Intercreditor Agreement. The Indenture also permits us to designate one or more restricted subsidiaries that are Guarantors as unrestricted subsidiaries. If we designate a Guarantor as an unrestricted subsidiary for purposes of the Indenture, all the liens on the Collateral owned by such subsidiary and any guarantees of the Notes by such subsidiary will be released under the Indenture, subject to certain conditions. Designation of an unrestricted subsidiary will reduce the aggregate value of the Collateral securing the Notes to the extent of liens securing the shares of such unrestricted subsidiary or of its subsidiaries.

Transfer of the Notes is restricted, which may adversely affect their liquidity and value.

The Notes and the Guarantees have not been, will not be, and are not required to be, registered under the 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 Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. We have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See “*Notice to Investors*”.

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

Interests in the global notes representing the Notes trade in book-entry form only, and the Notes in definitive registered form, or definitive registered Notes, can be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests are not considered owners or holders of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream is 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 are made to the paying agent, which makes payments to Euroclear and Clearstream. Thereafter, these payments are 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 the common depositary for Euroclear and Clearstream, the Issuer, as applicable, has no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if you are not participants in Euroclear and Clearstream, you must rely on the procedures of the participant through which you own their interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests do not have the direct right to act upon the solicitations for consents of the Issuer, as applicable, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you are permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, a participant. 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 you own book-entry interests, they are 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*”.

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.

Although the Issuer will, in the indenture governing the Notes, agree to use its commercially reasonable efforts to have the Notes listed on the Official List of the Luxembourg Stock Exchange and to maintain a listing on the Euro MTF Market or another internationally recognised stock exchange as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Luxembourg Stock Exchange or another internationally recognised stock exchange, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another stock exchange may have a material adverse effect on a holder’s ability to resell Notes in the secondary market.

We cannot assure you that the Notes will become or will remain listed. In addition, we cannot assure you as to the liquidity of any market for the Notes, your ability to sell them or the price at which you may be able to sell them.

Future trading prices of the Notes depend on many factors, including, among other things, prevailing interest rates, the market for similar securities, general economic conditions and our own financial condition, performance and prospects. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities, such as the Notes, has been subject to disruptions that have caused substantial price volatility. We cannot assure you that if a market for the Notes were to develop, such a market would not be subject to similar disruptions, which may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If there is no active trading market, you may not be able to resell your Notes at a fair value, if at all.

USE OF PROCEEDS

We expect to receive total gross proceeds of approximately €500 million from the issuance of the Notes. We expect to use the proceeds of the Notes and available cash: (i) to redeem and repay in full the 2024 Notes, including all accrued and unpaid interest and applicable redemption premiums; (ii) to repay all amounts outstanding under the Shareholder Loan; (iii) to pay the Dividend; and (iv) to pay associated fees and expenses.

The expected estimated sources and uses of the funds necessary to consummate the Transactions, including the proceeds of the Offering of the Notes, are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, the actual amount of indebtedness and the actual Issue Date.

Sources	(€ millions)	Uses ⁽¹⁾	(€ millions)
Notes offered hereby.....	500.0	Refinancing of 2024 Notes ⁽²⁾	387.8
Use of cash on balance sheet	203.0	Redemption premium for 2024 Notes ⁽³⁾	5.2
		Repayment of Shareholder Loan ⁽⁴⁾	85.0
		Dividend distribution to shareholders	215.0
		Transaction fees ⁽⁵⁾	10.0
Total Sources.....	703.0	Total Uses.....	703.0

- (1) The actual amount that will be required to redeem and repay in full all of the Shareholder Loan at completion of the Transactions in June 2021 will be marginally higher than the amount presented in this table as a result of an increase in the aggregate accrued and unpaid interest as of the actual date of redemption. However, this increase will be offset by a corresponding decrease in the amount of the Dividend distribution to the direct and indirect shareholders of the Parent Guarantor in connection with the Transactions.
- (2) Represents the amounts required to redeem and repay in full all of the 2024 Notes, which includes principal of €380.0 million and aggregate accrued and unpaid interest of €7.8 million. The amount of interest is calculated assuming redemption of the 2024 Notes on 31 March 2021.
- (3) The amount of redemption premium is calculated assuming redemption of the 2024 Notes on 31 March 2021.
- (4) Represents the amounts required to redeem and repay in full all of the Shareholder Loan, which includes principal of €82.6 million and aggregate accrued and unpaid interest of €2.4 million, assuming redemption of the Shareholder Loan on 31 March 2021.
- (5) Represents estimated fees and expenses associated with the Transactions.

No dividends, other than the Dividend, will be paid to the direct and indirect shareholders of the Parent Guarantor within twelve months of the issuance of the Notes.

CAPITALISATION

The following table sets forth the consolidated cash and cash equivalents and capitalisation of the Group (i) as of 31 March 2021 on an actual basis and (ii) on an as adjusted basis after giving effect to the Transactions described in “*Summary—The Transactions*” and “*Use of Proceeds*”.

You should read this table together with the sections of this Offering Circular entitled “*Selected Historical Consolidated Financial Data*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the Financial Statements and related notes included elsewhere in this Offering Circular. The as adjusted information below is illustrative only and does not purport to be indicative of our actual capitalisation following the Transactions.

	As of 31 March 2021	
	Actual	As Adjusted
	(€ millions)	
Cash and cash equivalents ⁽¹⁾	451.8	252.3
Indebtedness with third parties		
Existing Super Senior Revolving Credit Facility ⁽²⁾	—	—
New Super Senior Revolving Credit Facility ⁽³⁾	—	—
2024 Notes ⁽⁴⁾	380.0	—
Notes offered hereby ⁽⁵⁾	—	500
Other debt ⁽⁶⁾	0.8	2.0
Total Gross Debt⁽⁷⁾	380.8	502.0
Total Equity⁽⁸⁾	101.8	(131.9)
Total Capitalisation⁽⁹⁾	482.6	370.1

- (1) The “as adjusted” amount of cash and cash equivalents reflects the actual amount of cash at hand as of 31 March 2021 as adjusted to reflect the implementation of the Transactions. This reflects €215 million paid to our direct and indirect shareholders in respect of the Dividend, but does not reflect any other cash or cash equivalents generated or used since 31 March 2021.
- (2) We currently have a €100 million Existing Super Senior Revolving Credit Facility. We currently have no letters of credit outstanding under our Existing Super Senior Revolving Credit Facility and do not expect to have any letters of credit outstanding at the Issue Date. We intend to terminate the Existing Super Senior Revolving Credit Facility on the Issue Date and replace it with the New Super Senior Revolving Credit Facility.
- (3) On or prior to the Issue Date, the Issuer will enter into the New Super Senior Revolving Credit Facility Agreement. We expect Mobilux Acquisition SAS to terminate our Existing Super Senior Revolving Credit Facility Agreement on the Issue Date. On the Issue Date, the New Super Senior Revolving Credit Facility will provide for borrowings of up to €139.5 million.
- (4) Reflects the aggregate principal amount of the 2024 Notes. This amount does not include any applicable call premium and accrued and unpaid interest on the 2024 Notes or any debt issuance costs.
- (5) The Notes have been reflected at their aggregate principal amount, excluding unamortized debt issue costs.
- (6) Other debt consists of €7.7 million accrued interest in relation to the 2024 Notes and €2.0 million other loans, which are offset by €8.9 million capitalised issuance costs, each as of 31 March 2021. On an as adjusted basis, other debt no longer accounts for capitalised issuance costs and accrued interest.
- (7) Our total gross debt as of 31 March 2021 corresponds to the sum of current and non-current other loans and borrowings shown in note B.17.2 to the Interim Financial Statements.
- (8) The “as adjusted” amount of Total Equity has been calculated based on our Total Equity shown in the Interim Financial Statements.
- (9) Total Capitalisation reflects total gross debt plus total equity.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The tables set forth below show certain selected consolidated financial and operating information of the Group (including the Issuer) as of the dates and for the periods indicated below. For a discussion of the presentation of financial information, see “Presentation of Financial and Other Information”.

The financial information as of and for the years ended 30 June 2020, 2019 and 2018 has been derived from the English translation of the Annual Financial Statements, which were originally issued in French. The financial information as of and for the last twelve months ended 31 March 2021 and as of and for the nine months ended 31 March 2021 and 2020 set forth below has been derived from the Interim Financial Statements included elsewhere in this Offering Circular. The Annual Financial Statements included in this Offering Circular and the accompanying notes thereto have been prepared in accordance with IFRS as adopted by the European Union, and have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres, as stated in their reports, English translations of which are included elsewhere in this Offering Circular. The unaudited Interim Financial Statements included in this Offering Circular have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

In addition to the above, this Offering Circular also includes LTM data, which was calculated by adding the unaudited condensed consolidated statements of comprehensive income and cash flows for the nine months ended 31 March 2021 and the audited consolidated statements of comprehensive income and cash flows for the year ended 30 June 2020, and subtracting the unaudited condensed consolidated statements of comprehensive income and cash flows for the nine months ended 31 March 2020. This LTM data has been prepared solely for the purpose of this Offering Circular, has not been prepared in the ordinary course of our financial reporting and has not been audited or reviewed. The financial information for the nine months and twelve months ended 31 March 2021 is not necessarily indicative of the results that may be expected for the year ended 30 June 2021, and should not be used as the basis for or prediction of an annualised calculation.

This financial information should be read in conjunction with the Financial Statements and the notes thereto included elsewhere in the Offering Circular and with “Presentation of Financial and Other Information”, “Summary Historical Consolidated Financial Information and Other Financial and Operating Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March 2021
	2018	2019	2020	2020	2021	2021
	(€ millions)					
CONSOLIDATED INCOME STATEMENT:						
Continuing operations						
Retail revenue	1,467.7	1,559.2	1,469.6	1,199.5	1,533.4	1,803.5
Other revenue	126.0	138.8	145.8	112.0	134.5	168.4
Revenue	1,593.7	1,697.9	1,615.4	1,311.5	1,667.9	1,971.8
Cost of sales	(931.8)	(972.5)	(906.5)	(736.1)	(917.7)	(1,088.1)
Gross profit	661.9	725.5	708.9	575.3	750.1	883.7
Personnel expenses	(257.0)	(272.5)	(258.6)	(202.2)	(236.4)	(292.8)
Taxes other than income	(23.6)	(26.0)	(26.5)	(21.6)	(20.3)	(25.2)
External expenses	(314.8)	(326.0)	(205.5)	(168.8)	(174.7)	(211.4)
Other income from operations	31.7	7.0	4.2	2.8	5.1	6.5
Other expense from operations	(21.9)	(9.1)	(6.9)	(4.9)	(9.4)	(11.4)
Recurring operating profit before depreciation, amortisation, and impairment, and other operating income and expense	76.3	98.8	215.6	180.7	314.5	349.4
Other operating income and expense ⁽¹⁾	41.3	(11.5)	(14.0)	(8.4)	(17.1)	(22.6)
Depreciation, amortisation and impairment of non-current assets	(35.8)	(37.2)	(127.0)	(95.3)	(94.4)	(126.2)
Operating profit / (loss)	81.7	50.2	74.6	77.0	203.0	200.6
Cost of debt	(33.6)	(34.2)	(55.3)	(41.3)	(39.3)	(53.3)
Interest income	0.3	0.2	0.2	0.1	0.1	0.2
Other financial income and expense	(4.3)	(14.9)	(8.7)	(6.6)	(10.3)	(12.5)
Profit / (loss) before income tax	44.2	1.3	10.7	29.3	153.5	135.0
Income tax	(11.3)	(13.5)	2.1	2.8	(46.6)	(47.3)
Profit / (loss) for the period	32.9	(12.3)	12.8	32.0	106.9	87.7

Profit / (loss) for the period attributable to:

Owners of the Company	32.9	(12.3)	12.8	32.0	106.9	87.7
Non-controlling interests	—	—	—	—	—	—

- (1) This line item mainly includes gains on disposals of non-current assets sold or retired, restructuring costs, sales and acquisitions of investments and other non-recurring costs.

	As of 30 June			As of 31 March	
	2018	2019	2020	2020	2021
	(€ millions)				

CONSOLIDATED STATEMENT OF FINANCIAL POSITION:

Assets

Total non-current assets.....	689.8	709.3	983.2	1,007.6	1,017.3
<i>Of which Goodwill.....</i>	408.9	408.9	408.9	408.9	408.9
<i>Of which Other intangible assets.....</i>	160.5	160.7	156.8	158.2	155.0
<i>Of which Property, plant and equipment.....</i>	96.7	98.0	78.0	91.3	87.3
Total current assets	675.8	680.0	875.4	792.8	909.3
<i>Of which Inventories.....</i>	351.8	325.6	290.6	308.0	289.3
<i>Of which Trade and other receivables.....</i>	105.1	112.5	139.3	130.1	157.6
<i>Of which Derivative financial instruments.....</i>	5.1	2.4	1.5	4.6	3.0
<i>Of which Cash and cash equivalents⁽¹⁾</i>	189.1	229.8	428.5	347.7	452.3
Total assets	1,365.6	1,389.3	1,858.7	1,800.4	1,926.6

Equity and Liabilities

Equity attributable to owners of the Company	97.4	(16)	(5.2)	16.3	101.8
Total equity	97.4	(16)	(5.2)	16.3	101.8
Total non-current liabilities	690.5	785.6	994.1	1,022.9	959.1
<i>Of which Other loans and borrowings</i>	381.7	382.7	373.5	384.5	375.0
Total current liabilities.....	577.8	619.6	869.8	761.2	865.8
<i>Of which Other loans and borrowings</i>	7.1	3.4	101.5	108.7	5.8
<i>Of which Trade and other payables.....</i>	515.5	589.9	655.6	555.0	713.1
Total liabilities	1,268.2	1,405.2	1,863.9	1,784.1	1,824.8
Total equity and liabilities	1,365.6	1,389.3	1,858.7	1,800.4	1,926.6

- (1) For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
	(€millions)					

CONSOLIDATED STATEMENT OF CASH FLOWS:

Net cash flows from / (used in) operating activities	192.4	104.8	257.0	133.3	314.3	438.1
Net cash flows from / (used in) investing activities	(30.0)	(36.7)	(28.1)	(22.8)	(30.3)	(35.6)
Net cash flows from / (used in) financing activities	(25.7)	(27.7)	(29.9)	6.4	(260.2)	(296.5)
Impact of changes in exchange rates	(0.1)	0.0	0.0	0.1	(0.2)	(0.3)
Net increase / (decrease) in cash and cash equivalents	136.7	40.4	199.1	117.0	23.6	105.8
Cash and cash equivalents at beginning of period	52.0	188.7	229.1	229.1	428.2	346.1
Cash and cash equivalents at end of period ⁽¹⁾	188.7	229.1	428.2	346.1	451.8	451.8

- (1) For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of the Group should be read in conjunction with "Presentation of Financial and Other Information" and "Selected Historical Consolidated Financial Data" included elsewhere in this Offering Circular. The following discussion should also be read in conjunction with, and is qualified in its entirety by reference to, the Annual Financial Statements as of and for the years ended 30 June 2018, 2019 and 2020 and the Interim Financial Statements as of and for the nine months ended 31 March 2020 and 2021 and the related notes included elsewhere in this Offering Circular.

The following discussion includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described under "Forward-Looking Statements" and "Risk Factors" elsewhere in this Offering Circular.

Overview

We are a one-stop-shop home equipment omnichannel retailer, offering a wide choice of products ranging from traditional to contemporary style furniture, kitchens and decoration, as well as white appliances and brown goods. Our product offering is complemented by our strong customer service offerings, which include, among others, consumer financing, installation, delivery and extended warranties. Based on a survey that we conducted in August 2020, our brand awareness in France was 91%.

With 315 stores (including franchisees) in France and French Overseas Territories as of 31 March 2021, we operate the largest home equipment store network in France. As of 31 March 2021, 209 stores were directly operated by us and the remaining 106 stores were operated by franchisees, which contributed to 7.8% of our total revenue. In addition to our retail stores, we have four distribution centres in France.

In the nine months ended 31 March 2021, we generated revenue of €1,667.9 million and Adjusted EBITDA of €242.9 million. In the nine months ended 31 March 2021, furniture, white goods, brown goods and decoration accounted for 63.8%, 23.3%, 5.4% and 7.6% of our product sales, respectively. In the year ended 30 June 2020, we generated revenue of €1,615.4 million and Adjusted EBITDA of €118.0 million. In the year ended 30 June 2020, furniture, white goods, brown goods, and decoration accounted for 63.4%, 23.1%, 5.8% and 7.7% of our revenues, respectively.

Financial Statements

The tables set forth below show certain selected consolidated financial and operating information of the Group (including the Issuer) as of and for the last twelve months ended 31 March 2021, as of and for the nine months ended 31 March 2020 and 2021 and as of and for the years ended 30 June 2018, 2019 and 2020. The financial data in the tables below as of and for the years ended 30 June 2018, 2019 and 2020 are derived from the English translation of the Annual Financial Statements, which were originally issued in French. The Annual Financial Statements included in this Offering Circular and the accompanying notes thereto have been prepared in accordance with IFRS as adopted by the European Union, and have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres, as stated in their reports, English translations of which are included elsewhere in this Offering Circular. The unaudited Interim Financial Statements included in this Offering Circular have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

Recent Developments

Store closures during the COVID-19 pandemic

From 14 March 2020 to 10 May 2020, from 1 November 2020 to 27 November 2020 and from 4 April 2021 to 18 May 2021 our stores were required to close in accordance with the French administrative instructions further to the COVID-19 pandemic. Following the end of the COVID-19 related lockdowns in France, all of our stores have now re-opened.

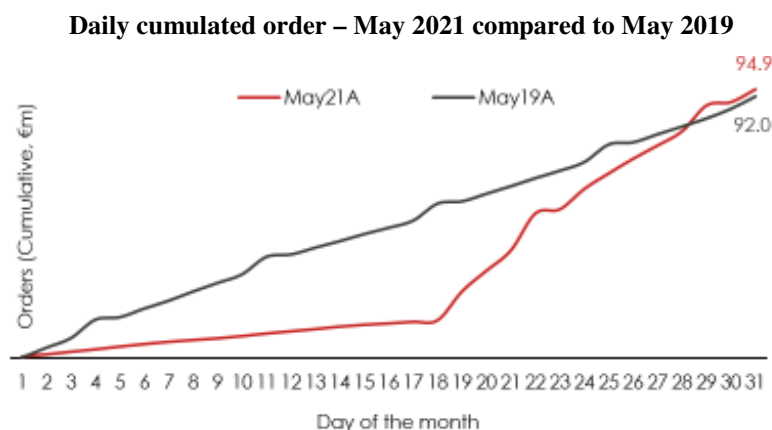
Despite the impact of the COVID-19 pandemic on global and French markets and consumer spending power, our revenue increased by 22.1% for the twelve months ended 31 March 2021 as compared to the twelve months ended 31 March 2020.

Our sales growth has been driven by like-for-like CAGR of 8.3% for the period between the year ended 30 June 2018 and the twelve months ended 31 March 2021. In addition, our Adjusted EBITDA significantly increased above our revenue growth to €250.9 million for the twelve months ended 31 March 2021 from €78.6 million for the year ended 30 June 2018, representing a CAGR of 52.5%, which was primarily driven by an improvement in our gross margin rate, tight control of costs and our ability to efficiently and constantly adapt to the level of market activity. Our Normalised Adjusted EBITDA for the twelve months ended 31 March 2021 increased to €150.0 million from Adjusted EBITDA of €78.6 million for the year ended 30 June 2018, representing a CAGR of 26.5%. In addition, we continue to benefit from robust Free Cash Flow generation, demonstrating a profitable business model. From 2018 to 2020 (inclusive), we generated Free Cash Flow of approximately €459 million, while we generated Free Cash Flow of approximately €402.5 million for the twelve months ended 31 March 2021 notwithstanding the difficulties faced by the COVID-19 pandemic.

Reopening of the stores following the third COVID-19 related lockdown in France

During the third COVID-19 related lockdown in France from 3 April to 19 May 2021, all of our stores were closed. We, however, maintained our online and “click and collect” service in all of our stores, and kept distribution centres and store depots open to ensure product availability. These measures resulted in an increase of 231% for our online sales in April 2021 as compared to April 2019, offsetting a significant decline in store sales which resulted in our Like-for-like Sales for April 2021 declining by 39.2% as compared to April 2019.

Our performance since the reopening of our stores has been very strong. Despite stores being closed until 19 May 2021, the cumulated orders for May 2021 were 3.1% higher than the cumulated orders for May 2019. In addition, our orders from 19 May to 30 May 2021 have been 100.0% higher than the same period in 2019.



Stores network expansion

We opened a new directly-operated store in Alençon in June 2020 and new franchisee stores in Saint Yrieix la Perche in October 2019, Charencieu in November 2020, Chateau-Thierry in November 2020 and Millau in January 2021.

Conforama France acquisition

In September 2020, Mobilux, our indirect parent, acquired Conforama France, a competitor operating in the home equipment sector with 162 stores and revenues of €1.8 billion (normalised to exclude the impact of the COVID-19 pandemic) for the twelve months ended 31 December 2020. BUT and Conforama France are two distinct and standalone companies, with the two banners being operated separately and having distinct management teams and central functions. As a result, there is no financial link between the two businesses. We have, however, established cooperation arrangements with Conforama France which we believe have significant potential to unlock synergies. We have also been improving our sourcing and purchasing terms as we have, among other initiatives, consolidated our Asian sourcing organisations. Management also believes that further cooperation with Conforama France creates opportunities to realise gains from reducing indirect purchasing expenses. The governance and cooperation model between Conforama France and BUT put in place by Mobilux is value-enhancing for our business. There are no short-term plans for further integration of BUT and Conforama France. See “*Business—Our Competitive Strengths—Significant upside potential from our ongoing cooperation with Conforama France*”.

Factors that Affect Our Results of Operations

Set forth below are certain key factors that have historically affected our results of operations, and that may impact our results of operations in the future:

General Economic Conditions

Our revenue has historically been affected by overall macroeconomic conditions in France. Due to the nature of most furniture and appliances purchases and the fact that such purchases often represent a significant expenditure, consumers are more likely to defer the purchase of these items in times of economic uncertainty, personal economic hardship, or in environments of constrained consumer credit, which has been the trend in France in recent years.

In the calendar years ended 31 December 2017, 2018 and 2019, French GDP increased by 2.3%, 1.7% and 1.5%, respectively.

However, according to the Banque de France, French GDP decreased by 8.2% in the calendar year ended 31 December 2020 as a result of the ongoing COVID-19 pandemic, while household spending and consumer behaviour was also impacted. The French furniture market, however, continued to display strong resilience despite almost three months of strict lockdown and the closure of all “non-essential” stores, including furniture stores. The Banque de France expects French GDP to increase by 5.5% and 4% in 2021 and 2022, respectively, while household consumption is also expected to increase by 4% in 2021 as compared to 2020.

Customer financing, which plays an important role in our industry, has also experienced only a slight recovery since pre-2009 levels. See “Risk Factors—Risks Relating to Our Business and Industry”.

Expansion of Store Network

Our results of operations are impacted by the number of stores we own and the number of stores in our franchise network, due to related exposure to a larger number of customers and markets, and the effect that stores have on compounding our brand visibility. The following table sets forth our store acquisitions, openings and disposals for the periods indicated:

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
DIRECTLY-OPERATED STORES						
Total directly-operated stores at the beginning of the period	203	204	208	208	209	208
Openings and acquisitions	1	5	1	—	—	1
Acquisitions of franchisees	2	—	—	—	—	—
Disposals / closure	(2)	(1)	—	—	—	—
Transfer to franchise store.....	—	—	—	—	—	—
Total directly-operated stores at the end of the period.....	204	208	209	208	209	209
FRANCHISES IN FRANCE⁽¹⁾						
Total franchise stores at the beginning of the period.....	92	90	93	93	93	93
Openings of franchise stores	1	3	1	1	3	3
Transfer from a directly-operated store.....	(2)	—	—	—	—	—
Transfer to a directly-operated store	—	—	—	—	—	—
Closure of franchise stores	(1)	—	(1)	(1)	—	—
Total franchise stores at the end of the period	90	93	93	93	96	96
Total stores at the end of the period⁽²⁾	301	308	310	309	315	315

(1) Franchises in France excludes French Overseas Territories. We had ten stores in French Overseas Territories as of 31 March 2021.

(2) Total stores includes franchises in French Overseas Territories.

In the year ended 30 June 2020, we opened one new directly-operated store in Alençon. In the same period, we opened one new franchise store in Saint Yrieix la Perche. In the year ended 30 June 2020, closures of stores remained low and did not significantly affect our results from operations year-on-year.

Changes in our footprint affect the comparability of our results by increasing revenue, cost of sales and other operating expenses. Our refurbished stores have usually experienced an increase in sales, outperforming the average network store in a comparable one-year period following the refurbishment; however, such refurbishments may have an adverse impact on profitability during the refurbishment period. In order to continue our modernisation and investment drive, we intend to remodel up to 60 of our stores in the next five years, with up to 12 stores to be remodeled under the new “Elan” format by September 2021. The Elan format is a new concept store format for our medium- and large-sized stores, which expands the range of new product lines (such as curtains, tableware and bathroom range) and strengthens our decoration product offering. Further, our “Elan” stores have revisited our merchandising and have been developed to enhance our customer experience and improve our conversion rate, in particular through the introduction of a compulsory one-way pathway through our stores and the use of digital tools, such as interactive screens and salesperson devices, to display products and improve the efficiency of purchases. We believe the expansion of the “Elan” store format will generate higher traffic, increased conversion rate and sales, particularly in the high margin “decoration” category. We expect to continue the strategic optimisation of our store network over time through store refurbishment, including the conversion of stores to our new store concepts and formats. On average, our stores are refurbished every eight years.

Revenue and Income Generated From Franchisees

We do not control our franchisees and do not consolidate our franchisees’ results of operations with our own. However, we do generate income from our dealings with our franchisees, which is included in our Financial Statements as either retail revenue or other revenue. Income received from our financial services offering (via our interest in Cogesem in the period prior to 18 May 2018, and via BUT International with a new commission scheme with BNP Paribas PF since 18 May 2018), which franchisees offer to customers at their stores in addition to our products, is reported in revenue and was previously reported as other income from operations prior to the credit activity renewal, as described in “—Customer Financing” below.

Revenue associated with sales of BUT-branded products to our franchisees is recorded as retail revenue. Such revenue is primarily driven by the number of franchised stores in our store network as well as macroeconomic conditions.

The following table sets forth the breakdown of our income generated from franchisees for the periods indicated:

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
	(€ millions)					
Sales of BUT-branded products to franchisees.....	123.0	121.4	108.7	93.6	115.8	130.9
Services provided to franchisees.....	13.1	13.2	11.1	9.8	13.9	15.2
Total revenue generated from franchisees.....	136.1	134.6	119.8	103.4	129.6	146.0

Customer Financing

As part of our overall marketing strategy and commitment to customer service, we offer customers the opportunity to purchase any of our products (subject to customer credit reference) by paying for them in instalments through consumer financing options. Some of our customers are electing to utilise these consumer financing offerings options. We believe that our consumer financing options are an important factor in driving sales for large-ticket items, as consumer financing breaks the cost to the consumer into more manageable monthly payments.

Since 1 July 2018, our consumer financing is provided through an arrangement between BUT International and BNP Paribas Personal Finance in our directly-operated stores. BNP Paribas Personal Finance is one of the largest consumer credit providers in France. BNP Paribas Personal Finance manages our credit operations on a day-to-day basis (including the establishment of loss reserves and credit scoring), directly undertakes the credit approval process and manages collection of overdue payments. Since the establishment of our partnership with BNP Paribas Personal Finance from 1 July 2018, we do not bear the risk of consumer default since our allocation of earnings received is based only on an intermediation commission scheme.

The entities involved in the consumer finance arrangement include:

- *BNP Paribas Personal Finance*: this entity extends credit in association with our consumer financing offerings, implements terms of individual credit contracts, issues BUT/Visa and BUT/Aurore co-branded credit cards, finances the credit portfolio and manages relations with existing customers (except for matters relating to our loyalty programme, as French consumer protection laws require retailers offering customers a loyalty programme that include a renewable credit to also offer those customers another loyalty programme that is not linked to any credit offering). It also manages our credit operations on a day-to-day basis. Our commercial agreement with BNP Paribas Personal Finance has a ten-year term (from 1 July 2018).
- *BUT International*: this entity manages the client database, conducts point of sale advertising within the retail network, sends promotional mailings to customers and sells consumer financing. BUT International is fully owned by BUT SAS.

Extended Warranties

As part of our strategy, we have focused on increasing the sales of our extended warranties by training and incentivising our sales employees. We provide extended warranties for our products sold through our operated networks, other than for franchise stores which propose their own guarantees. Such extended warranties generally provide three years of additional coverage for the majority of our products. Our extended warranties are sold directly in our stores through our sales personnel. Extended warranties are a comparatively higher margin offering than certain of our other products, and, accordingly, increased sales of extended warranties have favourably impacted our profitability. Our extended warranties are insured by Cafina Assurance Ltd. and are reinsured by Cafina SA. Cafina Assurance Ltd. does not insure franchise store guarantees. Both Cafina Assurance Ltd. and Cafina SA are fully consolidated within our Financial Statements. Cafina Assurance Ltd contributed €43.8 million to our consolidated revenue in the nine months ended 31 March 2021, €53.9 million to our consolidated revenue in the year ended 30 June 2020, €47.6 million for the year ended 30 June 2019 and €54.6 million for the year ended 30 June 2018.

Seasonality

Our business is subject to sales order peaks due to the effects of promotional periods, during which a significant proportion of our sales are generated. Each year, we conduct two national promotions, the timing and discount levels associated with which are government-mandated and regulated, across all of our stores. The promotions each last four weeks and take place in January and July.

Historically, our most important trading periods in terms of order generation and the subsequent realisation of sales and operating profit have been December and January as a result of the holiday season and promotional periods. In the year ended 30 June 2020, we generated 28.6%, 29.2%, 23.4% and 18.8% of our total revenue in the fiscal first, second, third and fourth quarter, respectively. As a result of this seasonality, sequential interim period comparisons may not be a good indication of our performance. Historically, the last quarter of our year (April to June) has not been as strong as the other nine months (July to March). Moreover, our cash position usually reaches a peak in February, March and September as a result of the higher sales during promotional periods and is relatively lower in April, May and October as sales are comparatively slower from April to June. The seasonality of our cash position is directly related to our working capital, which is primarily driven by inventory and trade suppliers. Working capital typically reaches its highest level in October and November in line with inventory build-up for the peak sales experienced during our Black Friday promotion in November, at Christmas and in January. Working capital reaches its lowest level in February and March due to lower activity in the last fiscal quarter.

For the year ended 30 June 2020, our revenue and profitability was negatively impacted by the COVID-19 pandemic, given the closure of our stores in April and May 2020. In addition, during the French lockdown period, our working capital has increased. However, the impact of the COVID-19 pandemic was mitigated following the reopening of stores as a result of an unprecedented level of customer demand, and our working capital for the year ended 30 June 2020 was positively impacted by the store reopenings, as well as our growth in online banner sales, which represented 7.9% of our total sales for the year ended 30 June 2020, as compared to 6.7% for the year ended 30 June 2019 and 5.6% for the year ended 30 June 2018 (in each case excluding sales through our Marketplace online platform).

Non-Recurring Items

Certain non-recurring items impacted our financial results in the nine months ended 31 March 2020 and 2021 and in the years ended 30 June 2018, 2019 and 2020. These items are presented in the line item “*Other operating income and expense*” of our Financial Statements. They include unusual and material items, notably capital gains and losses on disposals of non-current

assets, restructuring costs, acquisition costs arising from business combinations and expenses relating to measures taken to simplify the Group's legal structure.

For a description of the non-recurring items during the period under review, see “*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*”. The non-recurring nature of these items and their impact on the results of our operations may affect the comparability of different accounting periods, and may also impact the comparability of our results of operations in future periods with historical results of operation. As a result, such non-recurring items are excluded from our Adjusted EBITDA, which we use as a performance measure. See “*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*”.

Description of Principal Income Statement Items

The following is a description of the principal line items in our audited Financial Statements as reported under IFRS, which management focuses on in analysing the results of operations of the Group.

Retail revenue consists of revenues from sales of products from our network of stores, from our on-line store and sales of BUT-branded products to our franchisees. In respect of products purchased from or collected at our stores, we recognise revenue when the customer leaves our store with the product. In respect of products delivered to customers, we recognise revenue at the time of delivery.

Other revenue consists principally of revenues from the sale of services to our franchisees, as well as services to our customers such as extended warranties and insurance.

Cost of sales consists principally of our costs for the products we purchase from suppliers. This item also includes logistics costs related to receiving goods and delivering them to customers.

Personnel expenses principally include base salaries, bonuses, incentive compensation, social security charges and profit sharing.

Other income from operations primarily include contributions of Cogesem, a controlled and consolidated subsidiary which provides financing services to our customers, through Fidem SEP until 18 May 2018, and reversals in provisions, mainly related to extended warranties and insurances. For the years ended 30 June 2019 and 2020, other income from operations mainly derived from a reversal in provisions related to miscellaneous provisions for risks and charges for the years ended 30 June 2019 and 2020.

The following table summarises other income from operations by nature for the periods indicated:

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March 2021
	2018	2019	2020	2020	2021	2021
	(€ millions)					
Income from credit operations (share in Cogesem)	12.3	—	—	—	—	—
Decrease in provisions ⁽¹⁾	16.8	3.7	2.0	1.0	4.5	5.5
Other	2.6	3.3	2.2	1.9	0.6	1.0
Total other income from operations.....	31.7	7.0	4.2	2.8	5.1	6.5

(1) Provisions mainly relate to extended warranties and insurances. The years ended 2019 and 2020, the nine months ended 31 March 2020 and 2021 and the last twelve months ended 31 March 2021 are affected by the application of IFRS 15.

Other expenses include taxes other than income taxes, other expenses such as rental expenses for our stores, advertising expenses, the hiring of temporary staff and outsourcing, provisions and impairment losses on current assets and other expenses from operations. Real estate leases are impacted by the application of IFRS 16 from 1 July 2019.

The following table summarises our other expenses by nature for the periods indicated:

	Year ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
	(€ millions)					
Outsourcing.....	64.4	76.8	72.2	58.2	70.4	84.4
Real estate leases	79.1	83.3	1.2	2.6	(2.2)	(3.6)
Other operating leases and related expenses.....	28.6	31.3	16.4	12.8	12.0	15.6
National advertising	50.9	52.0	47.5	40.5	38.5	45.5
Local advertising	9.7	10.2	8.0	7.0	5.4	6.4
Compensation in respect of temporary and external employees	13.1	13.1	9.3	7.0	11.4	13.7
Insurance.....	4.2	4.5	3.7	2.8	3.4	4.3
Increase in provisions and impairment losses on current assets	18.7	6.2	5.0	4.1	8.6	9.6
Taxes other than on income	23.6	26.0	26.5	21.6	20.3	25.2
Other expenses from operations.....	68.0	57.6	49.0	38.7	36.7	47.0
Total Other Expenses	360.3	361.2	238.9	195.2	204.4	248.0

Other operating income and expenses include non-recurring items, notably capital gains and losses on disposals of non-current assets, restructuring costs, acquisition costs arising from business combinations and expenses relating to measures taken to simplify our legal structure.

Depreciation, amortisation and impairment of non-current assets includes regular depreciation and amortisation of tangible and intangible assets. All assets are amortised under the straight-line method, except for listing agreements, which are amortised under the declining balance method.

Cost of debt principally consists of interest expense on our debt.

Other financial income and expense principally consists of gains and losses relating to foreign currency exchange rate movements and offered agios on consumer financing services.

Income tax is the tax paid on income amounts (including CVAE and income taxes) and deferred taxes.

Key Performance Indicators

Our key performance indicator is Like-for-like Sales, which is based on our directly-operated stores and which is defined as the amount of sales generated by a constant number of stores from one year to the next. This uses an assumption of 209 constant stores for the nine months ended 31 March 2021 as compared to the nine months ended 31 March 2020.

Our Like-for-like Sales for the nine months ended 31 March 2021 increased by 27.1% as compared to the nine months ended 31 March 2020, mainly driven by average basket size and like-for-like Footfall. Our Like-for-like Sales for the year ended 30 June 2020 decreased by 6.2% as compared to the year ended 30 June 2019, due to the COVID-19 pandemic resulting in the closure of our stores for 60 days. Prior to the COVID-19 pandemic, our Like-for-like Sales increased by 2.8% for the eight months ended 29 February 2020 as compared to the eight months ended 28 February 2019.

For the nine months ended 31 March 2021, our Like-for-like Average Basket and Like-for-like Traffic increased by 13% and 18%, respectively, as compared to the nine months ended 31 March 2020, while our Like-for-like Conversion Rate for the nine months ended 31 March 2021 decreased by 5% as compared to the nine months ended 31 March 2020. For the year ended 30 June 2020, our Like-for-like Average Basket increased by 7%, while our Like-for-like Traffic, Like-for-like Tickets and Like-for-like Conversion Rate decreased by 10%, 10% and 1%, respectively, as compared to the year ended 30 June 2019.

Results of Operations

Results of Operations for the Nine Months Ended 31 March 2021 and 2020 and for the Last Twelve Months Ended 31 March 2021

	Nine Months ended 31 March		LTM 31 March 2021
	2020	2021 (€ millions)	
Retail revenue	1,199.5	1,533.4	1,803.5
Other revenue ⁽¹⁾	112.0	134.5	168.4
Revenue	1,311.5	1,667.9	1,971.8
Cost of sales	(736.1)	(917.7)	(1,088.1)
Gross profit	575.3	750.1	883.7
Personnel expenses	(202.2)	(236.4)	(292.8)
Other expenses	(195.2)	(204.4)	(248.0)
Other income from operations	2.8	5.1	6.5
Recurring operating profit before depreciation and amortisation and impairment, and other operating income and expense	180.7	314.5	349.4
Other operating income and expense	(8.4)	(17.1)	(22.6)
Depreciation, amortisation and impairment of non-current assets	(95.3)	(94.4)	(126.2)
Operating profit	77.0	203.0	200.6
Cost of debt	(41.3)	(39.3)	(53.3)
Interest income	0.1	0.1	0.2
Other financial income and expense	(6.6)	(10.3)	(12.5)
Share of profit of associates	—	—	—
Income tax	2.8	(46.6)	(47.3)
Discontinued operations	—	—	—
Profit / (loss) for the period	32.0	106.9	87.7

(1) Other revenue includes all other revenue relating to installations, deliveries and other fees collected.

Retail revenue

Our retail revenue increased by €333.9 million, or 27.8%, from €1,199.5 million in the nine months ended 31 March 2020 to €1,533.4 million in the nine months ended 31 March 2021. This increase was exclusively attributable to a 27.1% increase in our Like-for-like sales, which was driven by favourable market conditions and good product availability in our stores and distribution centres. This growth was reflected in all our product categories, with sales of our furniture and decoration products increasing by 27.3% and sales of our electrical goods products increasing by 27.4%. In addition, we experienced a significant improvement in our web activity with online purchases in the nine months ended 31 March 2021 increasing by 79.5% as compared to the nine months ended 31 March 2020, following the success of our omnichannel strategy and “click and collect” service during the COVID-19 lockdown periods when governmental measures forced our stores to close. Our online sales activity represented 10.2% of total banner sales in the nine months ended 31 March 2021 as compared to 7.2% of total sales in the nine months ended 31 March 2020.

Other revenue

Other revenue increased by €22.5 million, or 20.1%, from €112.0 million in the nine months ended 31 March 2020 to €134.5 million in the nine months ended 31 March 2021, and was primarily driven by (i) an increase in insurance and extended warranties services resulting from a 27.1% increase in our Like-for-like sales, (ii) an increase of €7.4 million in other items (comprising delivery services, kitchen installation services and commercial van rental), (iii) an increase in listing fees due to higher levels of discounts and rebates obtained from our suppliers as a result of higher trading volumes; and (iv) an increase in services to franchisees which is directly linked to the increased activity within our franchisees network and an increase in the number of franchisees.

Cost of sales

Cost of sales increased by €181.6 million, or 24.7%, from €736.1 million in the nine months ended 31 March 2020 to €917.7 million in the nine months ended 31 March 2021. This increase, which was mainly due to greater sales activity, was partially offset by certain more favourable rebates and discounts received from suppliers as a result of our higher purchase volumes, as well as the improved productivity of our logistics organisation.

Cost of sales as a percentage of revenue decreased from 56.1% in the nine months ended 31 March 2020 to 55.0% in the nine months ended 31 March 2021 as a result of improved margin monitoring, more favourable rebates and improved productivity.

Personnel expenses

Personnel expenses increased by €34.2 million, or 16.9%, from €202.2 million in the nine months ended 31 March 2020 to €236.4 million in the nine months ended 31 March 2021. This rise in personnel expenses was mainly due to the increase in the number of full time employees and the increase of profit-sharing expenses and incentive programmes of €10.2 million. These increases were partially offset by the positive impact of the furlough of a number of employees in response to the COVID-19 pandemic.

As a percentage of revenue, personnel expenses decreased from 15.4% in the nine months ended 31 March 2020 to 14.2% in the nine months ended 31 March 2021.

Other expenses

Other expenses increased by €9.1 million, or 4.7%, from €195.2 million in the nine months ended 31 March 2020 to €204.4 million in the nine months ended 31 March 2021, due to a €12.1 million increase in our outsourcing costs linked to the increase in our sales, which was partially offset by a €3.6 million decrease in our advertising costs, in particular with savings realised during the COVID-19 lockdown periods.

As a percentage of revenue, other expenses decreased from 14.9% in the nine months ended 31 March 2020 to 12.3% in the nine months ended 31 March 2021.

Other income from operations

Other income from our operations increased by €2.3 million, or 82.7%, from €2.8 million in the nine months ended 31 March 2020 to €5.1 million in the nine months ended 31 March 2021, primarily due to a reversal of provision in aftersales costs following a change in our provider.

As a percentage of revenue, other income from operations decreased from 0.2% in the nine months ended 31 March 2020 to 0.3% in the nine months ended 31 March 2021.

Other operating income and expense

Other operating income and expenses increased by €8.6 million from €8.4 million in the nine months ended 31 March 2020 to €17.1 million in the nine months ended 31 March 2021. For the nine months ended 31 March 2021, we incurred one-off costs in connection with the COVID-19 pandemic and reorganisation of our after-sales service.

Depreciation, amortisation and impairment of non-current assets

Depreciation and amortisation remained steady with a slight decrease of €0.8 million, or 0.9%, from €95.3 million in the nine months ended 31 March 2020 to €94.4 million in the nine months ended 31 March 2021.

Cost of debt

Cost of debt decreased by €2.0 million, or 4.9%, from €41.3 million in the nine months ended 31 March 2020 to €39.3 million in the nine months ended 31 March 2021, due to the partial repayment of the Shareholder Loan.

Other financial income and expense

Other financial income and expenses, which mostly include foreign exchange gains and losses, increased by €3.8 million in the nine months ended 31 March 2021 as compared to the nine months ended 31 March 2020.

Share of profit of associates

We do not have any minority interests that are consolidated in the Financial Statements.

Income tax

For the nine months ended 31 March 2021, we recorded an income tax expense of €46.6 million, as compared to an income tax reimbursement of €2.8 million for the nine months ended 31 March 2020. Income tax is calculated using the tax rate for the relevant tax year applicable to our profit for the relevant period. The income tax expense recorded for the nine months ended 31 March 2021 related to a CVAE (French business tax) accrual of €5.2 million, income tax of €44.2 million and a change in deferred taxes resulting in a product of €2.8 million.

Results of Operations for the years ended 30 June 2020 and 30 June 2019

	Year ended 30 June	
	2019	2020
	(€ millions)	
Retail revenue	1,559.2	1,469.6
Other revenue.....	138.8	145.8
Revenue.....	1,697.9	1,615.4
Cost of sales	(972.5)	(906.5)
Gross profit.....	725.5	708.9
Personnel expenses	(272.5)	(258.6)
Other expenses.....	(361.2)	(238.9)
Other income from operations	7.0	4.2
Recurring operating profit before depreciation and amortisation and impairment, and other operating income and expense	98.8	215.6
Other operating income and expense	(11.5)	(14.0)
Depreciation, amortisation and impairment of non-current assets	(37.2)	(127.0)
Operating profit	50.2	74.6
Cost of debt.....	(34.2)	(55.3)
Interest income.....	0.2	0.2
Other financial income and expense	(14.9)	(8.7)
Share of profit of associates	—	—
Income tax	(13.5)	2.1
Discontinued operations	—	—
Profit / (loss) for the period.....	(12.3)	12.8

Retail revenue

Our retail revenue decreased by €89.6 million, or 5.7%, from €1,559.2 million in the year ended 30 June 2019 to €1,469.6 million in the year ended 30 June 2020. This decrease was mainly attributable to the closure of our stores, warehouses, logistics and administrative platforms from 14 March 2020 to 10 May 2020 (inclusive) in accordance with French administrative measures implemented in response to the COVID-19 pandemic.

Other revenue

Other revenue increased by €7.0 million, or 5.0%, from €138.8 million in the year ended 30 June 2019 to €145.8 million in the year ended 30 June 2020. This increase was primarily driven by an increase of €13.7 million in other items (comprising delivery services, kitchen installation services and commercial van rental).

Cost of sales

Cost of sales decreased by €66.0 million, or 6.8%, from €972.5 million in the year ended 30 June 2019 to €906.5 million in the year ended 30 June 2020, due to management margin and supplier rebates monitoring and the impact of the first time application of IFRS 16, which resulted in a decrease of €8.4 million.

Cost of sales as a percentage of revenue decreased from 57.3% in the year ended 30 June 2019 to 56.1% in the year ended 30 June 2020 as a result of further improvement in our commercial margin management, supply chain productivity gains and the impact of the first time application of IFRS 16.

Personnel expenses

Personnel expenses decreased by €13.9 million, or 5.1%, from €272.5 million in the year ended 30 June 2019 to €258.6 million in the year ended 30 June 2020. The decrease in personnel expenses was mainly due to the furlough of a number of our employees in response to the COVID-19 pandemic.

As a percentage of revenue, personnel expenses remained stable at 16.0% in the year ended 30 June 2020 as compared to the year ended 30 June 2019.

Other expenses

Other expenses decreased by €122.3 million, or 33.9%, from €361.2 million in the year ended 30 June 2019 to €238.9 million in the year ended 30 June 2020. This decrease is primarily due to the first time application of IFRS 16 (Leases) instead of IAS 17, which resulted in other expenses decreasing by €91.1 million, as well as costs reductions implemented following the COVID-19 pandemic.

As a percentage of revenue, other expenses decreased from 21.3% in the year ended 30 June 2019 to 14.8% in the year ended 30 June 2020.

Other income from operations

Other income from our operations decreased by €2.8 million, or 40%, from €7.0 million in the year ended 30 June 2019 to €4.2 million in the year ended 30 June 2020. As a percentage of revenue, other income from operations decreased from 0.4% in the year ended 30 June 2019 to 0.3% in the year 30 June 2020.

Other operating income and expense

Other operating income and expenses increased by €2.5 million from a loss of €11.5 million in the year ended 30 June 2019 to a loss of €14.0 million in the year ended 30 June 2020, principally as a result of supplementary one-off costs related to our response to the COVID-19 pandemic.

Depreciation, amortisation and impairment of non-current assets

Depreciation and amortisation increased by €89.8 million, or 241.4%, from €37.2 million in the year ended 30 June 2019 to €127.0 million in the year ended 30 June 2020. This increase was primarily attributable to the impact of the first time application of IFRS 16 of €89.8 million.

Cost of debt

Cost of debt increased by €21.1 million, or 61.7%, from €34.2 million in the year ended 30 June 2019 to €55.3 million in the year ended 30 June 2020. This increase was primarily due to the impact of the first time application of IFRS 16 of €19.6 million.

Other financial income and expense

Other financial income and expenses, which mostly include foreign exchange gains and losses, increased by €6.2 million in the year ended 30 June 2020 as compared to the year ended 30 June 2019.

Share of profit of associates

We do not have any minority interests that are consolidated in the Financial Statements.

Income tax

For the year ended 30 June 2020, we recorded an income tax reimbursement of €2.1 million, as compared to an income tax expense of €13.5 million for the year ended 30 June 2019. Income tax is calculated using the tax rate for the relevant tax year applicable to our profit for the relevant period. The income tax expense recorded for the twelve months ended 30 June 2020 related to a CVAE (French business tax) accrual of €7.9 million, income tax of €3.4 million and a change in deferred taxes resulting in a product of €13.4 million.

Results of Operations for the years ended 30 June 2019 and 30 June 2018

	Year ended 30 June	
	2018	2019
	(€ millions)	
Retail revenue	1,467.7	1,559.2
Other revenue.....	126.0	138.8
Revenue.....	1,593.7	1,697.9
Cost of sales	(931.8)	(972.5)
Gross profit.....	661.9	725.5
Personnel expenses	(257.0)	(272.5)
Other expenses.....	(360.3)	(361.2)
Other income from operations	31.7	7.0
Recurring operating profit before depreciation and amortisation and impairment, and other operating income and expense	76.3	98.8
Other operating income and expense	41.3	(11.5)
Depreciation, amortisation and impairment of non-current assets	(35.8)	(37.2)
Operating profit	81.7	50.2
Cost of debt.....	(33.6)	(34.2)
Interest income.....	0.3	0.2
Other financial income and expense	(4.3)	(14.9)
Share of profit of associates	—	—
Income tax	(11.3)	(13.5)
Discontinued operations	—	—
Profit / (loss) for the period.....	32.9	(12.3)

Retail revenue

Our retail revenue increased by €91.5 million, or 6.2%, from €1,467.7 million in the year ended 30 June 2018 to €1,559.2 million in the year ended 30 June 2019. This increase was mainly attributable to (i) an increase in our Like-for-like sales of 5.9% and (ii) non-Like-for-like sales growth driven by eight store openings in the year ended 30 June 2019. Our online sales increased by 26.2% in the year ended 30 June 2019 as compared to the year ended 30 June 2018, representing 6.7% of our total sales (an increase of 1.1% as compared to the year ended 30 June 2018).

Other revenue

Other revenue increased by €12.8 million, or 10.2%, from €126.0 million in the year ended 30 June 2018 to €138.8 million in the year ended 30 June 2019. This increase was primarily driven by an increase of €10.7 million in other items in other items (comprising delivery services, kitchen installation services and commercial van rental).

Cost of sales

Cost of sales increased by €40.7 million, or 4.4%, from €931.8 million in the year ended 30 June 2018 to €972.5 million in the year ended 30 June 2019, mainly due to an increase in inventories of €39.9 million.

Cost of sales as a percentage of revenue decreased from 58.5% in the year ended 30 June 2018 to 57.3% in the year ended 30 June 2019 as a result of optimised price positioning and a well-balanced promotional campaign during the year ended 30 June 2019.

Personnel expenses

Personnel expenses increased by €15.5 million, or 6.0%, from €257.0 million in the year ended 30 June 2018 to €272.5 million in the year ended 30 June 2019. The increase in personnel expenses was mainly due to an increase in the number of full time employees, which was driven by increased activity.

As a percentage of revenue, personnel expenses decreased from 16.1% in the year ended 30 June 2018 to 16.0% in the year ended 30 June 2019.

Other expenses

Other expenses remained steady with a slight increase by €0.9 million, or 0.2%, from €360.3 million in the year ended 30 June 2018 to €361.2 million in the year ended 30 June 2019.

As a percentage of revenue, other expenses decreased from 22.6% in the year ended 30 June 2018 to 21.3% in the year ended 30 June 2019 as a result of our costs remaining stable despite our revenue increasing.

Other income from operations

Other income from our operations decreased by €24.7 million, or 77.9%, from €31.7 million in the year ended 30 June 2018 to €7.0 million in the year ended 30 June 2019, due to the renewal of credit activity with our new partnership with BNP Paribas PF which led to the recognition of commission in our total revenue from 1 July 2018, as well as the first time application of IFRS 15, which led to the write-off of provision for extended warranties claims.

As a percentage of revenue, other income from operations decreased from 1.99% in the year ended 30 June 2018 to 0.4% in the year 30 June 2019.

Other operating income and expense

Other operating income and expenses decreased by €52.8 million from a gain of €41.3 million in the year ended 30 June 2018 to a loss of €11.5 million in the year ended 30 June 2019. This decrease is primarily due to the renewal of our credit arrangements following our entry into a new commercial agreement with BNP Paribas PF on 15 May 2018, which included an indemnity of €50 million in connection with our withdrawal from our previous arrangements with Fidem SEP, recognised in other operating income in the year ended 30 June 2018.

Depreciation, amortisation and impairment of non-current assets

Depreciation and amortisation increased by €1.4 million, or 3.9%, from €35.8 million in the year ended 30 June 2018 to €37.2 million in the year ended 30 June 2019.

Cost of debt

Cost of debt increased by €0.6 million, or 1.8%, from €33.6 million in the year ended 30 June 2018 to €34.2 million in the year ended 30 June 2019. Cost of debt mainly comprised interest of €20.9 million incurred from the 2024 Notes and interest of €10.6 million incurred from our Shareholder Loan in the year ended 30 June 2019.

Other financial income and expense

Other financial income and expenses, which mostly include foreign exchange gains and losses, increased by €10.6 million in the year ended 30 June 2019 as compared to the year ended 30 June 2018.

Share of profit of associates

We do not have any minority interests that are consolidated in the Financial Statements.

Income tax

For the year ended 30 June 2019, we recorded an income tax expense of €13.5 million, as compared to an income tax expense of €11.3 million for the year ended 30 June 2018. The income tax expense recorded for the year ended 30 June 2019 related to a CVAE (French business tax) expense of €7.4 million, income tax of €0.9 million and a change in deferred taxes resulting in an expense of €5.3 million.

Liquidity and Capital Resources

Consolidated Cash Flow

The following table summarises our consolidated cash flow statements for the last twelve months ended 31 March 2021, for the nine months ended 31 March 2020 and 2021 and for the years ended 30 June 2018, 2019 and 2020:

	Years ended June 30			Nine Months ended 31 March		LTM 31 March 2021
	2018	2019	2020	2020	2021	
	(€ millions)					
Net cash provided by operating activities (before changes in working capital requirements and corporate income tax)	115.0	76.9	191.7	164.6	292.3	319.4
Net change in working capital requirements.....	90.4	38.3	70.1	(30.5)	32.7	133.3
Income tax paid.....	(13.1)	(10.4)	(4.7)	(0.8)	(10.7)	(14.6)
Net cash provided by / (used in) operating activities	192.4	104.8	257.0	133.3	314.3	438.1
Net cash provided by / (used in) investing activities	(30.0)	(36.7)	(28.1)	(22.8)	(30.3)	(35.6)
Net cash provided by / (used in) financing activities.....	(25.7)	(27.7)	(29.9)	6.4	(260.2)	(296.5)
Change in cash and cash equivalents	136.7	40.4	199.1	116.9	23.8	106.1
Cash and cash equivalents at beginning of period	52.0	188.7	229.1	229.1	428.2	346.1
Exchange gains / (losses) on cash and cash equivalents	(0.1)	0.0	0.0	0.1	(0.2)	(0.3)
Cash and cash equivalents at end of period.....	188.7	229.1	428.2	346.1	451.8	451.8

Net cash provided by operating activities

The following table sets out the net cash flows from operating activities for the last twelve months ended 31 March 2021, for the nine months ended 31 March 2020 and 2021 and for the years ended 30 June 2018, 2019 and 2020:

	Years ended June 30			Nine Months ended 31 March		LTM 31 March 2021
	2018	2019	2020	2020	2021	
	(€ millions)					
Profit / (loss) for the period before income tax	44.2	1.3	10.7	29.3	153.5	135.0
Depreciation, amortisation and impairment of non-current assets	35.5	37.4	127.0	95.3	95.3	127.1
Additions to / (reversals of) provisions.....	1.1	1.1	(1.0)	0.3	3.6	2.3
Net gain / (loss) on disposals	0.3	0.4	(0.0)	(0.0)	0.1	0.1
Cost of debt.....	33.3	34.0	55.1	41.2	39.2	53.1
Share of profit of associates	—	—	—	—	—	—
Other non-cash items	0.7	2.7	(0.2)	(1.4)	0.6	1.8
Net cash provided by operating activities (excluding change in working capital requirements and corporate income tax).....	115.0	76.9	191.7	164.6	292.3	319.4
(Increase) / decrease in inventories.....	(15.6)	26.2	35.0	17.6	1.3	18.7
(Increase) / decrease in trade and other receivables.....	7.9	3.6	(28.3)	(20.2)	(18.9)	(27.0)
Increase / (decrease) in trade and other payables.....	98.1	8.5	63.4	(27.9)	50.3	141.6
Net change in working capital requirements.....	90.4	38.3	70.1	(30.5)	32.7	133.3
Income tax paid.....	(13.1)	(10.4)	(4.7)	(0.8)	(10.7)	(14.6)
Net cash provided by / (used in) operating activities	192.4	104.8	257.0	133.3	314.3	438.1

Net cash provided by operating activities is primarily impacted by changes in working capital requirements and income tax paid, as well as profit for the period before income tax and adjustments.

Net cash provided by operating activities increased by €181.0 million from €133.3 million for the nine months ended 31 March 2020 to €314.3 million for the nine months ended 31 March 2021. This increase was mainly due to higher earnings from operations and further improvement in working capital.

Net cash provided by operating activities increased by €152.2 million from €104.8 million for the year ended 30 June 2019 to €257.0 million for the year ended 30 June 2020. This increase was mainly due to higher earnings from operations and further improvement in working capital.

Net cash provided by operating activities decreased by €87.6 million from €192.4 million for the year ended 30 June 2018 to €104.8 million for the year ended 30 June 2019. This decrease was mainly due to the renewal of our credit arrangements that impacted the net cash provided by operating activities by €103.5 million in the year ended 30 June 2018.

Income Tax Paid

For the nine months ended 31 March 2021, we paid €5.2 million of business tax (CVAE) and €5.5 million of corporate income tax, as compared to paying €3.4 million of business tax (CVAE) and receiving a reimbursement of €2.6 million of corporate income tax for the nine months ended 31 March 2020.

For the year ended 30 June 2020, we paid €4.7 million of corporate income tax (mainly related to CVAE tax) compared to €10.4 million for the year ended 30 June 2019 (mainly related to CVAE tax).

For the year ended 30 June 2019, we paid €10.4 million of corporate income tax (mainly related to CVAE tax) compared to €13.1 million for the year ended 30 June 2018 (mainly related to CVAE tax).

Change in Working Capital

For the nine months ended 31 March 2021, our net change in working capital requirements amounted to a cash-in of €32.7 million, which was mainly driven by an increase in activity, including:

- a €1.3 million decrease in inventories as compared to the nine months ended 31 March 2020;
- a €50.3 million increase in trade and other payables as compared to the nine months ended 31 March 2020; and
- a €18.9 million increase in trade and other receivables as compared to the nine months ended 31 March 2020.

For the year ended 30 June 2020, our net change in working capital requirements amounted to €70.1 million, which was mainly driven by high activity following the reopening of our stores on 11 May 2020 after the end of the first COVID-19 lockdown in France and improved supply chain flows and process, including:

- a €35.0 million decrease in inventories as compared to the year ended 30 June 2019;
- a €28.3 million increase in trade and other receivables as compared to the year ended 30 June 2019; and
- a €63.4 million increase in trade and other payables as compared to the year ended 30 June 2019.

For the year ended 30 June 2019, our net change in working capital requirements amounted to €38.3 million, which was mainly driven by efficient inventory reduction, including:

- a €26.2 million decrease in inventories as compared to the year ended 30 June 2018;
- a €3.6 million decrease in trade and other receivables as compared to the year ended 30 June 2018; and
- a €8.5 million increase in trade and other payables as compared to the year ended 30 June 2018.

Net cash provided by investing activities

The following table sets out the principal components of our net cash flow from investing activities for the last twelve months ended 31 March 2021, for the nine months ended 31 March 2020 and 2021 and for the years ended 30 June 2018, 2019 and 2020:

	Years ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
	(€ millions)					
Dividends received	—	—	—	—	—	—
Proceeds from sales of property, plant and equipment and intangible assets	0.3	0.0	0.1	0.1	(0.0)	(0.0)
Proceeds from sales of other non-current assets	—	—	—	—	—	—
Acquisitions of property, plant and equipment and intangible assets	(27.8)	(37.3)	(28.2)	(22.8)	(28.8)	(34.1)
Acquisitions of subsidiaries	(2.0)	—	(0.0)	—	—	(0.0)
Acquisitions of non-consolidated companies	—	—	—	—	(1.4)	(1.4)
(Increase) / decrease of other assets	(0.4)	0.6	0.0	(0.1)	(0.1)	(0.0)
Net cash provided by / (used in) investing activities	(30.0)	(36.7)	(28.1)	(22.8)	(30.3)	(35.6)

Net cash used in investing activities accounted for cash outflows of €30.3 million for the nine months ended 31 March 2021 as compared to cash outflows of €22.8 million for the nine months ended 31 March 2020. Net cash used in investing activities accounted for cash outflows of €28.1 million for the year ended 30 June 2020 as compared to cash outflows of €36.7 million and €30.0 million for the years ended 30 June 2019 and 2018, respectively. The drivers for these cash outflows were capital expenditure relating to maintenance, store refurbishment, store opening and transfers of stores, as well as the acquisition of two stores from a BUT franchisee in Pau et Tarbes in the year ended 30 June 2018, and the acquisition transactions described above in “—*Factors that Affect our Results of Operations – Expansion of Store Network*”.

Our net cash provided by or used in purchase of tangible, intangible and financial assets, net of proceeds from sales of non-current assets, is further analysed in “—*Capital Expenditure*” below.

Net cash used in financing activities

The following table sets out the principal components of our net cash flow used in financing activities for the last twelve months ended 31 March 2021, for the nine months ended 31 March 2020 and 2021 and for the years ended 30 June 2018, 2019 and 2020:

	Years ended 30 June			Nine Months ended 31 March		LTM 31 March
	2018	2019	2020	2020	2021	2021
	(€ millions)					
Proceeds from issues of borrowings	—	—	100.0	100.0	—	—
Repayment of borrowings ⁽¹⁾	(26.8)	(26.1)	(124.8)	(88.5)	(190.3)	(226.6)
Increase / (decrease) in capital	—	—	—	—	—	—
Other	1.2	(1.6)	(5.1)	(5.1)	(69.9)	(69.9)
Net cash provided by / (used in) financing activities	(25.7)	(27.7)	(29.9)	6.4	(260.2)	(296.5)

(1) Including interest paid.

Net cash used in financing activities amounted to €260.2 million in the nine months ended 31 March 2021 as compared to net cash provided in financing activities of €6.4 million in the nine months ended 31 March 2020, and includes the repayment of the Existing Senior Revolving Credit Facility in the amount of €102 million (inclusive of €1.5 million accrued interest), the partial repayment of the Shareholder Loan in the amount of €70 million and the reimbursement of debt related to leases following the application of IFRS 16. Net cash used in financing activities amounted to €29.9 million in the year ended 30 June 2020, as compared to net cash used in financing activities of €27.7 million in the year ended 30 June 2019 and net cash provided by financing activities of €25.7 million in the year ended 30 June 2018. Our net cash used in financing activities in the year ended 30 June 2020 mainly relates to reimbursement of debt related to leases following the application of IFRS 16 and drawing €100 million from the Existing Super Senior Revolving Credit Facility.

Proceeds from issues of Borrowings; Repayments of Borrowings

In the nine months ended 31 March 2021, we repaid the €100 million drawn from the Existing Super Senior Revolving Credit Facility. In the year ended 30 June 2020, we repaid €80.4 million of borrowings as a result of the application of IFRS 16.

In the year ended 30 June 2018, the 2024 Notes incurred interest of €20.9 million.

In connection with the completion of the Offering, we expect to redeem the 2024 Notes.

Increase in Capital

The Group did not receive any equity contribution in the nine months ended 31 March 2021 or in the years ended 30 June 2018, 2019 and 2020.

Other Movements

The Group did not receive any shareholder loans in the nine months ended 31 March 2021 or in the years ended 30 June 2018, 2019 and 2020.

Capital Resources

Our cash requirements consist mainly of the following:

- funding capital expenditures;
- operating activities, including our working capital needs, which are seasonal and typically higher in our fiscal second quarter and lower in our fiscal fourth quarter;
- servicing our indebtedness and the indebtedness of our subsidiaries;
- funding acquisitions of franchisees; and
- paying taxes.

Our sources of liquidity before the Transactions consist mainly of the following:

- cash generated from our operating activities;
- borrowings under our Existing Super Senior Revolving Credit Facility; and
- dividends received.

Total Net Debt represents our total gross debt, less net cash and cash equivalents. As of 31 March 2020 and 2021, we had total Net Debt of €133.0 million and total net cash €71.0 million, respectively. As of 30 June 2018, 2019 and 2020, we had total Net Debt of €184.3 million, €143.3 million and €46.8 million (excluding the impact of the adoption of IFRS 16 (Leases) in replacement of IAS 17), respectively.

Total net cash and cash equivalents represents our cash and cash equivalent net of bank overdrafts and accrued interest not yet due. As of 31 March 2020 and 2021, we had net cash and cash equivalents of €346.1 million and €451.8 million, respectively. As of 30 June 2018, 2019 and 2020, we had net cash and cash equivalents of €188.7 million, €229.1 million and €428.2 million, respectively.

We expect to use the gross proceeds from the issuance of the Notes, together with cash on hand, to redeem all of the 2024 Notes, which includes principal of €380.0 million and aggregate accrued unpaid interest and redemption premium of €13.0 million. The amounts of interest and redemption premium are calculated assuming redemption of the 2024 Notes on 31 March 2021.

On or prior to the Issue Date, the Guarantors will enter into the New Super Senior Revolving Credit Facility Agreement and, at substantially the same time, will terminate the Existing Super Senior Revolving Credit Facility. On the Issue Date, the New Super Senior Revolving Credit Facility will provide for borrowings of up to €139.5 million. We do not expect to draw down funds under the New Super Senior Revolving Credit Facility on the Issue Date. See “*Description of Certain Financing Arrangements—New Super Senior Revolving Credit Facility*”. On or around the Issue Date, the New Super Senior Revolving Credit Facility will be secured by the Collateral and will be guaranteed on a senior basis by the Guarantors.

Our sources of liquidity following the Transactions will consist mainly of the following:

- cash generated from our operating activities;
- borrowings under the New Super Senior Revolving Credit Facility; and
- dividends received.

For more information regarding our indebtedness and cash service requirements on our indebtedness following the Offering and the Transactions, see “*Capitalisation*” and “*Description of Certain Financing Arrangements—New Super Senior Revolving Credit Facility*”.

We expect that these sources of liquidity will be sufficient to finance our working capital requirements and otherwise operate our business, to make capital expenditures and to meet foreseeable liquidity requirements, including debt service on the Notes, in the next twelve months.

Contractual Obligations and Commercial Commitments

Off-balance sheet commitments as of 30 June 2020 are presented in the following table:

	Payments to be made by period			Total
	Less than 1 year	From 1 to 5 years	More than 5 years	
	(€ millions)			
Purchase commitments regarding goods for resale.....	364.9	—	—	364.9
Total	364.9	—	—	364.9

Capital and other financial commitments as of 30 June 2020 are presented in the following table:

	As of 30 June 2020 (€ millions)
GUARANTEES RECEIVED	
Standby letters of credit and documentary credit not utilised.....	14.4
Other Guarantees received.....	28.6
Total Guarantees received	42.9
GUARANTEES GIVEN	
Other Guarantees given ⁽¹⁾	—
Total Guarantees given	—

(1) In addition to these commitments, the following items were pledged by the Parent Guarantor, Mobilux Acquisition SAS, the Issuer, Décomeubles Partners SAS, BUT SAS and BUT International to guarantee the repayment of the 2024 Notes and the Existing Super Senior Revolving Credit Facility:

- the shares in BUT SAS held by Décomeubles Partners SAS;
- the shares in BUT International held by BUT SAS;
- the shares in Cogesem SAS held by BUT International;
- the shares in Décomeubles Partners SAS held by Mobilux Acquisition SAS;
- the shares in the Issuer held by Mobilux Acquisition SAS;
- the shares in Mobilux Acquisition SAS held by the Parent Guarantor;
- the bank accounts of the Parent Guarantor, Mobilux Acquisition, the Issuer, Décomeubles Partners SAS, BUT SAS, BUT International and Cogesem SAS; and
- the rights of the Parent Guarantor, Mobilux Acquisition, the Issuer, Décomeubles Partners SAS, BUT SAS, BUT International and Cogesem SAS to intragroup receivables.

The pledges over those items will be released in connection with the consummation of the Transactions.

Financial debt contractual obligations are presented in the following table, as of 31 March 2021:

As of 31 March 2021	Less than 1 year	From 1 to 5 years	More than 5 years	Total
	(€ millions)			
2024 Notes ⁽¹⁾	13.1	442.7	—	455.8
Other bank loans and borrowings	0.3	1.1	0.8	2.2
Current accounts with other third parties	—	—	—	—
Financial lease	94.1	226.0	83.8	403.9
Accrued interest	7.8	—	—	7.8
Loan issuance costs	—	—	—	—
Total	115.3	669.8	84.6	869.7

(1) We intend to use the proceeds of this Offering, together with cash on hand, to redeem all of the 2024 Notes, which includes principal of €380.0 million and aggregate accrued unpaid interest and redemption premium of €13.0 million. The amounts of interest and redemption premium are calculated assuming redemption of the 2024 Notes on 31 March 2021.

Capital Expenditure

The following table sets out the principal components of our capital expenditures for the nine months ended 31 March 2020 and 2021 and for the years ended 30 June 2018, 2019 and 2020:

	Years ended June 30			Nine Months ended 31 March		LTM 31 March 2021
	2018	2019	2020	2020	2021	2021
	(€ millions)					
Acquisition of tangible and intangible assets	(27.8)	(37.3)	(28.2)	(22.8)	(28.8)	(34.1)
Other acquisitions	(2.4)	0.6	—	(0.1)	(1.5)	(1.4)
Disposals	0.3	—	0.1	0.1	—	—
Net cash provided by / (used in) and sale of tangible, intangible and financial assets	(30.0)	(36.7)	(28.1)	(22.8)	(30.3)	(35.6)

For the periods set out above, our capital expenditure was attributable to the acquisition of tangible and intangible assets, mainly including remodeling and enhancement investments for existing stores, and IT-related investments.

Qualitative and Quantitative Disclosure of Market Risk

In the course of our business, we are exposed to market risks from changes in foreign currency exchange rates and interest rates. We only enter into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. We do not enter into any speculative hedging arrangements. Financial risks are formally managed by our Treasury department.

Currency Risk

Our financial currency is the euro and we manage risk related to revenues and costs denominated in other currencies. We purchase a significant amount of our furniture from Asia-based suppliers in U.S. dollars and, as a result, a significant portion of our costs are incurred in U.S. dollars. Our policy is to hedge all U.S. dollar transactions from the date of the purchase order to the settlement date using forward contracts negotiated with an investment-grade bank. Hedging arrangements are entered into on a rolling basis as part of the normal operation of our business. See *“Risk Factors—Risks Relating to Our Business and Industry—A large portion of our products are supplied by a small number of manufacturers, some of whom are located outside of France and we are dependent on these manufacturers to meet our requirements”* and *“Risk Factors—Risks Relating to our Business and Industry—Currency fluctuations and hedging risks could materially adversely affect our earnings and cash flow”*.

In addition, we renegotiate contract terms with suppliers on an on-going basis to adjust the prices to volumes, underlying currency exchange rate changes and various other drivers. We carefully monitor our relationships with our suppliers and measure our purchasing performance with a view towards mitigating the impact of currency fluctuations on our cost of goods. See *“Risk Factors—Risks Relating to Our Business and Industry—A large portion of our products are supplied by a small number of manufacturers, some of whom are located outside of France and we depend on these manufacturers to meet our requirements”* and *“Risk Factors—Risks Relating to Our Business and Industry—Currency fluctuations and hedging risks could materially adversely affect our earnings and cash flow”*.

According to our policy, currency hedges must be demonstrably linked to an underlying exposure. The hedge of the exposure is monitored throughout the life of the transaction to ensure that it remains effective and appropriate.

The fair value of foreign currency financial instruments was positive in the amount of €3.0 million as of 31 March 2021, as compared to positive in the amount of €4.6 million as of 31 March 2020, and positive in the amount of €1.5 million as of 30 June 2020, as compared to positive in the amount of €2.4 million as of 30 June 2019.

Interest Rate Risk

We are exposed to interest rate risk on our floating-rate borrowings. Our floating-rate borrowings include primarily a financial lease on our headquarters and amounted to €8.3 million as of 31 March 2021. The Existing Super Senior Revolving Credit Facility is also a floating-rate borrowing.

Credit Risk

Financial assets mainly comprise cash and cash equivalents, as well as trade and other receivables. Credit risk arises because a counterparty fails to meet its obligations. We invest in liquid assets with investment-grade banks and regularly monitor counterparty risk.

In the consumer credit business, the lending policy is based on scorecards and statistical studies of default. We also draw on the experience and expertise of our partner, BNP Paris Personal Finance, an affiliate of BNP Paribas. Ever since our new partnership agreement with BNP Paris Personal Finance, we do not bear the risk of consumer default since our allocation of earnings received is based only on an intermediation commission scheme.

Liquidity Risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose us to liquidity risk in the event of early repayment.

In order to manage our liquidity risk, we contract bank facilities for an appropriate amount and maturity to ensure that we have adequate available funds to meet our commitments.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Financial Statements, which were prepared in accordance with International Financial Reporting Standards (*IFRS*) and International Financial Reporting Interpretations Committee (*IFRIC*) interpretations as adopted by the European Union at the date of preparation of the Financial Statements. The preparation of this financial information requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, turnover and expenses, and related disclosure of contingent assets and liabilities.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial information, so we consider these to be our critical accounting policies. Due to the uncertainty inherent in these matters, actual results could differ from the estimates we use in applying the critical accounting policies described below.

Retirement obligations

Retirement obligations largely consist of end-of-career benefits owed to employees upon retirement in France. They are based on actuarial estimates of the present value of future obligations or other benefits that will be payable to beneficiaries. The most sensitive assumptions involved in calculating the expected liabilities are mortality rates, employee turnover, salary increase rates and discount rates.

Measurement of inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Average cost includes transportation costs to the point of sale and is net of any supplier discounts for volume and early payment, and rebates. Provisions for impairment of inventories are calculated by product family based on the age of the inventories concerned, in view of the fact that inventory age gives rise to the risk of products in stores becoming obsolete. The amount of impairment recognised takes into account the life cycles of the products in each family.

Estimates of capitalised tax loss carry-forwards

We recognise deferred tax assets on tax losses carried forward within the tax consolidation group to the extent that profits are forecast in the Group's business plan for the next two years.

Estimates of insurance settlements

We recognise insurance settlements receivable based on estimates made by experts and supplied by our insurer that take into account the costs incurred for the retirement of property, plant and equipment (buildings and equipment) and inventories, as well as for other expenses and estimated business interruption losses.

Earn-out clauses (contingent consideration)

We regularly acquire franchisees and an earn-out clause is often included in the acquisition agreements for such franchisees. The contingent consideration payable takes into account the consistency of accounting methods, working capital requirements and net debt.

INDUSTRY

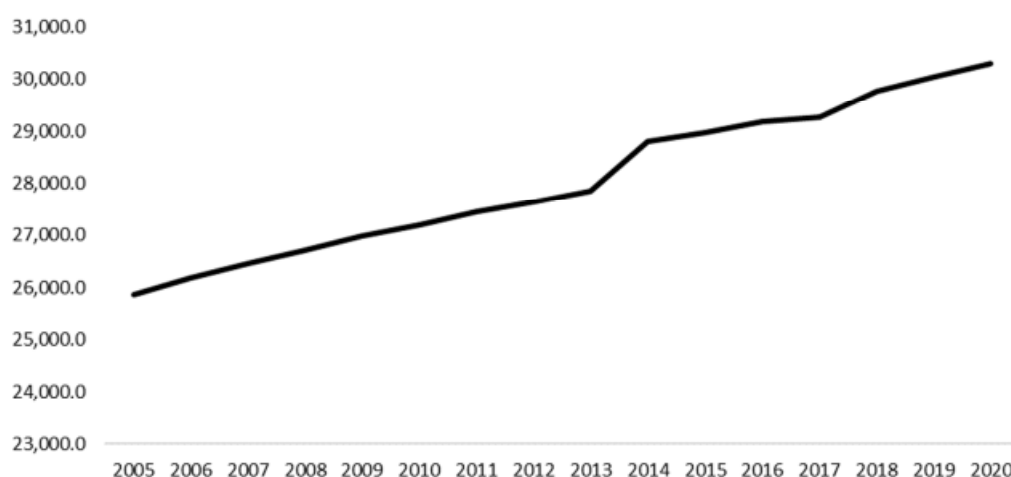
This Offering Circular contains market data and certain industry data and forecasts which we have obtained from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies, industry publications and surveys, and a commissioned industry report. The statements in this Offering Circular relating to market data and certain industry data and forecasts are each according to such sources as well as our own internal surveys and estimates. See “Market and Industry Data”. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk Factors” appearing elsewhere in this Offering Circular.

Overview

We are a one-stop-shop home equipment omnichannel retailer, offering a wide choice of products ranging from traditional to contemporary style furniture, kitchens and decoration, as well as white appliances and brown goods. In particular, we focus on the French furniture market (€13.4 billion market size in 2019, pre-COVID 19), which is our main core market and where we had a market share of approximately 11.8% as of 2020, making us the second-largest French furniture retail group in 2020 by sales. In addition, we operate in the French electrical goods market, in particular in the white and brown goods segments (€14.0 billion market size in 2019), and in the French decoration market (€13.2 billion market size in 2019). According to GfK, in 2020 our market share in France for white and brown goods was 4.2%. In total, our three core markets amounted to a total market size of approximately €40.6 billion in 2019.

Over the past thirty years, we believe that the most important factor benefiting the household equipment market has been the increasing number of households in France. According to the INSEE, the number of people per household in France has steadily decreased from 2.57 in 1990 to 2.1 in 2020 due to, among other factors, a rise in the number of people living alone, lower number of marriages and ageing of the population. This, combined with an increase in the population of France from 56.8 million in 1991 to 67.4 million in 2021 according to Eurostat figures, has driven an increase of the number of households by 4.4 million only in the last 15 years, representing a CAGR of approximately 1.1% between 2005 and 2020. We believe that the increased number of households will support volume growth in all our segments and we expect that such growth will continue.

Number of private households in France ('000)

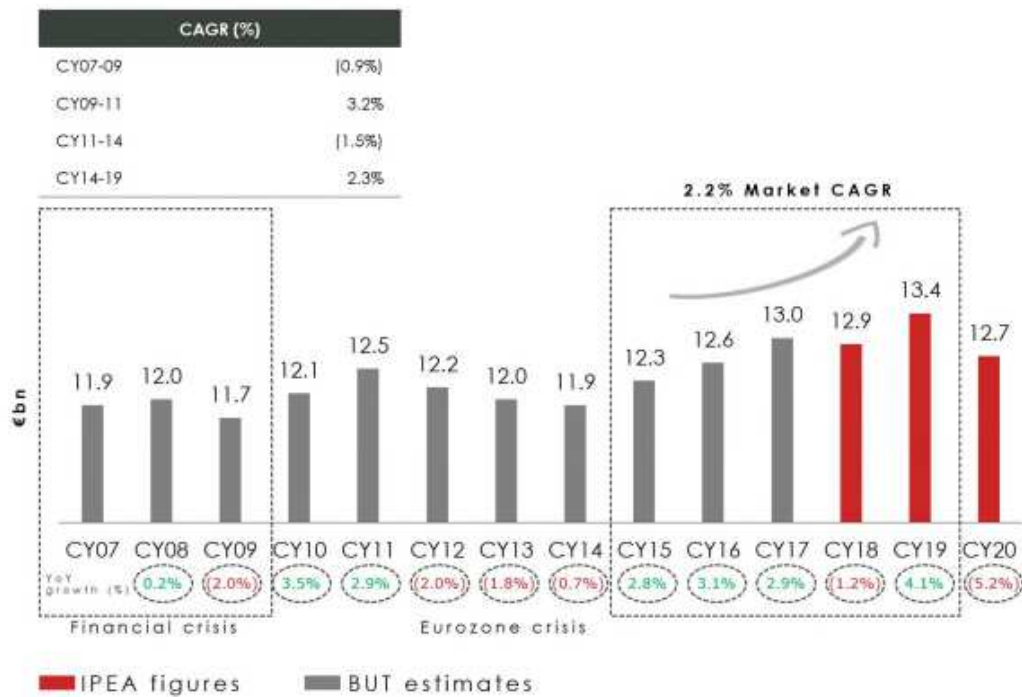


Source: Eurostats

Furniture

The furniture market is generally divided into the following six categories: functional; sitting; kitchen; bedding; bathroom; and garden. We primarily compete in the first four of these categories. According to the Institute of Applied Economic Research (*IPEA*), the furniture market size in France reached €13.4 billion in 2019. In 2020, the COVID-19 pandemic impacted the market and market size slightly decreased to €12.7 billion. The graphic below sets forth the evolution of the French furniture market size since 2007.

French Furniture Market Size (€bn)

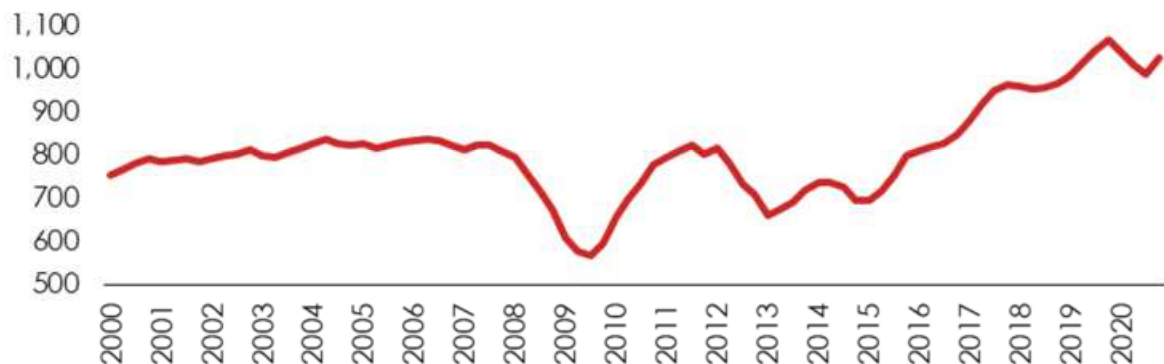


Source: Company estimates, IPEA

The French furniture market is an equipment-led market, with a significantly lower penetration per household (*i.e.*, less spending per household) than other European or U.S. markets. As a result, it has historically proven to be resilient through economic downturns, as exemplified during the economic downturn of 2007 to 2009, when the French furniture market declined by only 1.8% despite the economic headwinds of the global financial crisis.

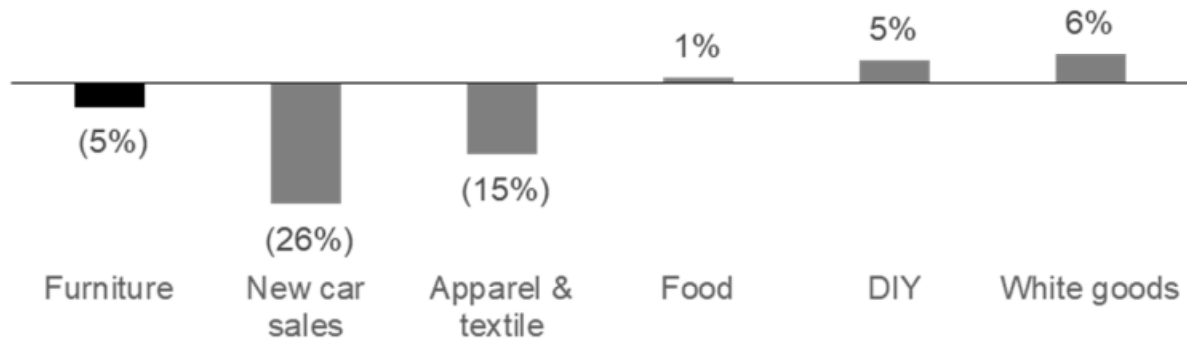
The French furniture market experienced a sustained growth trend, with a compound annual growth rate of 1.8% between 2013 and 2019 (*Source: IPEA*), mainly as a result of a resilient macroeconomic environment, consumer spending, and real estate market, as well as reinvestment into the home, in particular in kitchen and bedding categories.

French real estate number of transactions (last 12 months, '000)



Source: Institut National de la Statistique et des Études Économiques

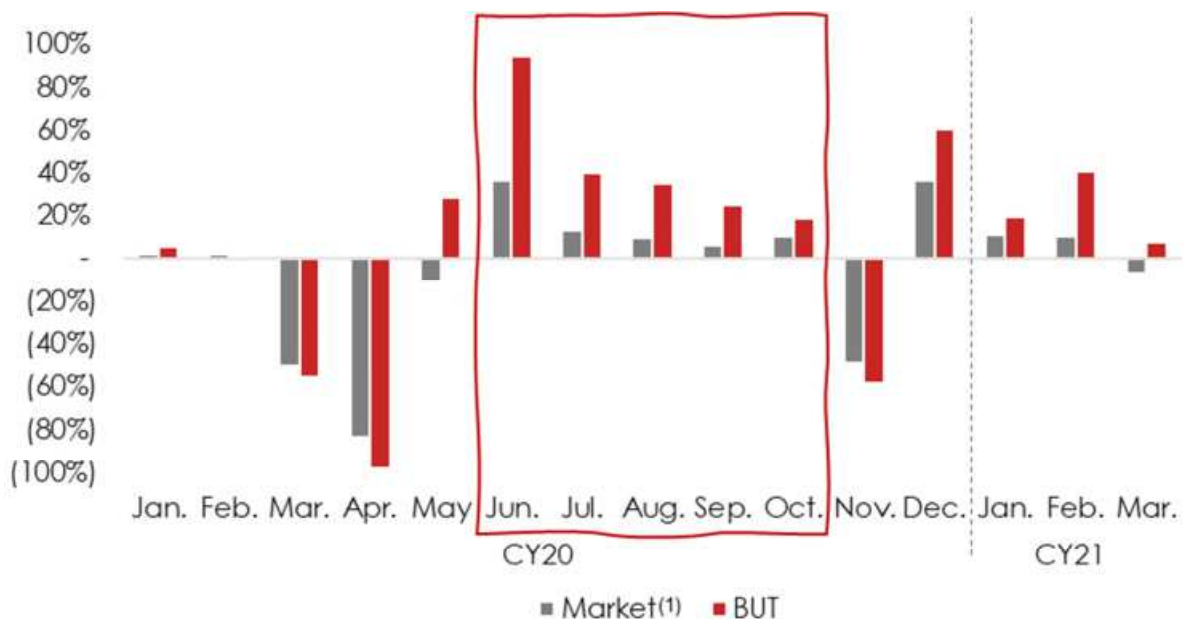
French market growth by industry in CY20 (% YoY)



Source: IPEA

In 2020, the COVID-19 pandemic impacted household spending and consumer behaviour. The French furniture market, however, continued to display strong resilience despite almost three months of strict lockdown and the closure of all “non-essential” stores, including furniture stores. In 2020, the French furniture market has declined by only 5.2%, significantly outperforming other product categories, such as car sales, apparel and textile. Following the first lockdown, although the market experienced a strong recovery, BUT has outperformed the market at reopening (*Source: IPEA*) and we believe that we will continue to do so.

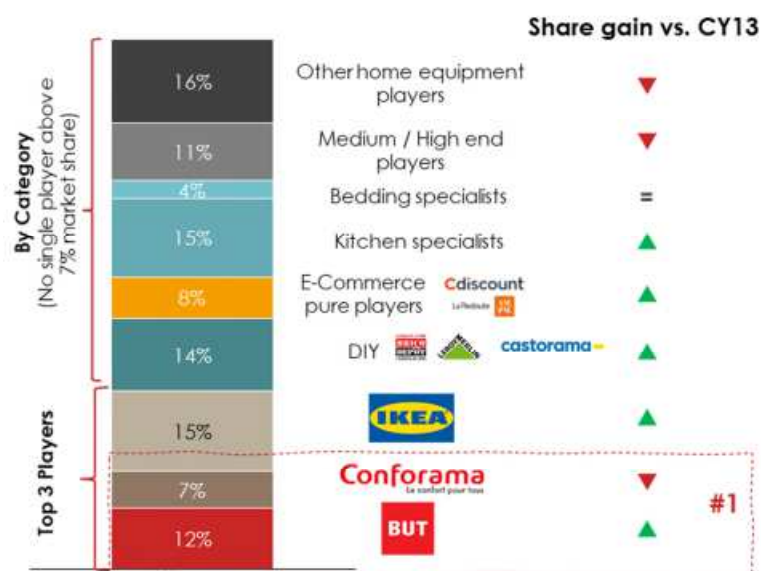
French Furniture vs. BUT monthly growth from Jan-20 to Mar-21 vs. same period in CY19



Source: IPEA

The French furniture market is relatively concentrated, with the top three retailers – Ikea, BUT and Conforama France – accounting for approximately 33% of the total French furniture market (*Source: IPEA and Company estimates*).

Furniture market share by player CY20 (%)



Source: Company estimates, IPEA

Based on IPEA data, we are one of the leading home equipment retailers in France, with the second-largest market position and a share of approximately 12.0% of the furniture market in March 2021 and a normalised market share of approximately 11.3%. We have a strong track record of market share gains over the last eight years (approximately 3.3%), especially since our acquisition by Mobilux in 2016 (approximately 1.9%), and have outperformed our main competitors, including Ikea. Other key players in this segment are Ikea (first-leading position with approximately a 15% market share in 2020) and Conforama (third-leading position with approximately a 7% market share). The rest of the market comprises specialists (19% market share for kitchen and bedding specialists), Do It Yourself (“DIY”) players (14%), medium and high end players (11%) and other home equipment players (16%), with no single player having a market share above 7%. The chart below illustrates the growth in our market share since 2013.

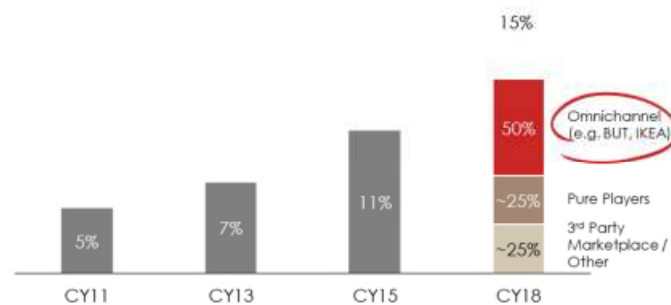
BUT French furniture market share evolution (%)



Source: IPEA.

The home equipment market in France is also characterised by growing contribution of online sales, which we estimate accounted for approximately 15% of total sales in 2018. The successful players are primarily the omnichannel retailers, such as Ikea, BUT, Conforama France and Maisons du Monde, which account for approximately 50% of total online sales and who have particularly benefitted from the growth of online sales given their capability to combine the physical display of the product with a strong online platform and leverage of the store network for last mile delivery and “click and collect” services. Online penetration is higher in the more functional and commoditised furniture segment, while sales in the bedding and kitchen segments remain primarily dependent on in-store sales.

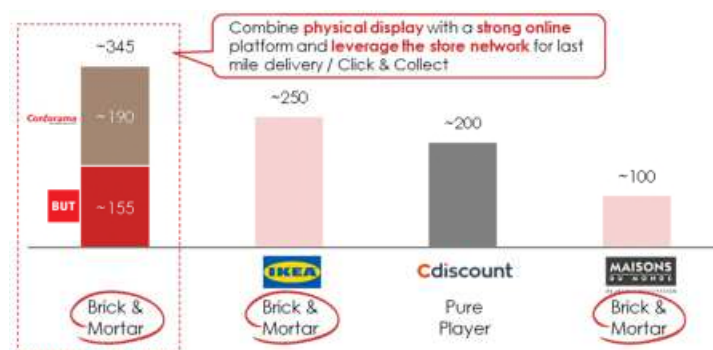
Online penetration in the French furniture segment (%)



Source: Company estimates, IPEA.

We believe that omnichannel players are capturing the lion's share of the online market growth. Together with Conforama France, we are the leading group in terms of online sales in the French furniture market, with approximately €345 million of online sales as of 31 December 2020, of which 45% was directly contributed by BUT. Other key omnichannel online players include Ikea and Maisons du Monde.

Key players online furniture revenue CY20 (€m)



Source: Company estimates, IPEA

Notes: The figures are inclusive of marketplace revenue

We expect to continue benefiting from increased online penetration, as well as positive market dynamics, and have launched and continue to develop our Marketplace, which supports our product range expansion and sales growth. In addition, the supportive market demand the French furniture market experienced over the last five years, in particular in the kitchen, sofa and bedding categories, which are core categories for BUT, in what remains an assisted sale and promotional-led market, is expected to continue supporting market growth. In addition, the ongoing expansion of the product and quality offering (such as integrated kitchens and seating), increased renewal (for example, on average mattresses are currently replaced every eight years) and increased investment in home comfort (for example, larger sized beds) is expected to continue to drive long term demand.

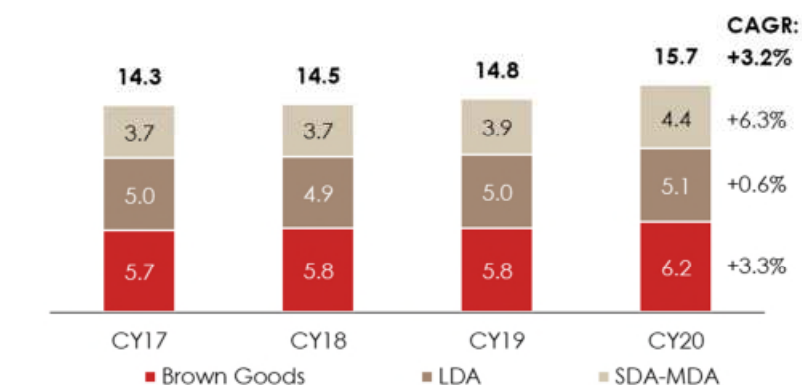
We expect that the French furniture market will continue to experience long-term growth, driven by the following macro factors:

- *Overall supportive macroeconomic environment after COVID-19:* The Banque de France expects French GDP to increase by 5.5% and 4% in 2021 and 2022, respectively, while household consumption is also expected to increase by 4% in 2021 as compared to 2020.
- *Increased home investment:* Households are seeking to reinvest in their homes to make them more comfortable in light of ongoing working from home policies and potential future lockdown periods. For instance, during the second half of 2020, households clearly favoured investing in home equipment instead of other expenses, as highlighted by the strong performance of gardening (an increase of 4.8% in 2020, source: Banque de France), small appliances (an increase of 1% in 2020) and large appliances (an increase of 11% in 2020).

Electrical

The electrical goods market comprises three main sub-segments: white goods, brown goods and grey goods (comprising computers and computer hardware). We compete in the white and brown sub-segments (primarily TVs). According to GfK, the total market size of electrical goods market in France was estimated to be €14.0 billion and €15.5 billion in 2019 and 2020, respectively. According to GfK, the electrical goods market has been stable in recent years, with a CAGR of 3.2% between 2017 and 2020. In 2020, demand growth was particularly strong, increasing by 12% from the previous year as a result of the impact of the COVID-19 pandemic that led to behavioural changes: less time at work and in shops, and more time spent at home.

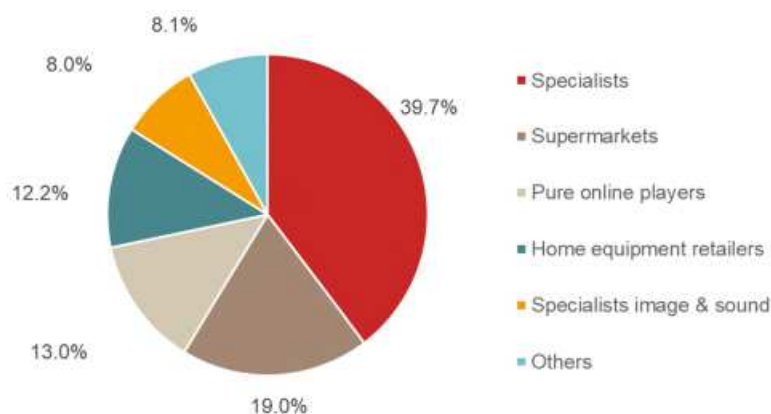
French Electrical market size (€bn)



We have a 4.2% market share in the overall electrical goods market, which is dominated by (i) specialist retailers including Fnac Darty and Boulanger, whose offerings are characterised by lower prices and superior consumer services, and (ii) hypermarkets and supermarkets, known for lower prices but which have generally experienced a decrease in their market share resulting from competition with specialists and pure online players and (iii) pure online players, such as Cdiscount and Amazon.

We have maintained a consistent market share of the French electrical goods market between 2017 and in 2020.

French Electrical market



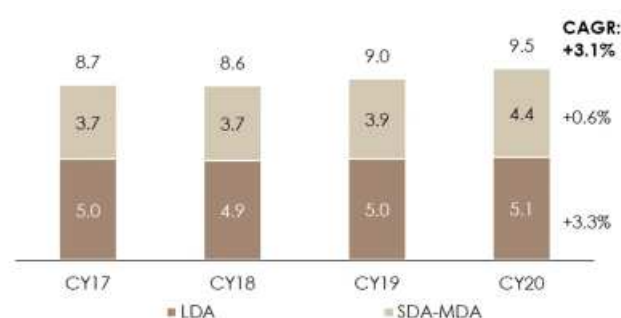
The electrical goods market is characterised by a strong penetration of online sales, which accounted for 28% of total market sales in 2020, which represented an increase of 2.9% as compared to 2019 (*Source: GfK*). This has been especially true in 2020, where as a result of the COVID-19 lockdown measures, online sales increased to account for 34% of the total sales of the electrical goods market. By contrast, store sales decreased by 1% in 2020 as compared to 2019.

With the increase in online sales in 2020 being mainly driven by the rise of click and collect” services, we believe that this increased online penetration will benefit omnichannel players, such as BUT, who have the infrastructure to deploy a “click and collect” offering efficiently through an extensive network of stores with a broad geographic footprint. In addition, studies show that French consumers still want to visit shops to see the products in person and to obtain consumer advice from sales representatives.

White Goods

The white goods market comprises small domestic appliances (*SDA*), medium domestic appliances (*MDA*) used for cooking, washing, hygiene and home comfort and large domestic appliances (*LDA*), which includes fridges and washing machines, among others. According to GfK, the SDA and MDA markets in France grew by a CAGR of 3.1% between 2017 and 2020, whilst during the COVID-19 pandemic the market grew by 6.0% in 2020 as compared to 2019.

SDA-MDA and LDA market size (€bn)



Source: GfK

According to GfK, in 2020 the SDA market in France expanded by 11% as compared to 2019, which was principally driven by a 20% increase in sales of kitchen products as consumers developed new “homemade” cooking habits.

According to GfK, in 2020 the LDA market in France increased by 1%, experiencing exceptional sales growth during the year (excluding the lockdown periods between March 2020 to April 2020 and in November 2020).

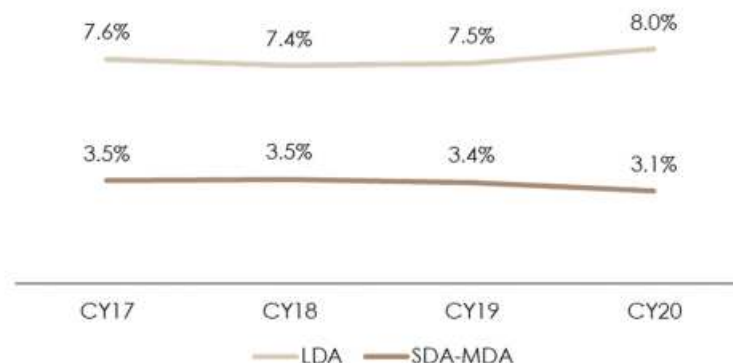
We believe the main factors driving future growth will be:

- *Useful life expiry:* We believe that equipment renewal will continue to sustain market growth.
- *New features driving demand:* More energy-efficient and environmentally friendly designs are expected to be a driver for demand, especially as they become more affordable and often economically profitable in terms of the energy savings they can achieve for the buyer.

The SDA segment in France is dominated by hypermarkets and electrical multi-specialists with competition particularly focused around price. The MDA segment is dominated by electrical multi-specialists and traditional white and brown retailers with multi-specialists increasingly capturing market share.

We have a 5.7% market share in the French white goods market, which was stable in 2020. With an 8% market share in the LDA segment, we outperformed the market in the LDA segment by 0.5% in 2020, mainly as a result of our sales in cold appliances and built-in products

SDA-MDA and LDA BUT market share CY17-CY20



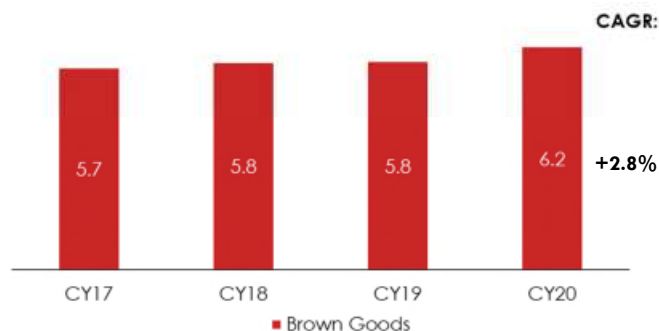
Source: GfK

Brown Goods

The brown goods market comprises TV, radio, video and telephony products. We believe this market will be driven by renewal and innovation, including the rolling out of LED technology and the incorporation of 3D technology.

The brown goods market in France grew at a CAGR of 2.8% between 2017 and 2020, whilst it grew by 6.9% in 2020 due to the impact of COVID-19 on demand for these products.

Brown goods market size (€bn)



Source: GfK

In 2020, the market in France grew by 6.9%, with a 14% increase in TV sales, with market value decreasing during the first COVID-19 lockdown in 2020 but recovering thereafter until October 2020 (before the second lockdown in November 2020).

In the brown goods segment, we sell primarily TVs. Whilst these products are not our core market, they are part of the broad home equipment product offering offered to customers and are complimentary to our range of furniture and white goods products.

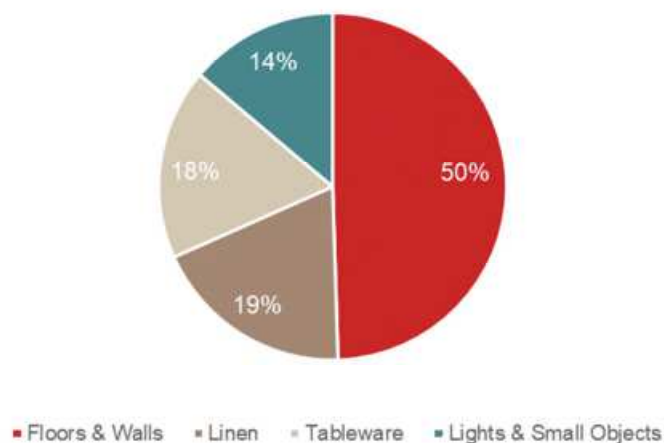
As of 2020, we have a 1.9% market share in the brown goods market, a decrease of 0.1% as compared to 2019. We have a share of the French TV market of 4.9% as of 2020, which is a decrease of 0.5% as compared to 2019.

Decoration

The decoration market can be divided into the following categories: decorative articles; household textile; kitchen and table ware; and lighting. According to a commissioned industry report conducted by LesEchos in July 2020, the total market size for decoration in France was estimated to be €13.2 billion in 2019, with floor and wall products accounting for 50% of the market, linen accounting for 19%, tableware accounting for 18% and lights and small decoration objects accounting for the

remaining 14%. The product split has been relatively stable over the years, market shares by product category have remained fairly constant since 2011.

Market breakdown by product family (2019)



Source: LesEchos Etudes, July 2020

The decoration market has been historically driven by household expenditure. The market was slightly impacted during 2017 and 2018 to recover in 2019. In 2019, sales rose by 1.8% as compared to 2018, after two years of decline. The dynamism of the housing market and the rebound in domestic consumption were the main drivers of this recovery. Over a four-year period, between 2016 and 2020, growth averaged 0.3% a year, which is comparable to the growth in retail trade overall.

Evolution of the turnover of the interior decoration market (in €bn)



Source: LesEchos Etudes, July 2020

The French decoration market has benefitted from a rather favourable market in 2019, as the housing market continued to show healthy dynamism thanks to state measures to promote purchasing power, strong domestic demand performance, and acceleration of household consumption. According to a commissioned industry report, in 2019 more than 50% of French people regularly bought decoration products and 43% do so several times a year, with buyers spending an average of €532 per year on decorating products. In terms of demand elasticity, price largely determines the purchase of decorative products.

In 2020, the French decoration market was impacted by the COVID-19 pandemic as the housing sector, the key demand driver, contracted significantly. In addition, the three full months of store closures caused problems to several players, which has led to some market consolidation.

Overall, the decoration market is expected to grow, mainly driven by households' net disposable income, which is expected to increase in the medium term. Other key drivers are (i) private consumption and construction, which are expected to recover in 2021 and consequently drive increased decoration expenditure, and (ii) other consumer trends, such as the relative importance of decoration in household expenses, media influence and fashion trends.

BUSINESS

Our Company

We are one of the leading home equipment retailers in France, constantly growing our market share in furniture retail in France, which we estimate to be 11.8% as at 31 December 2020, a 1.7% increase since 2016, when we were acquired by our Sponsors. We are a one-stop-shop home equipment omnichannel retailer, offering a wide choice of products ranging from traditional to contemporary style furniture, kitchens and decoration, as well as white appliances and brown goods. Our product offering is complemented by our strong customer service offerings, which include, among others, consumer financing, installation, delivery and extended warranties. Based on survey that we conducted in August 2020, our brand awareness in France was 91%.

With 315 stores (including franchisees) in France and French Overseas Territories as of 31 March 2021, we operate the largest home equipment store network in France. As of 31 March 2021, 209 stores were directly operated by us and the remaining 106 stores, typically smaller, were operated by franchisees (which contributed to 7.8% of our total revenue). In addition to our retail stores, we have four distribution centres in France located near Orleans (two in Mer) and Lyon (Mions and Pusignan), primarily to centralise the supply and logistics of imported furniture, as well as decoration accessories and electrical products. Our distribution centres in Lyon and Orleans distribute our products nationwide in order to simplify the flows of goods, to reduce costs, to improve our service level in store, and to improve our fill rate and productivity.

To complement our store retail network, we have developed strong omnichannel capabilities to meet growing online demand. In the twelve months ended 31 March 2021, our online banner sales represented 10.3% of our total banner sales (excluding sales from our Marketplace platform), as compared to 6.7% for the year ended 30 June 2019, reflective of a number of initiatives implemented to drive online sales and penetration, as well as temporary factors due to the COVID-19 pandemic.

In the nine months ended 31 March 2021, we generated revenue of €1,667.9 million and Adjusted EBITDA of €242.9 million, representing increases of 27.2% and 120.8%, respectively, as compared to the nine months ended 31 March 2020. In the nine months ended 31 March 2021, furniture, white goods, brown goods and decoration accounted for 63.8%, 23.3%, 5.4% and 7.6% of our product sales, respectively. In the year ended 30 June 2020, we generated revenue of €1,615.4 million and Adjusted EBITDA of €118.0 million, representing a decrease of 4.9% and an increase of 12.8%, respectively, as compared to the year ended 30 June 2019.

We have benefitted and expect to continue to benefit significantly from our relationship with our Sponsors, which acquired us in November 2016. Since the year ended 30 June 2018 (*i.e.*, the first full fiscal year following that acquisition) to the twelve months ended 31 March 2021, the CAGR of our revenues, Adjusted EBITDA and Normalised Adjusted EBITDA have been 8.1%, 52.5% and 26.5%, respectively, while our gross margin has increased from 41.5% to 44.8% over the same period. Through one of our Sponsors, we are affiliated with the XXXLutz Group, the second largest furniture retailer in Europe, and we have established a sourcing cooperation arrangement with the XXXLutz Group. Our other Sponsor, CD&R, one of the oldest private equity firms, has unique operating expertise and a long track record of successful investments, in particular in the retail sector. In September 2020, our Sponsors acquired Conforama France, the third largest furniture retail group in France by market share with 162 stores and revenues of €1.8 billion (normalised to exclude the impact of the COVID-19 pandemic) for the twelve months ended 31 December 2020. Together with Conforama France, we are currently the largest furniture retailer in France by market share. Our affiliation, through our Sponsors, with XXXLutz Group and Conforama France provides us with a number of significant benefits, including enabling us to have differentiated sourcing and product curation capabilities. BUT and Conforama France are two distinct and standalone companies, with the two banners being operated separately and having distinct management teams and central functions. As a result, there is no financial link between the two businesses. We have, however, established cooperation arrangements with Conforama France which we believe have significant potential to unlock supply-side synergies.

Our Competitive Strengths

Leading home equipment player in France with a proven ability to gain market share.

We estimate that, as of 31 December 2020, we, together with Conforama France, are the largest furniture retailer in France with an approximately 19% share of the French furniture market (excluding Conforama France, we are the second largest furniture retailer in France with an 11.8% share of the French furniture market) and the third largest home appliances buying group in France through our Mano partnership with Casino and Cdiscount, with a well-established brand and over 50 years of history. In addition, through our affiliation with the XXXLutz Group, we are part of the second largest furniture retailer group in Europe. Based on a survey that we conducted in August 2020, our brand awareness among furniture retailers in France

was 91%. We have built our leading brand position by fostering a reputation for broad product variety, quality and value in our product offering, and we have maintained the status of our brand through our continued investment in marketing activities over our long history. For instance, we advertise both nationally and regionally, targeting middle-income and value-oriented customers. According to a study that we conducted in September 2020, 37% of our customers are aged between 18 to 34 years old, 43% are aged between 35 to 54 years old and 20% are over the age of 50, while approximately 52% of our customers are women. National advertising includes TV advertisements, billboards, radio and press exposure. Our main advertising tool, which comprises 50% of our marketing costs, is the distribution of 16 million unaddressed leaflets in the catchment areas of each of our stores every two weeks. In addition, as part of our progressive shift to greater digitalisation, 20% of our marketing costs are utilised on content and digital platforms.

We have continuously expanded our market share in the core furniture category in the last eight years. As at December 2020, we have a market share of 11.8%, which represents a 3.1% increase since 2013 and a 1.7% increase since our acquisition by the Sponsors in 2016, outperforming our main competitors, including Ikea, which, according to sales figures published by Ikea held a 15% share of the French furniture market in 2020. We believe our leading market position is driven by our strong brand recognition (covering four lifestyle exclusive brands, three specialised brands and three inspirational collections per year), our large store network of 315 stores (including franchisees) within close proximity to customers (80% of our customers in France live within a 30 minute drive of a BUT store), our strong omnichannel capabilities (in 2020 we had 27 million visitors in-store and 94 million visits online), our broad and well-curated product offering and as well as the value for money and price proposition we offer (based on a survey that we conducted in September 2020, 32% of our customers shop at BUT because of the value for money that we offer, 22% because of proximity and 21% because of our good product offering availability).

We believe that we offer a compelling customer value proposition by offering at competitive prices the entire suite of products needed to equip a home in a single location. While we offer products from the main brands, such as SEB, Vedette, Whirlpool, Bosch or Siemens, for the nine months ended 31 March 2021 approximately 21% of our product offering comprised of our own brands and exclusively designed BUT products. In particular, we specialise in offering an eclectic mix of modern and stylistic furniture products under our exclusive “Time”, “Linea Natura”, “Zandiara and “Modern Living” labels, giving us a distinctive presence in the French furniture market.

Part of the second largest European furniture retailer driving scale advantage in the market and continued operational benefits

Through one of our Sponsors, we are affiliated with the XXXLutz Group, the second largest furniture retailer in Europe. In 2020, XXXLutz, which operates in 11 countries and has over 75 years of experience in the furniture market, generated approximately €5.1 billion in banner sales. We are also affiliated with Conforama France, which was acquired by Mobilux, our indirect parent, in September 2020. There are a number of significant benefits from our cooperation with the XXXLutz Group and Conforama France, including enabling us to have differentiated product curation capabilities. For example, we use exclusive brands from the XXXLutz Group to enlarge our offerings at different price points, which strengthens our brand and market position as a style expert, helps us retain our current customers and attract new clients, and ultimately ensures that we stand out from our competitors in the furniture sector.

In addition, our cooperation with the XXXLutz Group and Conforama France has greatly increased our purchasing power, enabling us to secure improved purchasing terms through the GIGA International organisation, a sourcing association of 15 retail banners affiliated to the XXXLutz Group. Through GIGA International, we have access to sourcing offices in Eastern Europe and Asia and to a sourcing team of hundreds of people globally to help drive our scale advantage in the market. This has brought us significant operational and financial benefits to drive our differentiation in the market in terms of purchasing.

In addition, through our cooperation with the XXXLutz Group, we have also managed to benefit from the XXXLutz Group’s best practices and knowledge sharing, and have increased our merchandising capabilities, developed our technology (through website experience, product content or availability) and improved our customer service offering.

Resilient business, well-positioned to benefit from the strong home equipment market demand post-COVID-19

Given the strengths of our brand, our retail network and product offering, we are well-positioned to take advantage of the expected long-term growth in the French furniture market that is being driven by supportive macro factors and in particular the resilience in the French housing market (French real estate transactions in 2020 were 22% above the 10-year historical average). The Banque de France has forecast that it expects French GDP to grow by 5.5% for the 2021 (as compared to 2020), with household consumption in France expected to grow by 4% in 2021 (as compared to 2020). From 2013 to 2019,

the CAGR of the French furniture market was 1.8% and the total size of the French furniture market increased from €12.0 billion in 2013 to €13.4 billion in 2019.

Growth in the French furniture market has accelerated during the COVID-19 pandemic. The size of the French furniture market decreased by only 5.2% to €12.7 billion in 2020 as compared to 2019, despite lockdown measures being imposed by the French government for three months that resulted in the closure of home equipment retail stores. This slump in activity, however, was followed by a strong recovery following the easing of the lockdown measures in May 2020, primarily driven by increased demand for furniture, decoration and DIY (for example, the “Do it Yourself” French market grew by 4.8%, as a result of increased re-investment in consumers’ homes and, unlike furniture stores, DIY stores remaining open through the French lockdown periods in 2020) as customers sought to reinvest in their homes to make them more comfortable in light of ongoing work from home policies. We expect these positive trends in the French furniture market to continue in the future.

As discussed above, the French furniture market has a proven track record of strong resilience during periods of economic downturn, and we believe the French furniture market will remain strong during any further COVID-19 outbreaks and other future economic downturns.

Strong omnichannel capabilities able to respond to growing online demand

We have developed strong omnichannel capabilities to meet growing online demand, with our online presence (including last-mile delivery and “click and collect” services) complementing our established retail network. In the twelve months ended 31 March 2021, our online banner sales (excluding sales through our Marketplace online platform) represented 10.3% of our total banner sales, as compared to 7.9%, 6.7% and 5.6% for the years ended 30 June 2020, 2019 and 2018, respectively. In addition, we have improved our in-store merchandising capabilities to enhance customer experience and increase our in-store conversion rate, which was 30.3% for the year ended 30 June 2020 as compared to 29.9% for the year ended 30 June 2018, as well as our online and omnichannel offering to our customers, and product availability as a result of an improved supply chain organisation.

We have a strong track record of developing online sales through a number of management actions, including improving our capacity to target and attract customers to our website, and converting that traffic into store visits. In addition, we have implemented a two-hour click and collect service, free delivery in-store, a same day delivery service in large cities and set up an additional 135 pick-up points. We have broadened our product assortment (we offered our customers 244,494 SKUs online, including our Marketplace platform, and 8,644 SKUs excluding our Marketplace platform in the year ended 30 June 2020) and customer service offering, and are continuously enhancing our online customer experience. For instance, the recent launch of Marketplace, our online market for third-party professional partner vendors and a complementary offer, strengthens our offer range by adding product categories that we do not have in our own assortment and accelerating the time to market. In the year ended 30 June 2020, our “click and collect” service generated approximately 80% of our online sales, with each BUT store having its own warehouse to allow customers to order products online and collect them from our stores at no extra cost. As a result of these management actions, the average monthly visitors to our website increased to approximately 7.8 million for the year ended 30 June 2020 as compared to approximately 7.1 million for the year ended 30 June 2019 and approximately 6.6 million for the year ended 30 June 2018. In addition, our online growth accelerated during the COVID-19 pandemic, with online sales in the nine months ended 31 March 2021 increasing by 79.5% as compared to the nine months ended 31 March 2020, representing 10.3% of total sales during that period.

The growth of online sales in the last three years has largely benefitted omnichannel retailers like us. Today, we estimate that omnichannel players account for approximately 50% of total internet sales in the French furniture sector with the remaining 50% consisting of pure internet players (such as Cdiscount and Amazon) and other third parties. We believe integrated omnichannel players, such as us, are well positioned to continue to grow our share of the French online furniture market, given the bulky nature of some of the products, the difficulties and cost inefficiency of delivery and customers’ ability to return products, and customers’ desire to “feel and touch” the products, particularly for high ticket items and products available in a broad range of colours and styles. We believe our ability to physically display our products, combined with our strong online platform and “click and collect” service, positions us well to take advantage of the steady growth of online demand.

Significant upside potential from our ongoing cooperation with Conforama France

In September 2020, our indirect parent company, Mobilux, acquired Conforama France, the third largest furniture retail group in France by market share with 162 stores and revenues of €1.8 billion (normalised to exclude the impact of the COVID-19 pandemic) for the twelve months ended 31 December 2020. BUT and Conforama France are two distinct and standalone companies, with the two banners being operated separately and having distinct management teams and central functions. As a

result, there is no financial link between the two businesses. We have, however, established cooperation arrangements with Conforama France which we believe have significant potential to unlock supply-side synergies (see “*Certain Relationships and Related Party Transactions—Other Related Party Transactions*”). We expect to see the benefit of the first wave of synergies through 2021.

We estimate that, for the twelve months ended 31 December 2020, BUT and Conforama France together enjoyed an aggregate 19% share of the French furniture market, with 477 stores (including BUT franchises), figures which make the combined group the top furniture retailer in France. Through our affiliation and cooperation with the XXXLutz Group, we already benefit from significant scale in furniture and decoration, and our cooperation with Conforama France will further strengthen our purchasing platform. In particular, as a result of our affiliation with Conforama France, we believe we will be able to combine our electrical goods purchasing scale and reinforce our existing relationships with key branded suppliers. We believe there is potential to unlock significant synergies through cooperation with Conforama France in the future. We have also been improving our sourcing and purchasing terms as we have, among other initiatives, consolidated our Asian sourcing organisations. In particular, our affiliate B.U.T. Sourcing Limited, which is responsible for our sourcing, purchasing and supply chain activities in Asia, was reorganised to provide the same services on behalf of Conforama France, resulting in purchasing scale and cost benefits, including with respect to transportation costs. Management also believes that further cooperation with Conforama France creates opportunities to realise gains from reducing indirect purchasing expenses. The governance and cooperation model between Conforama France and BUT put in place by Mobilux is value-enhancing for our business. There are no short-term plans for further integration of BUT and Conforama France.

Talented management with a proven track record in driving profitable growth

Our senior management team has significant experience across a broad range of disciplines and a proven track record of driving profitable growth. We have restructured our team since 2016, with four (out of seven) members of our senior management team joining us since then. This team has extensive experience in the retail sector, largely at leading French and global retailers. See “*Management*”.

Our Chief Executive Officer, Alexandre Falck, a French retail expert, joined us in October 2018. After starting his career in Arthur Andersen, he joined Carrefour, where he occupied different operational and management positions, including store and regional manager in Asia, and head of Carrefour Market (comprising small sized stores located in the heart of cities). He then joined Kingfisher as head of Brico Dépôt, a brand dedicated to DIY and home improvement products with stores located in France, Spain, Portugal and Romania. Before joining BUT, Mr. Falck was head of Les Mousquetaires, a privately-owned retail group.

Superior financial performance, with strong cash flow generation and de-leveraging track record, especially during the COVID-19 pandemic

We have delivered strong revenue growth since 2016 when we were acquired by our Sponsors. Our revenue increased to €1,971.8 million for the twelve months ended 31 March 2021 as compared to €1,593.7 million for the year ended 30 June 2018, representing a CAGR of 8.1%. Despite the impact of the COVID-19 pandemic on global and French markets and consumer spending power, we have emerged stronger, with our revenue increasing by 11.9% for the twelve months ended 31 March 2021 as compared to the twelve months ended 29 February 2020. Our sales growth has been driven by like-for-like growth of 24.4% for the period between the year ended 30 June 2018 and the twelve months ended 31 March 2021. In addition, our Adjusted EBITDA significantly increased above our revenue growth to €250.9 million for the twelve months ended 31 March 2021 from €78.6 million for the year ended 30 June 2018, representing a CAGR of 52.5%, which was primarily driven by an improvement in our gross margin rate, tight control of costs and our ability to efficiently and constantly adapt to the level of market activity. Our Normalised Adjusted EBITDA for the twelve months ended 31 March 2021 increased to €150.0 million from Adjusted EBITDA of €78.6 million for the year ended 30 June 2018, representing a CAGR of 26.5%. In addition, we continue to benefit from robust Free Cash Flow generation, demonstrating a profitable business model. From 2018 to 2020 (inclusive), we generated cumulative Free Cash Flow of approximately €459 million, while we generated Free Cash Flow of approximately €402.5 million for the twelve months ended 31 March 2021 notwithstanding the difficulties faced by the COVID-19 pandemic. Our strong operating cash flow is driven by our increased Adjusted EBITDA, our working capital management and controlled capital expenditure. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

Our strong cash flow generation, driven by continued growth to our Adjusted EBITDA, working capital management and controlled capital expenditure, has allowed us to de-leverage the Group since we were acquired by our Sponsors in 2016. Our Net Debt to Adjusted EBITDA ratio decreased from 2.3x for the year ended 30 June 2018 to 0.4x for the year ended 30 June

2020. As at 31 March 2021, our Net Debt to Adjusted EBITDA ratio was minus 0.3x, putting the Group in a net cash position through 2021, and our Normalised Net Debt to Adjusted EBITDA ratio was 0.2x.

Following our acquisition in 2016 by the Sponsors, the subsequent investment and operational changes in the Group implemented between 2016 and 2018, including disciplined gross margin management (involving improved management of our product life cycle and rigorous management of buying quantities and control of promotional intensity), marketing efficiency and promotional mix management, and the reorganisation of logistics flows and reduced complexity in our supply chain, has transformed our business. The resulting improvements to our financial performance are still at an early stage, and we believe these operational changes will be key drivers to the continuing improvement of our profitability margins in the future.

We have been particularly resilient during the COVID-19 pandemic. We have continued to outperform the furniture and decoration market, particularly since we reopened our stores in May 2020 following which, based on data released by IPEA, our sales have been 44% higher than the market average, which is driven by our good product availability, our ability to reopen stores quickly after the first lockdown in France and our ability to operate our online and “click and collect” service. In addition, we implemented strong proactive measures to safeguard our financial position from the risks posed by the pandemic, including improving our supply chain flows to drive inventory availability (for example, the Group did not experience any major supply disruption since only approximately 20% of our products are sourced in Asia), implementing COVID-19 cost measures (including furlough during the French lockdowns), reducing our marketing and advertising, and negotiating exonerations with landlords and other providers regarding our rental costs payments and other expenses during the lockdown period), closely monitoring liquidity and accelerating our Marketplace and online sales drive, including our “click and collect” offering.

Our Strategy

Strengthen our product offering

Ongoing evolution of the product offering. We intend to continue to evolve our product offering, leveraging our strong in-house purchasing capabilities and our affiliation with XXXLutz Group to support the development of our exclusive furniture brands and products. For example, we introduced four brands in 2020 (“Time”, “Linea Natura”, “Zandiara and “Modern Living”) with great success. Our new private label offering in the furniture and decoration has delivered significant growth uplift compared to products without an exclusive label or known brand. We are also focused on the ongoing renewal and modernisation of our product range to remain at the forefront of design trends in the home retail sector, with more than 60% of our furniture products having been renewed in the last three years, the development of our product customisation capabilities to meet the growing customer demand for greater product customisation and personalised experience, and the expansion of the range of our decoration product options.

Ongoing improvement in product mix. We aim to continue to increase our profitability through a shift in our product mix towards high margin categories, concentrating in particular on furniture and decoration items, and to improve our promotional monitoring of the life cycle of our products to prevent inventories ageing. In addition, we intend to focus on exploiting the potential opportunities presented by increased consumer spending during the holiday season (including Christmas) for further sales growth and revenue generation by developing specialised products. We also intend to develop and market our third and fourth price quartile products (being more expensive and higher quality products).

Product range expansion through growth in Marketplace. We intend to increase the range of SKUs and vendors on the Marketplace, our on-line market for third-party professional partner vendors, including offering complementary product categories (such as garden furniture and children’s furniture), as well as a wider diversity of styles in our core categories as a result of high quality criteria in sellers’ selection and our ability to anticipate and match mass-market demand, especially on trends and design in our core categories.

Continue modernisation of the store network and selectively expand footprint

Ongoing modernisation and investment in the store network. In order to continue our modernisation and investment drive, we intend to remodel up to 60 of our stores in the next five years, with up to 12 stores to be remodeled under the new “Elan” format by September 2021. The Elan format is a new concept store format for our medium- and large-sized stores, which expands the range of new product lines (such as curtains, tableware and bathroom range) and strengthens our decoration product offering. Further, our “Elan” stores have revisited our merchandising and have been developed to enhance our customer experience and improve our conversion rate, in particular through the introduction of a compulsory one-way pathway through our stores and the use of digital tools, such as interactive screens and salesperson devices, to display

products and improve the efficiency of purchases. We believe the expansion of the “Elan” store format will generate higher traffic, increased conversion rate and sales, particularly in the high margin “decoration” category.

Sites identified for potential future openings. We have identified ten priority sites for potential future openings over the next five years as we continue to implement our strategy to expand and optimise our store footprint. These sites are primarily located in small- and medium-sized cities, where we have established a profitable store format. We aim to establish additional small-sized and profitable franchisee stores to develop our franchisee network, where such stores may not otherwise be profitable as a directly-operated store.

Further franchise development opportunities in smaller cities. To increase our footprint in smaller cities, we intend to strengthen our relationship with our franchisees and expand our franchise network in these areas. In particular, we intend to open up to 15 franchise stores in the next five years, which has the potential to generate significant revenue growth despite limited additional capital expenditure being required.

Ongoing development of omnichannel strategy

The development of our omnichannel sales network moderated the COVID-19 pandemic impact and offers opportunities for post-pandemic growth. We have experienced significant growth in online banner sales penetration in the last five years, from €97.9 million online sales for the year ended 30 June 2018 to €220.3 million online sales for the twelve months ended 31 March 2021, representing a CAGR of 31.0%. In particular, in the furniture category, online penetration increased to 10.3% of banner sales as of 31 March 2021 as compared to 5.6% of banner sales for the year ended 30 June 2018. We are focused on adding further online services (such as financing services, delivery options and geo-tracking) and improving our website experience for customers, which has recently been bolstered by the successful launch of our Marketplace online platform in October 2019.

We have further potential to develop our online sales by leveraging our store network (for example, by expanding our “click and collect” service), utilising our strong brand awareness and working to increase traffic to our stores and website. This will be achieved through a number of tactical actions, including improving our delivery options by delivering directly to our customers from our warehouse on a cost-effective basis (for example, by offering delivery services seven days a week until 10pm with real-time geotracking to enable customers to monitor their delivery status), establishing tracked delivery services and improving our lead time to delivery. We further intend to improve our customer experience by increasing product availability and improving our visual consistency, as well as encouraging customer feedback to assist us pinpoint and address areas of improvement to maintain high standards of customer service. The launch of our Marketplace online platform has been a key component of our online strategy, and we are committed to continue its development with a focus on high quality vendors and the extension of the range of our complementary product categories (such as garden furniture and children’s furniture). In addition, we aim to target new customer groups through our partnerships with third-party marketplaces to sell exclusive products and to establish 135 additional pick-up points in larger cities to make our products more accessible for consumers.

Crystallise synergies from cooperation with Conforama France

Direct purchasing. There is significant supplier overlap between BUT and Conforama France, which gives us the ability to strengthen our existing relationships with key European suppliers and develop new relationships with leading manufacturers given our combined scale. As a result of our cooperation with Conforama France, we will also be able to combine our electrical goods purchasing scale through the Mano buying group, a purchasing alliance between BUT, Conforama France, Cdiscount and Casino which constitutes the third largest electrical goods buying group in France, which will reinforce our existing relationships with key branded suppliers. In addition, by sharing Asian organisation and infrastructure with Conforama France, we will benefit from significant purchasing scale and cost benefits.

Indirect costs. We believe that our affiliation with Conforama France offers a meaningful opportunity to optimise our indirect spending, including, among others, advertising volumes and transportation costs.

Continue to focus on operational excellence

To drive our market position, we intend to optimise our in-store execution and merchandising, improve product availability and continue our cost management programme.

Optimise supply chain and logistics. We have completed a reorganisation of our supply chain and the transition to two national distribution centres, which has resulted in a 0.5% margin improvement in the twelve months ended 31 March 2021 and an improvement in the management of our flows and service to stores. Our warehouse, stores' storage and in-store (excluding franchises) space as at 31 March 2021 was approximately 192,800 square metres, 477,480 square metres and 653,546 square metres, respectively, and believe we have further potential to improve our inventory management and further leverage our in-store and central warehouse footprint.

Improve product availability. Since product availability is an important driver of customers' purchase decisions and consequently sales volumes, we are focused on improving in-store product availability and minimising lead times. We aim to have over 90% of our products available and in stock by continued use of our network of warehouses located behind or in the immediate vicinity of every BUT store and through the strengthening of our existing supply chain, distribution network and inventory forecasting capabilities. Similarly, we aim to decrease the average delivery time to our stores from nine to five days, which we endeavour to further decrease in the future, while we also intend to improve the waiting time for our "click and collect" service to less than 10 minutes for 95% of our orders. Further, we manage our inventory through a centralised "push strategy" in our distribution centres to dispatch inventory to our stores based on headquarter estimates of anticipated customer demand rather than relying on orders from individual stores.

After Sales. We migrated our after sales contract to a new provider during the last quarter of the year ended 30 June 2021, which will result in significant cost reduction, as well as improvement in after sales customer experience and quality of service.

ESG strategy and sustainability

We are committed to principles of good corporate governance and sustainability and have adopted four initiatives to improve our Environmental, Social and Governance (ESG) strategy: (i) sustainable sourcing, (ii) reducing our environmental footprint throughout the value chain, (iii) ensure well-being and professional development and (iv) commit to projects with a positive impact. Our customers, employees and other stakeholders are increasingly focused on ESG. We believe our commitment will further drive loyalty of these stakeholders, including our customers, and generate further brand awareness and growth of our business and profitability.

Promote sustainable sourcing. We aim to promote sustainable sourcing by producing "co-responsible, accessible to all" furniture, supporting "made in France" and ensuring better traceability. In addition, we are currently developing a "Wood Policy", a responsible timber sourcing strategy pursuant to which we have begun to track our progress towards our goal of achieving 100% responsibly sourced timber by 2025 through a monitoring table for wood suppliers, assessing performance on metrics including the percentage of eco-certified wood sourced, the number of wood traceability sheets collected by country, and an analysis of suppliers identified as potentially using illegal timber.

Reduce our environmental footprint throughout the value chain. We have implemented various measures to reduce our environmental impact, including reductions to our energy consumption, refinements our waste management practices to bolster recycling rates, and development of positive energy stores. In addition, we have made efforts to promote re-use and repair of used furniture, our enhanced product return policies, and assistance and support given to customers as regards repairs and after-sales services.

Ensure well-being and professional development. We value the well-being and professional development of our employees and have taken steps to ensure that this is achieved by promoting health, safety and well-being at work, providing training and supportive programmes for employment and skills development, and implementing a clear policy of diversity and inclusion.

Commit to projects with positive impact. In recognition of the key difference an organisation of our size can make to communities on a local, regional and national scale, we take an active role in supporting local communities, such as the project for "the improvement of the habitat of people in difficulty", to drive positive social and/or environmental change.

Our History

Our business was founded in 1972 by the Venturini family and focused primarily on furniture products until electrical products were introduced in 1978. In 1987, Carrefour, the French retail conglomerate, acquired a 47% ownership in the business and took us public in 1990. We were then acquired by Kingfisher, a European home improvement retail company, in 1998 and subsequently acquired by Kesa Electricals plc, an electronics retailer based in the United Kingdom, in 2003. In

2008, Kesa Electricals plc sold us to investment funds associated with or advised by Colony Capital, Goldman Sachs European Special Situations Group and OpCapita.

In November 2016, such investment funds sold us to a joint venture owned by affiliates of Clayton, Dubilier & Rice, LLC (CD&R) and WM Holding GmbH.

Our Products

Product Range

For the nine months ended 31 March 2021, furniture accounted for 63.8% of our sales, white goods for 23.3%, brown goods for 5.4% and decoration for 7.6%. Over the same period, we generated furniture revenue of €915.2 million, electrical goods sales of €411.4 million and decoration sales of €108.5 million. For the year ended 30 June 2020, furniture accounted for 63.4% of our product sales, white goods for 23.1%, brown goods for 5.8% and decoration for 7.7%. Over the same period, we generated furniture revenue of €878.0 million, white goods sales of €320.0 million, brown goods sales of €80.0 million and decoration sales of €106.5 million. Within these major product categories, in the year ended 30 June 2020 we offered our customers over 8,644 SKUs (excluding Marketplace) covering a wide range of price points. Our principal product categories include:

- *Furniture:* Kitchen, living room, dining room and bedroom sets, sofas, chairs, tables, wardrobes, mattresses, beds, dressers, bookcases and children's furniture.
- *White Goods:* Appliances, such as ovens, washing machines, refrigerators and small appliances such as blenders, mixers, roasters, barbecue grills and vacuum cleaners.
- *Brown Goods:* TVs and other audio and visual equipment and telephones.
- *Decoration:* Home decoration products, such as lamps, mirrors, carpets and textiles.

The following table shows the historic breakdown of our product sales by product category as between furniture, decoration, white goods and brown goods:

	Year ended 30 June			Nine Months ended 31 March	
	2018	2019	2020	2020	2021
	(percentages)				
Furniture.....	60.5%	62.1%	63.4%	63.4%	63.8%
White goods	25.2%	24.0%	23.1%	22.8%	23.3%
Brown goods	6.3%	6.0%	5.8%	5.9%	5.4%
Decoration.....	8.1%	7.9%	7.7%	7.9%	7.6%

For the nine months ended 31 March 2021, our gross margins for furniture, white goods, brown goods and decorative goods ranged approximately between 35-45%, 20-30%, 10-20% and 35-45%, respectively. For the year ended 30 June 2020, our gross margins for furniture, white goods, brown goods and decorative goods ranged approximately between 35-45%, 20-30%, 10-20% and 35-45%, respectively.

Product Design and Exclusivity

We continually review, update and refresh or replace our product offering to reflect new trends and designs. This encourages customers to shorten product replacement cycles and drives Footfall. Unlike many of our competitors, who purchase products directly from supplier catalogues and therefore offer items that can be found in the stores of several retailers, a significant portion of our products are unique and are designed exclusively for BUT. This enables us to provide customers with unique product choices that they cannot find elsewhere and consequently helps support our pricing. A portion of our products are designed internally by our team of designers at our headquarters in Emerainville and the remainder are designed by suppliers based on our specifications.

We have two ranges of private label electrical products, "Aya" for entry price ranges, and "Signature" for higher price ranges, both of which are exclusive to BUT.

We also launched four new private labels at the end of the 2020 fiscal year, namely “Time”, “Zandiarra”, “Linea nature” and “modern living”.

Pricing

We have a team dedicated to establishing a pricing strategy for all of our products. This team receives data regarding competitors’ products and pricing from our research teams throughout France, as well as from internet-based software.

We make pricing decisions based on consumer appeal and marketability, as demonstrated by (i) the sales performance of similar products in previous promotional campaigns; (ii) the price points at which competitors sell similar products; (iii) the overall mix of price points across our overall product portfolio; and (iv) any special promotions that we have to drive Footfall. We also take into account factors such as the average income of our customers, with approximately 60% of our customers having an average income of less than €40,000 per annum, or the average basket size per customer, which amounted to approximately €219.4 (including VAT) in the year ended 30 June 2020. We price products across a range of price points to maximize the number of customers to which they appeal and in the past three years, we have introduced and focused on entry-point pricing to enable us to compete more effectively with competitors. In addition, we analyse our distribution along all price quartiles to cover a broad customer base.

Each year, we conduct two national promotions, the timing and discount levels associated with which are government-mandated and regulated across all of our stores. The promotions each last four weeks and take place in January and July. Apart from these sales periods, we have approximately one promotion event every other week, totaling approximately 30 promotional events per year. In addition, our Black Friday promotion that takes place in November each year has become a significant promotional event for us. See “—Our Operations—Marketing and Advertising”.

Consumer Financing

Our consumer financing offerings include the following services:

- Credit linked to the purchase of goods in a BUT store to be repaid in instalments;
- Credit linked to the subscription of a BUT credit card which allows for debit orders and provides 2% rebates to use for future purchases at our stores; and
- Promotional credit (*e.g.*, “interest-free loans”) linked to specific in-store offers.

As part of our overall marketing strategy and commitment to customer service, we offer customers the opportunity to purchase any of our products (subject to customer credit reference) by paying for them in instalments through consumer financing options. We believe that our consumer financing options are an important factor in driving sales for large-ticket items, as consumer financing breaks the cost to the consumer into more manageable monthly payments.

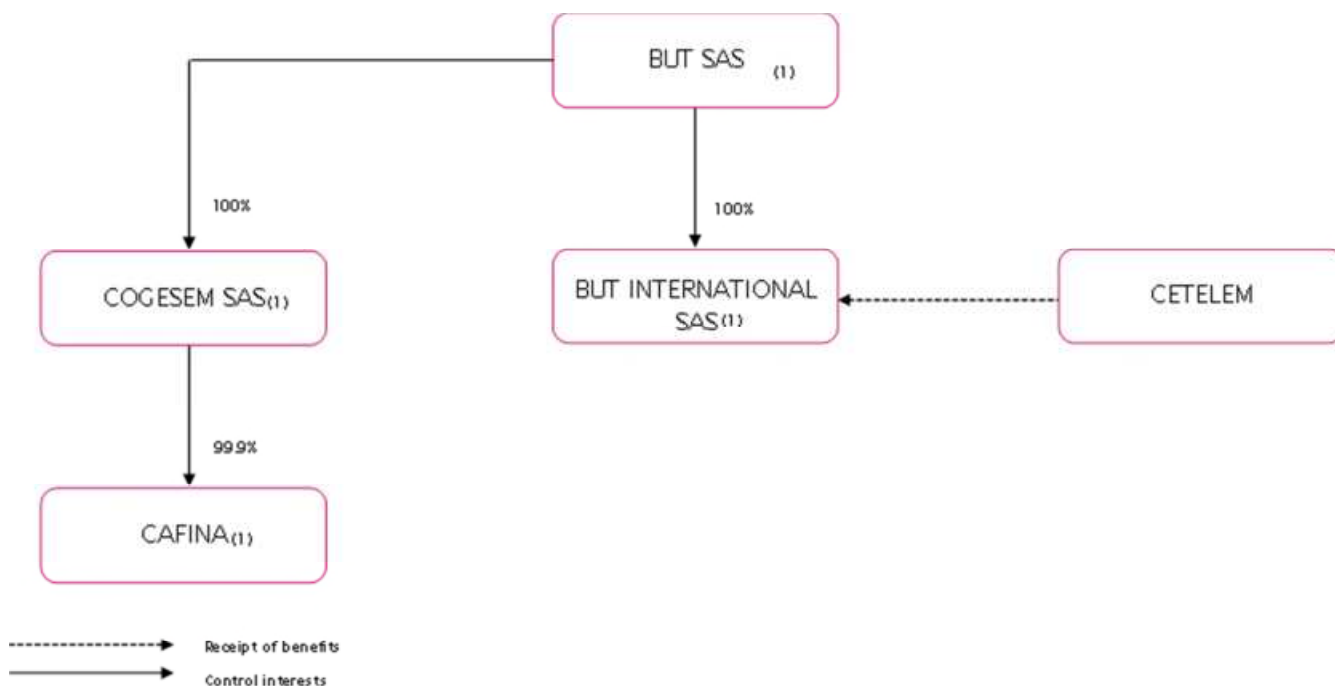
Since 1 July 2018, our consumer financing is provided through an arrangement between BUT International and BNP Paribas Personal Finance in our directly-operated stores. BNP Paribas Personal Finance is one of the largest consumer credit providers in France. BNP Paribas Personal Finance manages our credit operations on a day-to-day basis (including the establishment of loss reserves and credit scoring), directly undertakes the credit approval process and manages collection of overdue payments. We do not bear the risk of consumer default since our allocation of earnings received is based only on an intermediation commission scheme (for example, we receive commission from opening or renewing credit card accounts and placing insurance policies for customers). See “*Risk Factors—Risks Relating to Our Business and Industry—A reduced supply of consumer finance could have a significant impact on our future financial performance*”.

The entities involved in the consumer finance arrangement include:

- *BNP Paribas Personal Finance*: this entity extends credit in connection with our consumer financing offerings, implements terms of individual credit contracts, issues BUT/Visa and BUT/Aurore co-branded credit cards, finances the credit portfolio and manages relations with existing customers (except for matters relating to our loyalty programme, as French consumer protection laws require retailers offering customers a loyalty programme that include a renewable credit to also offer those customers another loyalty programme that is not linked to any credit offering). It also manages our credit operations on a day-to-day basis. Our commercial agreement with BNP Paribas Personal Finance has a ten-year term (from 1 July 2018).

- *BUT International*: this entity manages the client database, conducts point of sale advertising within the retail network, sends promotional mailings to customers and sells consumer financing. BUT International is fully owned by BUT SAS.

The chart below sets forth the structure of the entities involved in our consumer finance arrangement:



(1) Fully consolidated within our Financial Statements.

Marketing is conducted through customer relationship management targeted at a database of customers who have previously purchased a credit product in-store.

Future consumer credit regulations could have negative impacts on our financial services offering. See “*Risk Factors—Risks Relating to Our Business and Industry—Material adverse trends in the factors affecting our offering of finance options to our customers, including further tightening of credit standards and recent and future regulatory changes, could have a significant negative impact on our future financial performance*”.

Warranties

In accordance with applicable law, we provide free two-year national warranties for our furniture and for our appliances. We also offer extended warranties and other types of insurance to our customers through Cafina Assurances Ltd. (our insurance subsidiary based in Malta) for products sold through our network of directly-operated stores. Our extended warranties generally include three years of additional coverage for the majority of our products.

Our extended warranties are sold directly in our stores through our sales personnel.

Insurance granted in connection with the loans provided as part of our consumer financing offering is held by Cardif Assurance Vie and Cardif Assurance Risque Divers, two subsidiaries of BNP Paribas which have entered into agreements with Cafina SA (our reinsurance subsidiary) in connection with the credit risk associated with BUT credit cards. Pursuant to the agreement, Cafina receives a portion of the premiums paid by customers for insurance against the credit risk. Cardif Assurance Vie and Cardif Assurance Risque Divers are also involved in some profit sharing and commission schemes with BUT International.

Our Operations

BUT Stores

As of 31 March 2021, we have a portfolio of 315 stores (including franchisees), which makes us the largest home equipment store network in France based on number of stores. Of these, 209 stores are directly-operated by our subsidiaries. The remaining 106 are operated by independent franchisees (of which ten are located in French Overseas Territories). In the nine months ended 31 March 2021, we generated approximately 7.8% of our revenue from stores operated by independent franchisees.

The following table shows the historic split of our store portfolio between directly-operated stores and franchise stores:

	As of 30 June			Nine months ended 31 March	
	2018	2019	2020	2020	2021
Directly-operated stores	204	208	209	208	209
Franchised stores	97	100	101	101	106
Total stores⁽¹⁾	301	308	310	309	315

(1) Total includes franchisees in French Overseas Territories.

The following graph shows the geographic distribution of our store portfolio across France as at 31 March 2021:



(1) Including franchisees

Our stores are typically single-floor and the sales area averages approximately 2,700 square metres in size. Excluding any office and amenity space, our stores comprise approximately 80% of furniture and decoration retailing space and approximately 20% of electrical goods retailing space. Further, each of our directly-operated stores has on average approximately 2,441 square metres of additional warehousing space. Furniture is generally presented first, occupying the centre of our floor space and organised by room type. Electronic goods are presented on the sides of the store while decoration and other small items are presented close to the cash registers. We are regularly deploying new merchandising concepts in our stores in order to enhance customer experience.

Our stores are principally located in or near middle-sized cities with a significant number of our stores located in key commercial areas. Through access to databases such as INSEE, which provide us with extensive customer demographic and market data by region, we are able to identify new store locations that enable us to maximise the number of potential customers reached and minimise overlap with our existing store network.

As at 31 March 2021, we had 315 stores (including franchisees), comprising 212 BUT Classic stores and 103 BUT Cosy stores. Of the 315 stores, 305 are located in France, while ten stores are located in French Overseas Territories.

BUT Cosy stores are located in mid-sized towns and are smaller in size than our traditional stores at an average size of approximately 1,500 square metres as compared to an average size of our BUT Classic stores of approximately 3,300 square metres.

Our ten stores in French Overseas Territories are franchises, operated by a franchisee that belongs to the CAFOM group, a French retail group specialising in home improvements. These stores are located in Réunion, French Guiana, Guadeloupe and Martinique.

Franchise Arrangements

As at 30 June 2020, we have 101 stores under franchise agreements and 25 franchise partners with whom these agreements are made. Our standard franchise agreement allows franchisees to carry and use the BUT brand in exchange for monthly contributions. We provide supporting business systems and organisational services aimed at providing franchisees and store managers with substantial levels of support while leaving them with flexibility to respond to local market conditions. In addition, we are responsible for funding and implementing national marketing campaigns and organising in-store marketing for all of our stores including the franchise stores. However, we do not incur capital expenditure costs in relation to the franchise stores, which costs are committed and paid directly by franchisees. Under the terms of the standard franchise contract, we have a right of first refusal to acquire franchisees (*pacte de préférence*) and the franchise contract may, in certain circumstances, be terminated if the store manager or owner changes. Because we do not incur capital expenditure costs and, therefore, have minimal risks, franchise stores allow us to have a larger presence throughout France. In particular, our franchise network allows us to improve proximity to our customers in smaller towns and cities.

Under our franchise agreements, which were simplified in 2020, we typically receive a contribution from franchisees and our franchisees typically receive a rebate based on BUT supplier loyalty. In addition, we sell BUT-branded products to franchisees. The standard length of our franchise agreement for the traditional store format (BUT Classic) is initially three years, after which point it is automatically renewable on a three-year basis. Historically, we believe we have had good relationships with franchisees, with the majority of our franchisees opting for renewal upon the expiry of their agreement. For example, the contract for our largest franchisee, Sesame, has been renewed until 2026. Generally, our franchisees operate within the terms of our standard franchise agreement.

For BUT Cosy stores, the standard length of our franchise agreement is initially seven years and is automatically renewable for a further seven years.

Furthermore, as part of our strategy to increase our footprint in smaller cities, we intend to strengthen our relationship with our franchisees and expand our franchise network in these areas. In particular, we intend to open up to 15 franchise stores in the next five years, which has the potential to generate significant revenue growth despite limited additional capital expenditure being required. By acquiring franchise stores, we are typically able to improve profitability of the stores by increasing the amount of financial services and warranties sold to customers and the amount of products sourced directly from our distribution platform. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors that Affect Our Results of Operations—Expansion of Store Network*”.

Online Platform

We have an online platform, which experienced an increase in the average monthly visitors to our website to approximately 7.8 million for the year ended 30 June 2020 as compared to approximately 7.1 million for the year ended 30 June 2019 and approximately 6.6 million for the year ended 30 June 2018. Our online platform contains comprehensive details of our product portfolio. As part of our online platform, we have implemented a two-hour click and collect service, free delivery in-store, a same day delivery service in large cities and we have set up an additional 135 pick-up points.

We are developing a digital and cross channel marketing strategy with the aim of increasing the attractiveness of our online offering and its integration with our stores. We view our website as an important driver of traffic to our stores. According to internal estimates, currently approximately 80% of our visitors research and prepare their purchase online prior to visiting physical stores. We are, therefore, in the process of improving the quality of our online product catalogue and are also optimising our digital presence in online searches for local stores in relevant product categories. In addition, we are implementing cross channel customer management tools and we launched our Marketplace, our on-line market for third-party

professional partner vendors, in October 2019, increasing our offer from approximately 120,686 SKUs in October 2019 to 314,144 SKUs in January 2021. We achieved gross merchandise volume of €7.1 million from the launch of our Marketplace in October 2019 to June 2020, and of €27.0 million from July 2020 to March 2021.

We regard our website as a complementary sales channel to our physical store network and a significant driving force of future sales growth. Consequently, we intend to continue to develop our online business to maximise our exposure to the growing consumer population that uses the Internet for the research or purchase of furniture or electrical goods. The online sales under our banner (excluding sales through our Marketplace online platform) have been growing from €123.6 million for the year ended 30 June 2019, representing 6.7% of our total banner sales, to €138.5 million for the year ended 30 June 2020, representing 7.9% of our total sales.

Marketing and Advertising

BUT has a strong brand awareness among French consumers, which we believe has been built over time by consistent advertising campaigns and a reputation for quality, choice and value. Based on an industry survey that we conducted in August 2020, our assisted brand awareness among furniture retailers in France was 91%. Our significant brand recognition has allowed us to expand our store network without incurring significant incremental marketing costs for each new store.

We advertise both nationally and regionally, targeting middle-aged, middle-income and value-oriented customers. Approximately 60% of our customers have an average income of less than €40,000 per annum. National advertising includes TV advertisements, billboards, radio and press exposure. We distribute approximately 500 million leaflets each year, about two-thirds of which are mailed directly to households in France, with the remainder being distributed in our stores. In addition, we also advertise at a local level with leaflets promoting store sales. For example, we launched an anniversary campaign called “*Millionnaire*” in partnership with La Française des jeux in September 2018, during which customers received vouchers to buy additional products and scratch tickets from our partner. We organised 30 leaflet campaigns in the year ended 30 June 2020. We also send targeted SMS and email communications to our customers, which we believe is a cost-effective means of advertising.

We primarily use independent media buying agencies to help us run our marketing campaign. One media buying agency coordinates our web-based campaigns while another coordinates our radio, TV and press campaigns. We also engage other advertising agencies to contribute creative content. We take an active role in negotiating with press and radio suppliers and independently conduct negotiations with local press.

In addition, our online platform is becoming increasingly important for the promotion of our products and to provide relevant information to customers.

Each year, we conduct two national promotions, the timing and discount levels associated with which are government-mandated and regulated across all of our stores. The promotions each last four weeks and take place in January and July. Apart from these sales periods, we have approximately one promotion event every other week, totaling 30 promotional events per year. In addition, our Black Friday promotion that takes place in November each year has become a significant promotional event for us.

Our advertising and marketing department closely liaises with our products team to determine which particular product ranges to promote. During periods of reduced competitor activity, we generally change our product mix towards higher margin ranges. During a promotional campaign, product and store performance are monitored on a continuous basis. If a promoted product is observed to be under-performing, we adjust our advertising strategy accordingly.

Customer Service

We offer a number of services to our customers in an effort to ensure their satisfaction with our products and our value proposition. We offer a satisfaction guarantee that enables customers to return their products within seven days if they are not satisfied. In addition, in accordance with applicable law, we provide a free two-year warranty for furniture and appliances. We also offer a temporary replacement programme for appliances while they are being repaired, which is subject to the availability of products designated for loan in our stock. Similarly, we have loyalty programs in place, providing our customers with access to cash back, discounts and specific loyalty services such as, for example, our BUT/Mastercard and BUT/Aurore co-branded credit cards. We outsource our electrical after-sales servicing of products and changed providers on 30 March 2021.

Sourcing

We have no manufacturing operations and secure our merchandise purchase requirements from a network of French, other European and Asian suppliers with limited reliance on any single supplier. Our sourcing activities are organised around one office in Europe and two offices in Asia. In the year ended 30 June 2020, purchases of our top ten suppliers of products represented approximately 27.0% of goods purchased (in terms of sourcing costs). In this period, our largest supplier accounted for approximately 4.1% of goods purchased (in terms of sourcing costs). Our supplier contracts are entered into for a mandatory term of one year and are renegotiated at the end of each term. Several of our supplier contracts also contain clauses that allow us to receive rebates for purchasing certain volumes of products. We also receive royalties from our suppliers in exchange for various services, such as providing our franchisees with a catalogue of products from which to source their inventories and conducting promotional activities. We believe that the diverse nature of our supply base provides us with the opportunity to optimise our supply chain across a variety of geographic locations, in particular in response to changing market conditions.

We have an Asian sourcing office, which has enabled us to reduce the cost of procuring products by sourcing certain products from lower-cost countries. The share of our products sold which were sourced from Asia accounts for 20.1% as of 30 June 2020. As of 30 June 2020, we had approximately 100 employees in China, Indonesia and Malaysia who manage the sourcing of products, from origination to quality control. We believe that global sourcing enables us to provide customers with a greater variety of products available at lower prices and to maintain attractive margins.

The raw materials used by our suppliers for manufacture of the products we purchase comprise mainly wood, cotton, iron and leather. As a result of increases in raw material prices and wages, certain suppliers have historically increased prices; however, this has not had a material impact on our margins, as historically we typically have been able to recapture increases through our selling prices.

We have entered into certain purchasing arrangements with XXXLutz Group and Conforama France, under which the parties have agreed to cooperate on joint purchasing in order to achieve the economic advantages of increased purchasing volume, subject to certain geographic and other limitations, as well as to ensure the confidentiality of shared information. We are also a member of the GIGA International organisation, a sourcing association of 15 retail banners which is affiliated to the XXXLutz Group.

In addition, GIGA France materialises contracts for Conforama France and BUT with their respective suppliers for French and European goods, and Conforama France and BUT have given GIGA France a mandate to negotiate contractual arrangements with such suppliers on their behalf. Further, we have an arrangement, on an arm's length basis, to purchase goods in Asia for Conforama France. In addition, we have a similar arm's length purchasing arrangement to purchase goods in China for POCO, a company owned by XXXLutz Group. Under these arrangements, we started to ship goods for Conforama France and POCO in 2021.

Distribution Centres

Our stores are supplied via two main channels: delivery by our own logistics platform PFL and direct delivery from suppliers to our stores. PFL provides central purchasing and logistics coordination. We have four leased distribution centres in France located near Orleans (two in Mer) and Lyon (Mions and Pusignan), primarily to centralise the supply of imported furniture (although Orleans also distributes accessories and electrical products). Each warehouse was regionally dedicated to specific store areas. We have decided to shift to a nationalisation strategy organised around two hubs (Lyon and Mer) delivering all over France in order to simplify the flows of goods, to reduce costs, to improve our service level in store, and to improve our fill rate and productivity. We have, therefore, closed the distribution centre in Châtres and have increased the storage capacity of the Lyon and Mer hubs. The lease terms of our distribution centres in France are generally for a nine-year term. One of these leases is due to expire in the last quarter of 2021; however, given they are commercial leases, they are automatically renewable under French law. In Orleans, we lease 80,000 square metres for electrical goods, sofas and chairs, and 20,000 square metres for decoration. In Lyon, we have enlarged our facilities from 60,000 square metres to 90,000 square metres for furniture and generic electrical goods.

Product Delivery

Products not in stock are sent from our distribution centres to local stores, where they are subsequently collected or delivered directly to the customer. Deliveries from our distribution centres to local stores are carried out by third party transportation companies in an effort to optimise costs and minimise the impact of seasonality.

Deliveries from our stores to customers are carried out by a third party when customers request delivery. If customers decide to take their purchase home with them, and if the product is in stock, then the product is collected from the on-site warehouse. We maintain inventory at our stores to deal with fluctuations in demand. On average it takes from one to two weeks for furniture to be delivered from our distribution centres to our stores. Depending on the size of the store, we typically ship products between one to four times per week to each individual store from our distribution centres.

Customers can also request delivery directly from our distribution centres and view the full stock of each store through our online platform.

Intellectual Property

We rely on trademark and copyright laws, confidentiality procedures and contractual provisions to protect our intellectual property rights. We regard our intellectual property as a valuable asset in the marketing of our products and actively take steps to protect our intellectual property rights when and where we deem appropriate.

We have registered the “BUT” logo as well as the names of certain key products with the appropriate authorities in various jurisdictions. We have also registered the “BUT” logo with the World Intellectual Property Organisation (**WIPO**). Additionally, we have registered slogans such as “*On s’y retrouve tous*” (“You’ll find it all”) and “*Choisissez bien, choisissez BUT*” (“Choose well, choose BUT”). We believe that such filings, which exceed 100 in total, enhance our competitive advantage by contributing to the brand’s recognition and value. We have also registered variations of the “BUT” domain name.

Information Technology

Our business depends on the ability of our employees to process transactions on secure information systems and our capacity to store, retrieve, process and manage information. Our information technology (**IT**) systems, other than those relating to our insurance and financial services activities, are managed in-house and rely both on internal systems and external market software. We own the hardware and software used in all our stores (both directly-operated and franchised). Our primary enterprise software is NOSICA, which has been developed internally and which integrates our operations by linking each store to our IT network. Our stores use OPEN BRAVO cash software and ATOS Worldwide monetics software to run the stores’ cash registers and upfront systems. Our distribution centres use REFLEX WMS, a central management tool used in our distribution centres to track the movement of goods. A new software, LOGOMATE, is also being developed for use in our distribution centres as a tool for supply chain management, including to forecast stocking requirements of our stores, and is planned for release in September 2021. Accounting is managed through UNIT 4 CODA market software. We have two data centres dedicated to the storage of our most sensitive applications, including NOSICA. In order to back up our data we use Amazon Datacenter. See “*Risk Factors—Risks Relating to Our Business and Industry—A disruption in our information technology systems and/or website could adversely affect our operations*”.

Property

Our head office is located in Emerainville, France (near Paris). We have four distribution centres in France, all of which are leased, two in Lyon (Mions and Pusignan) and two in Mer.

As of 31 March 2021, out of our 209 directly-operated stores in France we leased 206 stores and owned four properties, of which one is sublet to the retailer Decathlon. The leases are treated as operating leases under IFRS.

Approximately 70% of the lease agreements we have entered into are commercial leases with a nine-year term and an option to terminate the lease at the expiry of every three-year period subject to a six-month prior notice to terminate. The remainder of our lease agreements are 12-year leases. Since 1 July 2019, the Group has been applying IFRS 16 (Leases) that has significantly impacted our financial statements: rental expenses have been replaced by amortisation and interest expenses, and we will incur a financial debt in our balance sheet. The average age of our leases until the next renewal is 4.1 years. Rental agreements accounting for nearly 50% of our rental costs are not due to renew until after 2022, and about 58% of the leases provide that the rent shall be paid in advance on a quarterly basis and is yearly indexed in accordance with the ILC (*Indice des loyers commerciaux*). Pursuant to such lease agreements, the lessor is often responsible for major works (Article 606 of the French Civil Code). Certain lease agreements provide for a permission to sublet and assign the lease. Pursuant to certain lease agreements, we as a lessee benefit from a priority right in the case of a transfer of the leased property or of the shares of the lessor. With a total of 263 leases, we do not have a meaningful lessor concentration with the largest lessor accounting for only 27 leases, representing 10.2% of all leases.

Employees

As of 31 March 2021, we had 6,661 full-time employees, of which 5,982 had an indefinite term in their employment contract.

We believe that we have good working relationships with our employees and their representatives and have not experienced any significant labour disputes or work stoppages.

As part of our focus on customer service, we incentivise our sales personnel using a performance-based incentive scheme under which sales staff earn incentives based on sales of furniture, electrical goods and services (mainly extended warranties and consumer credit offerings). Incentives earned are paid at the end of each month on top of a base salary. Our store and area sales managers are primarily remunerated on the basis of performance-related bonuses, plus a base salary element.

We believe our corporate culture is the key to our success, and we strive to include every employee in our ongoing development.

Environmental Matters

We are subject to several national and local environmental laws and regulations. We believe that we are currently in substantial compliance with all applicable environmental and safety regulations. These environmental, health and safety laws and regulations, however, are constantly changing, as are the priorities of those who enforce them. We cannot assure you that environmental conditions relating to any of our prior, existing or future properties, assets or products will not have a material adverse effect on our business, financial condition or results of operations. Please see *“Risk Factors—Risks Relating to Our Business and Industry—Compliance with and liability under environmental, real estate, health and safety laws and regulations could impose substantial costs upon us and could subject us to fines and penalties”*.

We are a founding member of the non-profit organisation Éco-mobilier, which was founded in order to satisfy certain legal obligations relating to financing for recycling furniture. BUT International SAS satisfies these legal obligations by means of a contribution that is collected for each item of furniture sold at our stores, which is then passed on to Éco-mobilier.

Insurance

We maintain insurance to cover risks associated with the ordinary operation of our business, including general liability, property coverage, product liability, directors’ and officers’ liability, fraud, terrorism and workers’ compensation insurance. We insure our headquarters, warehouses, manufacturing facilities, delivery fleet and stores against such hazards as fire, explosion, theft, flood, mischief and accidents. All of our policies are underwritten with insurance providers we believe to be reputable, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We believe that our insurance coverage is sufficient for the risks associated with our operations.

Competitors

In the furniture market, we compete mainly against international furniture retailers, such as Ikea, Maisons du Monde, Conforama France (which was acquired by Mobilux, our indirect parent, in September 2020), other locally-owned regional or independent retail specialty stores that sell furniture (including bedding specialists, such as Maisons de la Literie and Compagnie du Lit, and kitchen specialists, such as Ixina and Schmidt) and online players (including Cdiscount). Competition is generally based on product quality and choice, brand name recognition, price (including with respect to consumer finance) and service, as well as the number and location of stores. For more information, see *“Industry”*.

In the electrical goods market, we compete against a diverse set of retailers, including French national merchants such as Fnac/Darty and Boulanger, hypermarkets and supermarkets, and locally-owned regional or independent retail specialty stores that sell home appliances and consumer electronics that are similar, and often identical, to the items we sell. We also face competition from retailers that market products through catalogues and the internet such as Amazon and Cdiscount.

Regulatory Matters

Data Protection

Our customer database is subject to numerous laws, including laws in relation to data protection. It is uncertain what impact, if any, further changes to data protection regulations could have on our operations, including the EU General Data Protection

Regulation (Regulation (EU) 2016/679) (**GDPR**) that came into effect in May 2018, and we cannot assure you that future changes in the requirements or enforcement and interpretation of these regulations will not have a material adverse effect on our business, financial condition or results of operations. See “*Risk Factors—Risks Relating to Our Business and Industry—Failure to protect the integrity, security and use of our customers’ information and media could expose us to litigation and materially damage our standing with our customers*”.

In France, we are also subject to the law No. 78-17 of 6 January 1978 *relative à l’informatique, aux fichiers et aux libertés* (as amended on 21 June 2018), for our collection and processing of personal data, including customer data (the **LIL**) and the French Postal and Electronic Communications Code (*Code des postes et de communications électroniques*) (the **CPCE**).

The LIL sets out the national derogations from the GDPR, defines individuals’ rights to their personal information and gives the French Data Protection Authority (*Commission Nationale de l’Informatique et des Libertés*, or **CNIL**) notably the power to intervene on their behalf. It also covers other matters not addressed by the GDPR, such as implementation of EU Law Enforcement Directive (EU) 2016/680. The CNIL has a wide range of powers, including the power to temporarily or permanently suspend data processing operations, order the deletion of data, conduct investigations and spot audits and/or request a competent court to order the adoption of any necessary measures. The CNIL can issue the sanctions permitted by the GDPR and additional fines for non-compliance and it may also order the publication of its enforcement actions. Criminal sanctions can also apply for non-compliance with the LIL under the French Criminal Code.

The CPCE (as amended by the 2004 Law for Trust in the Digital Economy) implements certain obligations of the EU Directive 2002/58/EC on privacy and electronic communications, as amended (the **ePrivacy Directive**), including rules relating to direct marketing by electronic means (e.g., email, SMS, online messaging), which are of particular relevance to our marketing activities. In addition, the LIL comprises provisions relating to the use of cookies and the CNIL recently issued new guidelines in this respect which it is currently enforcing.

On 10 January 2017, the European Commission published a proposal for an e-privacy regulation, replacing the ePrivacy Directive. To date, the draft e-privacy regulation is still subject to ongoing discussions (on the basis of the latest proposal agreed upon on 10 February 2021 by the Council of the European Union) and a final version thereof is expected in the upcoming months.

Financial Services

In addition to our main commercial activities, we offer certain limited financial services to our retail customers as an intermediary and in cooperation with leading financial institutions, which subjects us to various degrees of banking and financial regulation in France. We have obtained all necessary licenses and have made all necessary registrations in connection with such financial services offerings and conduct the related insurance operations in substantial compliance with applicable regulations.

The EU Consumer Credit Directive 2008/48/EC was adopted in April 2008, and has been implemented in France through certain regulations that introduce changes to the French consumer credit regulatory framework (the **Consumer Credit Regulations**).

A Consumer Credit Regulation called the Lagarde Law came into full effect on 1 May 2011 and applies to any consumer credit agreement entered into after this date, as well as certain agreements entered into before that date, provided that the conditions laid down in a French decree dated 26 April 2011 are met. Our consumer financing operations and our marketing and communication department both comply with the Lagarde Law.

In addition, the *Loi Hamon* introduced on 17 March 2014 requires, *inter alia*, retailers offering a loyalty programme including renewable credit, to also offer those customers another loyalty programme that is not linked to any credit offering; since 1 July 2016, this requirement has been applicable to any retailer offering a loyalty programme including any kind of credit, even if the credit is not renewable. Our loyalty programme and credit offering are offered to customers as separate financing options, and they comply with applicable laws and regulations. See “*Risk Factors—Risks Relating to Our Business and Industry—Material adverse trends in the factors affecting our offering of finance options to our customers, including further tightening of credit standards and recent and future regulatory changes, could have a significant negative impact on our future financial performance*” and “*Enforcement of Civil Liabilities*”.

Credit agreements fall within the scope of the Consumer Credit Regulation if the following criteria are met: (i) the creditor is a person who grants certain type of credit in the course of his business or professional activities; (ii) the debtor or consumer is

a natural person who has a contractual relationship with such creditor and who is acting for purposes which are not related to his business or professional activities within the context of a credit transaction; (iii) the credit is in the form of a deferred payment, a loan, or other similar financial accommodation, except for agreements for the provision on a continuing or successive basis of services or for the supply of goods of the same kind, where the consumer pays for such services or goods for the duration of their provision by means of instalments; and (iv) the agreement does not come within a statutory exemption (for instance, credit agreements involving a total amount of credit less than €200 or exceeding €75,000; credit agreements granted free of interest and without any other charges except for insignificant charges and under the terms of which the credit has to be repaid within three months; or credit agreements relating to real estate projects).

A credit agreement that is regulated under the Consumer Credit Regulation must include certain minimum information set forth in the Consumer Credit Regulation.

The Consumer Credit Regulations requires, *inter alia*, that, before making a loan, lenders must (i) verify the solvency of, and provide an explanation and information to, borrowers, (ii) deliver a pre-contractual information sheet to the borrower containing the information needed to compare different offers, (iii) consult the credit rating reports showing any incidents of failure to repay a debt (*Fichier national des incidents de remboursement des crédits aux particuliers*), and (iv) provide a legally mandated withdrawal period (which is set by law at 14 days), during which the borrower may decide to cancel the loan without cause and without penalty. Regulations also affect the maximum amounts that consumers can borrow and maximum interest rates (usury rates). Furthermore, the law provides for (i) an obligation to specifically train sellers in retail outlets in making consumer loans, (ii) the regulations of commissions paid to the sellers, and (iii) for loans made at the point of sale, an obligation on retailers to deliver a questionnaire and information sheet to be completed by the seller and the borrower. For loans exceeding €3,000, the questionnaire must be supplemented by supporting documents. Certain types of consumer loans, such as revolving credits or specific purchase loans, are subject to additional requirements.

Pursuant to Articles L. 322-1 *et seq.* of the French Consumer Code, intermediaries, who offer credit agreements on behalf of financial institutions, must also comply with certain specific rules regarding, in particular, information to be provided to consumers prior to the conclusion of a credit agreement. For the sake of clarity, such obligations are separate to those applicable to financial institutions themselves, as described above.

Additional pre-contractual transparency obligations for certain operations of online platforms were introduced by the Law for a Digital Republic (*loi n°2016-1321 du 7 octobre 2016 pour une République numérique*), which became effective in 2018.

In addition, a debtor will be entitled, at any time, to fully or partially repay the credit. The implementation of the Directive has enabled the creditor to claim compensation for early repayment, subject to certain exceptions and provided that the amount of the early repayment exceeds €10,000 within any period of twelve months. If the period of time between the early repayment and the agreed termination of the credit agreement exceeds one year, the compensation may not exceed 1% of the amount of credit repaid early (or 0.5% if such period of time does not exceed one year), provided that in any case, such compensation shall not exceed the amount of interest the debtor would have paid during the period between the early repayment and the agreed date of termination of the credit agreement.

The Consumer Credit Regulation also provides for additional changes which aim to strengthen the protection of consumers and limit their entry into renewable credit facilities, which may give rise to higher fees than non-renewable loan products, including the following changes:

- compensation of salespeople cannot depend upon the type of credit contract they made customers enter into or the interest rate at which the credit was granted;
- if the contemplated credit exceeds €1,000, customers must be offered the possibility to subscribe to a credit loan instead of an automatically renewable credit facility; and
- loyalty programmes of renewable credits cannot be subject to the use of a renewable credit facility.

If a credit agreement which falls within the scope of the Consumer Credit Regulation does not comply with the requirements described above, or if the creditor does not fulfill any obligations under the credit agreement, the creditor will, depending on the breach committed, lose the right to interest or be liable to a fine.

Regulations governing franchise operations in France

In France, various provisions set out relationships between franchisor and franchisee and operate to afford protection to franchisees, including as a result of the Loi Doubin (Law no. 89-1008 of 31 December 1989) (the ***Loi Doubin***) and certain provisions of the French Commercial Code. Franchisees are in principle deemed to be independent entrepreneurs. The Loi Doubin and certain provisions of the French Commercial Code provide certain protections to franchisees in the context of the entering into of a franchise agreement and franchisors are subject to regulations preventing undue interference of a franchisor in franchisees' business operations, as well as requiring that franchisors provide certain information to franchisees and potential franchisees. For example, franchisors are required to provide potential franchisees, or current franchisees contemplating the opening of a new store, with certain information at least 20 days prior to entering into a franchise agreement. Such pre-contractual information (***Document d'Information Précontractuel*** or ***DIP***) should address, among other things, the franchisor's performance, network, industry, local market and terms of the franchise agreement. French law also contains various other important provisions that could apply to franchising relationships, including, for instance, specific rules and requirements regarding (i) payments that may be required prior to conclusion of the franchise agreement and their consideration, (ii) duration and termination of contracts in the context of "commercial distribution networks" ("*réseaux de distribution commerciale*") and (iii) non-competition provisions and, in particular, post-contractual relationship non-competition provisions. Moreover, issues in terms of exclusivity commitments and competition law may arise in the context of franchising relationships, including regarding vertical restraints and price fixing issues. Ordonnance no. 2016-131 dated 10 February 2016 reforming general contract law and proof of obligations came into force on 1 October 2016. This ordinance introduced new provisions to French law, as subsequently amended by Law no. 2018-287 of 20 April 2018, certain of which are likely to have an impact on the franchise relationships and contracts and the DIP that we enter into with our franchisees.

Regulations governing business-to-business relationships, including relationships between suppliers and distributors (purchase for resale) in France

Relationships between supplier and distributors as well as any other commercial (business-to-business) relationships are more generally regulated in France. Specific rules apply notably to (i) business partners' negotiations and formalisation of their relationships, (ii) payment terms and late payments mechanisms and (iii) certain prohibited practices (for example, obtaining or seeking to obtain an advantage that has no consideration or that is manifestly disproportionate compared to the value of the service provided, submitting or attempting to submit the other party to obligations creating a "significant imbalance" in the parties' rights and obligations, and "sudden termination" of an established commercial relationship). The legal framework of these prohibited practices has been recently amended, including by the Ordinance 2019-359 dated 24 April 2019 and laws 2020-1525 dated 7 December 2020 and dated 3 December 2020.

In relation to relationships between suppliers and distributors (purchase for resale), there exist strict rules and regulations under French law. Depending on the type of product purchased/sold, there are specific requirements applicable to the parties' negotiations and to the formalisation of the parties' relationship in a specific agreement, whose content and duration are strictly regulated.

Regulations governing business-to-consumer relationships in France (including in an "e-commerce" context)

A wide range of rules and requirements apply in the context of business-to-consumer relationships, often as a result of EU legislation, including in terms of (i) consumer information, for instance on the price, (ii) content and clarity of contracts, (iii) prohibition of unfair commercial practices and unfair contract terms, (iv) distance selling and online trading, (v) conformity and safety of products and (vi) legal guarantees. Some additional rules also apply in the context of e-commerce relationships between customers and professionals. This is the case for specific withdrawal rights offered to customers in such context or reinforced transparency obligations vis-à-vis such customers. Moreover, consumer credits are also specifically and strictly regulated in France and should be taken into account if a company is engaged in consumer credit activities.

General

Our other operations are also subject to governmental regulation concerning, among other things, export and import quotas and other customs regulations; consumer and data protection; the advertisement, promotion and sale of merchandise; product safety; the health, safety and working conditions of our employees; the safety of our stores and their accessibility for the disabled; and our competitive and marketplace conduct. We cannot assure you, however, that any future changes in the requirements or mode of enforcement of these laws and regulations will not have a material adverse effect on our business, financial condition or results of operations. Please see "*Risk Factors—Risks Relating to Our Business and Industry*—

Compliance with and liability under environmental, real estate, health and safety laws and regulations could impose substantial costs upon us and could subject us to fines and penalties”.

Legal Proceedings

We may from time to time be party to administrative, court and arbitration proceedings in various countries, which entail liability risks. We do not believe these proceedings, if decided against us, would have a significant impact on our results of operations or financial position. However, we cannot give assurance that we will prevail in these or other proceedings that we may from time to time be involved in or that the insurance cover we have in place or the risk provisions that we have taken will be sufficient to cover such liabilities.

In France, we are currently involved in various court proceedings in the ordinary course of business, mainly with suppliers and franchisees, as well as with consumers, competitors, our employees and employees of third parties. Although we are not able to reasonably estimate the potential liability related to these matters, we do not believe that these proceedings, if decided against us, would have a significant impact on our results of operations or financial position. See “*Risk Factors—Risks Relating to Our Business and Industry—We may face labour disruptions and disputes that would interfere with our operations*”.

Tax Audit Related Proceedings

The tax audit of BUT International SAS for the years ended 30 June 2015, 2016 and 2017 lead to a questioning of our transfer pricing policy between our Hong Kong based sourcing entity and BUT International SAS. The tax administration reassessed €1.9 million of BUT International SAS’s taxable income.

We strongly disagree with the outstanding tax reassessments engaged by the tax authorities and are currently disputing them.

MANAGEMENT

Issuer

The Issuer is a limited liability company (*société par actions simplifiée*) incorporated in France and is managed by its president (*président*). On the date of this Offering Circular, the president of the Issuer is Alice Schmauch. On the date of this Offering Circular, the business address of the Issuer is 1 Avenue Spinoza, 77184 Emerainville, France. The Issuer is a wholly-owned subsidiary of Mobilux Acquisition SAS.

Mobilux Acquisition SAS

Mobilux Acquisition SAS is a limited liability company (*société par actions simplifiée*) incorporated in France. Mobilux Acquisition SAS is managed by a management board (*Directoire*) (the **Management Board**), which includes the président (the **CEO**), under the supervision of Mobilux Acquisition SAS's supervisory board (*Conseil de Surveillance*) (the **Supervisory Board**). On the date of this Offering Circular, the business address of Mobilux Acquisition SAS is 1 Avenue Spinoza, 77184 Emerainville, France. The business address of our Management Board is 1 Avenue Spinoza, 77184 Emerainville, France.

Mobilux Acquisition SAS Supervisory Board

Mobilux Acquisition SAS's Supervisory Board is responsible for supervising the actions of the President and the Management Board. The Supervisory Board also approves principal transactions and other operational decisions made by Mobilux Acquisition SAS's subsidiaries (including, among others, the sale or acquisition of material assets, material joint ventures, material capital expenditure and lease commitments, debt financing, equity issuances, changes to the board composition and setting the annual budget) before such subsidiaries implement such transactions or decisions.

The Supervisory Board has eight members, with four CD&R-designated members and four WM Holding-designated members.

The table below sets forth the names and ages (as of 31 March 2021 of the eight members of the Mobilux Acquisition SAS Supervisory Board on the Issue Date.

Name	Age	Position
Sir Terence Leahy.....	65	President
Marco Herbst.....	48	Member
Gregory Lai.....	42	Member
Diana Moraru.....	30	Member
Matthias Ley.....	39	Member
Bertrand Lefort.....	53	Member
Nikola Seifert.....	28	Vice-President
Jacques Yvrai.....	60	Member

Sir Terence (Terry) Leahy, 65, became a senior advisor to CD&R in 2011. Sir Terry is currently Chairman of BUT and Conforama France, and a Director of Motor Fuel Group. Previously, Sir Terry worked at Tesco plc for thirty-two years, during which he served in a number of senior positions, including Chief Executive Officer from 1997 to 2011. Sir Terry was Chancellor of The University of Manchester Institute of Science and Technology, his alma mater, from 2002 until 2004, when he became a Co-Chancellor of the newly-formed University of Manchester. Sir Terry graduated from the University of Manchester Institute of Science and Technology and has been awarded with a Doctor of Science from Cranfield University in June 2007.

Marco Herbst, 48, is a partner at CD&R and joined the firm in 2006. He is currently a Director of BUT, Conforama France and Motor Fuel Group, and was a Director of B&M Retail and British Car Auctions. Before joining CD&R, Marco worked for Duke Street Capital and Merrill Lynch & Co. Marco is a graduate of Università Commerciale Luigi Bocconi in Milan, Italy.

Gregory Lai, 42, is a partner at CD&R. Gregory is currently a Director of BUT, Conforama France and Motor Fuel Group, and was a Director of B&M Retail. Previously, he worked at Mubadala Development Company, where he helped to establish Mubadala Capital. Prior to that, he worked in the Investment Banking Division of Citigroup. Gregory graduated from ESCP-EAP European School of Management in Paris.

Diana Moraru, 30, is a principal at CD&R and joined the firm in 2014. Diana is currently a Director of BUT and Conforama France. Before joining CD&R, she worked in the investment banking division of Goldman Sachs in London. Diana graduated from The London School of Economics.

Matthias Ley, 39, is a managing director at WM Holding. Since 2014, Matthias is also an investment manager at XXXLutz Group based in Wels Austria. Previously, he was working in consulting and retail. Matthias is a graduate of the University of Applied Sciences Wr. Neustadt and holds an M.B.A. from IESE Business School.

Bertrand Lefort, 53, has been in charge of several international business units in the XXXLutz Group since 2017. Prior to 2017, Bertrand held executive positions in furniture retail in Switzerland, France, Iberia and Italy. He also worked in consulting and is a graduate of EM Lyon Business School.

Nikola Seifert, 28, is member of the management board of the XXXLutz Group. Amongst others, she manages certain international subsidiaries of the Group. She holds a decree in law from the University of Innsbruck.

Jacques Yvrai, 60, is Chief Executive Officer of the Yvrai group, a company bringing together self-storage, furniture and property management activities. Jacques is a graduate of the University of Grenoble and holds a DEA, doctor in business administration.

Committees of the Mobilux Acquisition SAS Supervisory Board

Under the Partnership Agreement, Mobilux Acquisition SAS's Supervisory Board will establish, set the scope of and maintain a compensation and human resources committee (the **Remuneration Committee**) and an audit and risk review committee (the **Audit Committee**) and such other committees as the parties to the Partnership Agreement mutually agree in accordance with its terms (the Remuneration Committee, Audit Committee and any such other committee, collectively, the **Committees**). Each Committee will comprise at least four members, with each Sponsor appointing an equal number of members. See "Principal Shareholders—Partnership Agreement".

Management Board

The Group's management board (the **Management Board**) is effectively responsible for our day-to-day operation and management, subject to the supervision and prior approval (if required) of the Supervisory Board as described above. Certain members of the Management Board also serve as executive officers of BUT SAS.

The table below sets forth the names and ages (as of 31 March 2021) and positions of the members of senior management, including all members of the Management Board, and their respective functions.

Name	Age	Position
Alexandre Falck.....	54	Chief Executive Officer
Alice Schmauch.....	38	Chief Financial Officer
Vincent Dosne	55	Head of Sales and Marketing
Thierry Leron.....	53	Head of Marketing, Customer Experience and eCommerce
Frank Wendling	51	Head of Human Resources
Flavien Dhellemmes	48	Head of Purchasing
Gilles Rey	55	Chief Operating Officer

Alexandre Falck, 54, currently serves as our Chief Executive Officer. Prior to joining us, he started his career in Arthur Andersen, before joining Carrefour (the largest French food retail listed company), where he occupied different operational and management positions, including store and regional manager in Asia and head of Carrefour market in France (1000 supermarkets). He then joined Kingfisher as head of Brico Dépôt in France, a brand dedicated to DIY and home improvement products with stores located in France, Spain, Portugal and Romania. Before joining BUT, Alexandre was the head of Les Mousquetaires, a privately owned retailing group. Alexandra Falck is also the Chief Executive Officer of BUT SAS, BUT International SAS, Cogesem SAS and Immobut SCI. He graduated from Ecole nationale supérieure d'agronomie et des industries alimentaires and HEC Paris.

Alice Schmauch, 38, currently serves as our Chief Financial Officer. Prior to joining us, she started her career within the holding of Casino Group, before working at the Strategic Direction of Casino, where she held various managerial positions in finance, such as Head of Management Control of Casino France and Chief Financial Officer of Franprix Leader Price business unit. She is also a managing director of BUT SAS, BUT International SAS and Cogesem SAS. She graduated from HEC Paris.

Vincent Dosne, 55, currently serves as Head of Sales and Marketing. Prior to joining us, he worked for Conforama from 1988 to 2009 and for Brico Dépôt from 2009 to 2016, as store manager, regional manager, head of furniture purchases and head of sales. He graduated from the Reims IUT.

Thierry Leron, 53, currently serves as Head of Marketing, Customer Experience and eCommerce. Prior to joining us in 2014, he worked for the Kering Group (previously referred to as the PPR Group) in various web and marketing functions in France, Scandinavia and the United States, including as vice president for e-commerce at La Redoute from 2006 to 2010. He also worked as senior vice president digital at Virgin Mega from 2011 to 2013. He graduated in finance from the University Paris II Panthéon Assas and from the Institute of Political Science of Bordeaux.

Frank Wendling, 51, currently serves as our Head of Human Resources. Prior to joining us in 2010, he served as human resources director within the Kering Group (previously referred to as the PPR Group) from 2002 to 2003, Printemps Haussmann from 2004 to 2006 and Conforama from 2006 to 2010. He is also a managing director of BUT SAS and BUT International SAS. He obtained a degree in human resources from the Bordeaux I.A.E.

Flavien Dhellemmes, 48, currently serves as our Head of Purchasing, Sourcing, Category Management and Pricing. He has also served on the board of EcoSystème since 2009 and Eco-Mobilier since 2015. Prior to joining us in 2015, he worked with Auchan in France from 2000 to 2015 in various purchasing functions. Mr. Dhellemmes was also the co-founder and CEO of Auchan Telecom. Prior to working at Auchan, Mr. Dhellemmes worked at Arc International in the UK from 1995 to 2000. He obtained a Master in International Business at ISCID, a European Business Degree at Gordon University in Aberdeen and an MBA at EDHEC.

Gilles Rey, 56, currently serves as our Chief Operating Officer. Prior to joining, he gained significant experience in retail supply chain and operations within different retail companies, including Kingfisher plc (as Group Sourcing Director), Auchan (as Operations Director China) and Kiabi (as Supply Chain Operations Manager Asia). He graduated from University Paris I La Sorbonne and from the Institute of Political Science of Paris.

Pursuant to the Partnership Agreement, certain decisions cannot be undertaken by the Management Board unless approved by the Supervisory Board.

These include, among others:

- acquisitions and disposals over certain thresholds;
- material changes in nature of business;
- adoption of annual budgets and business plans;
- changes in accounting policies or practices;
- appointments and compensation arrangements of senior management;
- making of certain capital expenditures;
- entering into joint ventures;
- entering into any material contracts over certain thresholds or related party contracts; and
- entering into certain agreements or facilities affecting indebtedness.

Executive Compensation

The aggregate remuneration accounted to the members of the Management Board for the fiscal year ended 30 June 2020 was €3.2 million.

Our executive officers are remunerated by base salary, performance-related incentives and a long-term equity-based incentive programme. The performance-related incentives are determined by the Supervisory Board. They are based on the Group's EBITDA. All compensation packages are reviewed annually by the Supervisory Board.

Employment Agreements

All members of the Management Board are employed by Mobilux Acquisition SAS. The contracts of all the members of the Management Board may be terminated in accordance with French law on three months' notice, except for Alexandre Falck, for whom the termination notice period could reach a maximum of nine months.

All members of the Management Board have a non-compete clause in their employment contracts in France, which is remunerated at different rates of the relevant employee's average monthly total over the last twelve months.

Incentive Programme

Since 17 November 2016, the Group has implemented a management incentive programme pursuant to which certain senior managers of the Group have acquired, directly (through the allocation of free shares) and indirectly (through a management company), less than 5% of the share capital in Mobilux 1 SAS. In this context, the managers entered into (i) a shareholders' agreement in respect of Mobilux 1 SAS and (ii) put and call option agreements regarding their shares in the management company and their free shares.

In addition, in order to enable these managers or other managers to make additional investments in Mobilux 1 SAS in the future, a reserve was put in place after 17 November 2016, consisting of (i) additional shares in the capital of Mobilux 1 SAS, to be subscribed for by the management company, and (ii) the allocation of additional free shares to be issued by Mobilux 1 SAS.

Other managers may be invited to invest in Mobilux 1 SAS in the future, either through the reserve or otherwise, directly and/or indirectly through one or several management companies.

PRINCIPAL SHAREHOLDERS

Ownership of the Issuer

The Issuer is a private limited liability company (*société par actions simplifiée*) formed on 25 July 2016. The Issuer is wholly-owned by Mobilux Acquisition SAS, which is a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France. Mobilux Acquisition SAS is wholly-owned by Mobilux 2 SAS, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, which in turn is wholly-owned by Mobilux 1 SAS, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, which in turn is owned by Mobilux S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg.

The Issuer is indirectly owned (through Mobilux S.à r.l.) by certain investment funds managed by Clayton, Dubilier & Rice, LLC and WM Holding GmbH. Since 17 November 2016, certain members of management (collectively, the **Management Investors**) are expected to invest in Mobilux Acquisition SAS and its subsidiaries through a direct or indirect investment in Mobilux 1 SAS in connection with a management incentive programme implemented by the Group. See “*Management—Incentive Programme*”.

The Sponsors

On the date of this Offering Circular, investment funds managed by Clayton, Dubilier & Rice, LLC and WM Holding GmbH (**WM Holding**) indirectly own (through Mobilux S.à r.l.) 95.8% of the Group, and senior members of our management team directly or indirectly own 4.2% of the Group in connection with our management incentive plan.

Mobilux S.à r.l., the ultimate parent company of the Issuer, is owned by the Sponsors as follows:

- *Investment funds managed by Clayton, Dubilier & Rice, LLC:* CD&R Mobilux S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, owns 50% of Mobilux S.à r.l. CD&R Mobilux S.à r.l. is wholly-owned by CD&R Balloon Holdings, L.P. (**CD&R Balloon**). The limited partners of CD&R Balloon are Clayton, Dubilier & Rice Fund IX L.P., Clayton, Dubilier & Rice Fund IX-A L.P. and CD&R Advisor Fund IX, L.P.
- *WM Holding GmbH:* WM Holding GmbH, a private limited company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria, owns 50% of Mobilux S.à r.l. WM Holding is 100% owned by MW Holding GmbH (**MW Holding**), whereby MW Holding holds (i) a direct interest equal to 75% and (ii) an indirect interest equal to 25% indirectly through its wholly owned subsidiary RYM GmbH. MW Holding in turn is 100% directly owned by Dr. Andreas Seifert, 66, a founder and member of the management board of the XXXLutz Group and the ultimate beneficial owner of WM Holding. He is a graduate of Wirtschaftsuniversität of Vienna, Austria and holds a doctorate in law from the University of Vienna. The XXXLutz Group is one of Europe’s three largest furniture retailers. Established in 1945 and headquartered in Wels, Austria, XXXLutz Group employs approximately 25,700 employees and has approximately €5.1 billion annual turnover. In addition to furniture, XXXLutz Group sells home furnishings, curtains, baby items, lighting, flooring, oriental carpets, giftware, housewares and home accessories.

CD&R

Clayton, Dubilier & Rice, LLC, also referred to as “CD&R”, is a private equity firm that manages investments in global businesses and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has managed the investment of over \$34 billion in 102 U.S. and European-headquartered companies with an aggregate transaction value of more than \$145 billion. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies.

WM Holding

WM Holding GmbH, a private limited company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria, owns 50% of Mobilux S.à r.l. WM Holding is 100% owned by MW Holding GmbH (**MW Holding**), whereby MW Holding holds (i) a direct interest equal to 75% and (ii) an indirect interest equal to 25% indirectly through its wholly owned subsidiary RYM GmbH. MW Holding in turn is 100% directly owned by Dr. Andreas Seifert, 66, a founder and member of

the management board of the XXXLutz Group and the ultimate beneficial owner of WM Holding. He is a graduate of Wirtschaftsuniversität of Vienna, Austria and holds a doctorate in law from the University of Vienna. The XXXLutz Group is the second largest furniture retailer in Europe. Established in 1945 and headquartered in Wels, Austria, XXXLutz Group employs approximately 25,700 employees and has approximately €5.1 billion annual turnover. In addition to furniture, XXXLutz Group sells home furnishings, curtains, baby items, lighting, flooring, oriental carpets, giftware, housewares and home accessories.

Management Investors

Since 17 November 2016, the Management Investors invest in Mobilux Acquisition SAS and its subsidiaries through a direct or indirect investment in Mobilux 1 SAS in connection with the management incentive programme. See “*Management—Incentive Programme*”.

Partnership Agreement

CD&R Balloon Holdings L.P. and WM Holding GmbH, as shareholders of Mobilux S.à r.l, entered into a partnership agreement, dated as of 24 June 2016 (as amended, the ***Partnership Agreement***), reflecting the Sponsors’ agreements with respect to their respective rights and obligations in connection with their investment Mobilux S.à r.l. and its subsidiaries, including the respective governance and exit rights and other matters related to the transfer of their interests. In general, significant corporate decisions affecting Mobilux S.à r.l. and its subsidiaries require the approval of both of the Sponsors.

Under the Partnership Agreement, the Sponsors have agreed that Mobilux S.à r.l is to be managed by a board of directors with four members, two of whom would be designated by CD&R and two by WM Holding. The Partnership Agreement includes governance arrangements with respect to certain decisions by Mobilux Acquisition SAS, as well as certain notice and quorum requirements and non-compete restrictions for certain actions, such as acquiring similar business interests, transacting business and soliciting Group employees. See “*Management—Mobilux Acquisition SAS—Management Board*”. Transfers of interests in Mobilux S.à r.l are generally subject to the consent, or right of first refusal or tag-along right in favour of, the non-transferring party. The Partnership Agreement sets forth the scope of business, delegation of powers to committees and exit rights and obligations.

Mobilux 1 SAS Shareholders’ Agreement

Mobilux S.à r.l. and the Management Investors (directly and through a management company) entered into a shareholders’ agreement with respect to their respective rights and obligations in connection with their investment in Mobilux 1 SAS and its subsidiaries, including the respective governance and liquidity rights and other matters related to their investments. Major corporate decisions require the prior approval of the Mobilux Acquisition SAS Supervisory Board. The shareholders’ agreement provides for customary exit rights, such as right of first refusal, a tag-along right in favour of the non-transferring party, and a drag-along right in favour of the transferring Sponsors.

In addition, the Sponsors have entered into a separate shareholders’ agreement, which addresses certain governance matters discussed in “*Management*”, including certain tag-along, drag-along and registration rights.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

For a description of the arrangements regarding the investment by the Sponsors, see “*Principal Shareholders—Partnership Agreement*”.

For a description of the arrangements regarding the investment by the Management Investors, including their investment in our new management equity programme, see “*Management—Incentive Programme*” and “*Principal Shareholders—Management Investors*” and “*Principal Shareholders—Mobilux 1 SAS Shareholders’ Agreement*”.

Consulting and Indemnification Agreements

Mobilux Acquisition SAS is party to consulting and indemnification agreements with Clayton, Dubilier & Rice, LLC and MW Holding GmbH, pursuant to which Mobilux Acquisition SAS has agreed to pay a fee of €500,000 per annum to each of Clayton, Dubilier & Rice, LLC and MW Holding for consulting, management, advisory and other services as requested by Mobilux Acquisition SAS from time to time. In addition, Mobilux Acquisition SAS has agreed to indemnify, among others, each of Clayton, Dubilier & Rice, LLC and MW Holding and their respective affiliates, directors, officers, partners, members, employees, agents and representatives against liabilities arising out of their performance of services rendered under the consulting and indemnification agreements and certain other claims and liabilities.

Indemnification Agreements

Mobilux S.à r.l. is party to indemnification agreements with Clayton, Dubilier & Rice, LLC and WM Holding, pursuant to which Mobilux S.à r.l. has agreed to indemnify each of Clayton, Dubilier & Rice, LLC and WM Holding, and, among others, their respective affiliates, directors, officers, partners, members, employees, agents and representatives against liabilities arising out of or in connection with the Transaction and certain other transactions, claims and liabilities.

Purchasing Arrangements

BUT International SAS has entered into certain purchasing arrangements with XXXLutz Group and Conforama France, under which the parties have agreed to cooperate on joint purchasing in order to achieve the economic advantages of increased purchasing volume, subject to certain geographic and other limitations, as well as to ensure the confidentiality of shared information.

We are a member of the GIGA International organisation, a sourcing association of 15 retail banners which is affiliated to the XXXLutz Group (the second largest furniture retailer in Europe by sales).

In addition, GIGA France materialises contracts for Conforama France and BUT with their respective suppliers for French and European goods, and Conforama France and BUT have given GIGA France a mandate to negotiate contractual arrangements with such suppliers on their behalf.

Proceeds Loans

In connection with the offering of the 2024 Notes, the Issuer entered into the Proceeds Loans, pursuant to which the Issuer on-lent the proceeds of the offering of the 2024 Notes to BUT SAS, BUT International SAS, Cogesem SAS and Mobilux Acquisition SAS. In connection with the Transactions, it is expected that the Issuer will amend the Proceeds Loans with Mobilux Acquisition SAS to reflect the on-lending of certain proceeds of the Offering and apply the proceeds of the Proceeds Loans (as amended).

Leases

BUT International SAS has negotiated certain lease arrangements with XLI France SAS, an affiliate of one of the Sponsors. As of 30 June 2020, BUT International SAS and XLI France SAS had entered into less than 20 lease agreements relating to our stores.

Other Related Party Transactions

We have an arrangement, on an arm’s length basis, to purchase goods in Asia for Conforama France, a furniture retail group acquired by Mobilux, our indirect parent, in September 2020. In addition, we have a similar arm’s length purchasing

arrangement to purchase goods in China for POCO, a company owned by XXXLutz Group. Under these arrangements, we started to ship goods for Conforama France and POCO in 2021.

In the ordinary course of business, we may supply or purchase goods and services to or from portfolio companies of CD&R or affiliates of WM Holding. We do not consider these transactions to be material to us, either individually or in the aggregate.

Licensing Arrangements

Since 2020, we have had a licensing arrangement with the XXXLutz Group, under which we license our “Time”, “Linea Natura”, “Zandiara and “Modern Living” brands developed by BUT to the XXXLutz Group in exchange for a fee.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following contains a summary of the expected material provisions of the New Super Senior Revolving Credit Facility Agreement and the Intercreditor Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. The terms of the New Super Senior Revolving Credit Facility Agreement and Intercreditor Agreement may differ from the terms described below. For further information regarding our existing indebtedness, see “Use of Proceeds”, “Capitalisation” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

New Super Senior Revolving Credit Facility

Mobilux Acquisition SAS, Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS (each as borrower and guarantor), the Parent Guarantor (as parent and guarantor) and the Issuer (as guarantor) will enter into the New Super Senior Revolving Credit Facility Agreement with certain lenders on the Issue Date. Funding under the New Super Senior Revolving Credit Facility Agreement is subject to a number of conditions precedent. We expect that the revolving credit facility under the New Super Senior Revolving Credit Facility Agreement will not be drawn on in connection with the Offering.

The description set forth below is a summary of the principal terms and conditions of the New Super Senior Revolving Credit Facility Agreement, and is qualified in its entirety by reference to the New Super Senior Revolving Credit Facility Agreement and the other documents entered into in connection therewith.

BNP Paribas is the coordinating mandated lead arranger, the revolving facility agent and the security agent, and Bank of America Europe Designated Activity Company, Barclays Bank PLC, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., acting through its French branch and RBC Capital Markets are the mandated lead arrangers (together with the coordinating mandated lead arranger, the **Senior Facilities Arrangers**) under the New Super Senior Revolving Credit Facility Agreement. The Senior Facilities Arrangers or certain of their affiliates are also the initial purchasers for the Offering of the Notes.

Structure

The New Super Senior Revolving Credit Facility Agreement provides for a revolving credit facility (the **New Super Senior Revolving Credit Facility**) of up to €139.5 million, to be made available by way of cash advances, bank guarantees, letters of credit and ancillary facilities.

The proceeds of the New Super Senior Revolving Credit Facility are to be used for the general corporate and working capital purposes of the Group.

The New Super Senior Revolving Credit Facility Agreement provides for an uncommitted incremental facility of up to (i) €50 million and (ii) an additional amount if, after giving effect to the incurrence of such additional amount, the Consolidated Super Senior Secured Leverage Ratio (as defined in the New Super Senior Revolving Credit Facility Agreement) shall not exceed 1.00:1.00, which may become committed in accordance with the terms of the New Super Senior Revolving Credit Facility Agreement.

The New Super Senior Revolving Credit Facility is finally repayable on the date falling six years from the Issue Date.

Interest Rate and Fees

Advances under the New Super Senior Revolving Credit Facility bear interest at rates per annum equal to LIBOR or, in relation to any loan in euro, EURIBOR plus an initial applicable margin of 3.25% per annum. The margin is subject to adjustment (up or down as appropriate) in accordance with the margin adjustment mechanism based on the Consolidated Secured Leverage Ratio (as such term is defined in the New Super Senior Revolving Credit Facility Agreement) and will range from 3.75% to 3.00% per annum.

In addition to paying interest on loans outstanding under the New Super Senior Revolving Credit Facility, the Parent Guarantor is also required to pay (or procure payment of) a commitment fee at a rate of a percentage per annum equal to 30% of the margin applicable to the New Super Senior Revolving Credit Facility on the undrawn and uncanceled revolving commitments from the

date of the New Super Senior Revolving Credit Facility Agreement until the end of the availability period of the New Super Senior Revolving Credit Facility. This fee is payable on the last day of each successive period of three months, which ends during the availability period and on the undrawn, uncanceled amount of the relevant lender's commitment. We are also required to pay customary fees including commission on letters of credit, bank guarantees, fronting fees, fees in connection with ancillary facilities, underwriting fees as well as agency and security agency fees. We may also be required to pay a fee in respect of any incremental facility which becomes committed in accordance with the terms of the New Super Senior Revolving Credit Facility Agreement.

Guarantees and Security

The obligations under the New Super Senior Revolving Credit Facility Agreement will be guaranteed by Mobilux Acquisition SAS, the Parent Guarantor, the Issuer, Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS (the ***Guarantors***).

In addition, the New Super Senior Revolving Credit Facility Agreement requires that, subject to the Agreed Security Principles (as defined in “—*Description of Notes—Certain Definitions*”), each subsidiary of the Parent Guarantor that is or becomes a Material Company (which definition includes any member of the Group that (i) has earnings before interest, tax, depreciation and amortisation representing 7.50% or more of Consolidated EBITDA of the Group (each as defined in the New Super Senior Revolving Credit Facility Agreement) or (ii) is the issuer, borrower or guarantor of the Notes, any Credit Facility Lender Liabilities (as defined below in “*Description of Certain Financing Arrangements—Intercreditor Agreement*”) or any Pari Passu Liabilities (as defined below in “*Description of Certain Financing Arrangements—Intercreditor Agreement*”)) becomes a guarantor under the new Super Senior Revolving Credit Facility Agreement.

The New Super Senior Revolving Credit Facility Agreement further requires that, subject to the Agreed Security Principles, the aggregate of earnings before interest, tax, depreciation and amortisation of the guarantors represent not less than 75% of Consolidated EBITDA of the Group, as at the date that annual financial statements for each financial year are delivered.

The obligations under the New Super Senior Revolving Credit Facility Agreement on the Issue Date will be secured on a first-ranking basis by pledges over all of the shares of Mobilux Acquisition SAS, the Issuer, Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS, as well as pledges over certain intercompany receivables and pledges over certain bank accounts of the Guarantors.

Prepayment

The liabilities under the New Super Senior Revolving Credit Facility Agreement must be prepaid upon the occurrence of certain events.

For example, the New Super Senior Revolving Credit Facility Agreement permits each lender to require the mandatory prepayment of all amounts due to that lender under the New Super Senior Revolving Credit Facility upon a change of control or the sale of all or substantially all of the business and/or assets of the Group.

Indebtedness under the New Super Senior Revolving Credit Facility may be voluntarily prepaid by the borrowers in whole or in part (if in part, in a minimum amount of €1.5 million), upon giving at least three business days' prior notice to the agent. Such payments may be subject to indemnification and break funding costs if any such prepayment is not made on the last day of the relevant interest period.

Covenants

Certain of the covenants contained in the New Super Senior Revolving Credit Facility Agreement are based upon the covenants contained in the Indenture. See “*Description of the Notes—Certain Covenants*”.

In addition, the New Super Senior Revolving Credit Facility Agreement contains customary positive and negative covenants, subject to certain exceptions, including obligations with respect to, among other things: (i) providing certain financial information, including annual and quarterly financial statements; (ii) compliance with laws and regulations, including as to environmental matters; (iii) maintaining in full force and effect of certain authorisations and consents; (iv) safeguarding material intellectual property; (v) maintaining certain insurances; (vi) the payment of taxes; (vii) the maintenance of at least

pari passu ranking with certain unsecured and unsubordinated payment obligations; (viii) preservation of assets; (ix) guarantor coverage (as described above); (x) restrictions on changing the centre of main interests of the obligors; (xi) compliance with pension scheme funding requirements; (xii) maintenance of corporate credit rating; (xiii) compliance with certain anti-corruption and sanction laws; and (xiv) further assurance provisions.

If, on the relevant test date, the New Super Senior Revolving Credit Facility is more than 40% drawn (less the aggregate amount of cash and cash equivalents of the Group), the New Super Senior Revolving Credit Facility Agreement requires the Parent Guarantor to ensure that the Consolidated Secured Leverage Ratio (calculated as the ratio of Consolidated Net Secured Indebtedness to LTM EBITDA) (each such term as defined in the New Super Senior Revolving Credit Facility Agreement), does not exceed 6.375:1. The senior secured leverage covenant is, subject to the 40% drawing condition described above, tested quarterly on a rolling basis.

The Parent Guarantor is permitted to prevent or cure breaches of the Consolidated Secured Leverage Ratio covenant by applying a “cure” amount (generally, amounts received by the Parent Guarantor in cash pursuant to any new equity or permitted subordinated debt) either (i) to Consolidated EBITDA such that Consolidated EBITDA is increased by that amount or (ii) in prepayment of the New Super Senior Revolving Credit Facility such that (taking into account the netting of additional cash and cash equivalents of the Group excluding the proceeds of indebtedness) the 40% drawing condition described above is no longer satisfied. There is no requirement to apply any EBITDA cure amount in prepayment of the New Super Senior Revolving Credit Facility. No more than five different EBITDA cure amounts may be taken into account prior to the termination date of the New Super Senior Revolving Credit Facility Agreement and no more than two EBITDA cure amounts in each four consecutive financial quarters are permitted. For the purpose of calculating the Consolidated Secured Leverage Ratio, the EBITDA cure amount shall be limited to the amount required to effect or continue compliance with the financial covenant.

Certain of the covenants under the New Super Senior Revolving Credit Facility Agreement will either permanently fall away or be temporarily suspended (as applicable) or permanently or temporarily (as applicable) benefit from specified covenant relaxation amendments upon (a) a listing of Mobilux Acquisition SAS, the Parent Guarantor or any holding company of the Parent Guarantor (which does not constitute a change of control) where the Consolidated Secured Leverage Ratio (as defined in the New Super Senior Revolving Credit Facility Agreement) is less than 3.00:1 (*pro forma* for any prepayment of certain indebtedness from the proceeds of such listing) or (b) the senior long term corporate credit rating of the Group achieving a rating equal to or better than BBB- or Baa3 (or equivalent) by at least two of Standard & Poor’s Ratings Services, Fitch Ratings Ltd or Moody’s Investor Services, Inc.

Events of Default

The New Super Senior Revolving Credit Facility Agreement also sets out certain events of default, including non-payment of principal, interest or fees; breach of financial covenant (subject to cure rights); breach of covenants; misrepresentations; insolvency or insolvency proceedings; judgment default in excess of €45 million; repudiation of the financing documents; illegality with respect to performance of material obligations under the financing documents; cross acceleration and non-payment cross default to other indebtedness of the Group in excess of €45 million; guarantee and security default; breach of the Intercreditor Agreement; audit qualification; and certain litigation.

Parent Guarantor Substitution

Mobilux Acquisition SAS, following the exercise of a Parent Substitution under the Indenture, in its sole discretion may select a person to replace the current Parent Guarantor as Parent Guarantor under the Super Senior Revolving Credit Facility Agreement, provided that (amongst other things): (i) the succeeding Parent Guarantor is a subsidiary of Mobilux S.à r.l., (ii) the succeeding Parent Guarantor accedes as a Guarantor, (iii) all of the shares of the succeeding Parent Guarantor are pledged (subject to Permitted Collateral Liens), (iv) no management investor directly holds an interest in the succeeding Parent Guarantor and (v) the succeeding Parent Guarantor is a holding company with, prior to the substitution, no material ownership interests other than in the current Parent Guarantor, a substitute Issuer under the Indenture (if applicable) and intermediary holding companies.

Intercreditor Agreement

In connection with entering into the New Super Senior Revolving Credit Facility Agreement and the Indenture, on or prior to the Issue Date, the Issuer, Mobilux 1 SAS and the Guarantors will enter into the Intercreditor Agreement to govern the

relationships and relative priorities among (amongst others): (i) the lenders under the New Super Senior Revolving Credit Facility Agreement (the **RCF Lenders**) and the other finance parties under the New Super Senior Revolving Credit Facility Agreement (the **RCF Finance Parties**); (ii) any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements that the Parent Guarantor confirms in writing to the Security Agent was entered into in the ordinary course of business of the relevant member of the Group and not for speculative purpose and is not prohibited under the terms of the Debt Documents (as defined below) to share in the Collateral (as defined below) at the time such hedging agreement is entered into and provided such hedging agreements are limited to certain interest rate hedging, exchange rate hedging and commodity hedging (collectively, the **Hedging Agreements** and any persons that accede to the Intercreditor Agreement as counterparties to the Hedging Agreements are referred to in such capacity as the **Hedge Counterparties**); (iii) the Trustee (on its behalf and on behalf of the Noteholders (the **Senior Secured Noteholders** and, together with the Trustee, the **Senior Secured Notes Creditors**); (iv) certain intra-group lenders and debtors; (v) the Shareholder Creditors (as defined below); and (vi) any persons that accede to the Intercreditor Agreement as Third-Party Security Provider (as defined below).

Each member of the Group that incurs any liability or provides any guarantee under the New Super Senior Revolving Credit Facility Agreement, the Intercreditor Agreement, the Indenture or any other Debt Document (as defined below) are each referred to in this description as a “**Debtor**” and are referred to collectively as the “**Debtors**”. Each person that (i) provides security over any or all of its assets but is not a Debtor in respect of any borrowing or guarantee liabilities of the Secured Obligations to which that security relates and (ii) has acceded to the Intercreditor Agreement as a Third-Party Security Provider is referred to in this description as a **Third Party Security Provider**.

The Intercreditor Agreement sets out:

- the relative ranking of certain indebtedness of the Debtors and Third-Party Security Providers;
- the relative ranking of certain security granted by the Debtors and Third-Party Security Providers;
- when payments can be made in respect of certain indebtedness of the Debtors and Third-Party Security Providers;
- when enforcement actions can be taken in respect of that indebtedness;
- provisions in respect of the enforcement process (if undertaken);
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (the **Collateral** and the parties which receive the benefit of such security and guarantees being together, the **Secured Parties**).

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred (either through a credit facility or the issue of notes) by any member of the Group (or a Third-Party Security Provider) that is not subordinated in right of payment to any Super Senior Liabilities or Senior Secured Notes Liabilities (each as defined below) and the incurrence of which (and, to the extent applicable, such indebtedness sharing in the Collateral with the ranking applicable to it in the Intercreditor Agreement) is not prohibited by the Credit Facility Documents (as defined below), the documentation required to implement the Notes (the **Senior Secured Notes Documents**) and the *Pari Passu* Documents (as defined below), such debt being **Pari Passu Liabilities**, the documents required to implement the *Pari Passu* Liabilities being the **Pari Passu Documents** (and together with the Senior Secured Notes Documents and the Non-Super Senior Hedging Agreements (as defined below), the **Senior Secured Debt Documents**) and the creditors of such debt being **Pari Passu Creditors** and, together with the Senior Secured Noteholders, the Non-Super Senior Hedge Counterparties (as defined below) and their respective Creditor Representatives (as defined below), the **Senior Secured Creditors**. The Intercreditor Agreement provides, after the New Super Senior Revolving Credit Facility discharge date (the **RCF Discharge Date**), for any credit facility constituting a Credit Facility under the Indenture, the creditors of which are entitled under the terms of the Senior Secured Notes Documents and the *Pari Passu* Documents to rank senior to the Senior Secured Notes Liabilities and the *Pari Passu* Liabilities in respect of the proceeds of the enforcement of Collateral (each such facility and together with the New Super Senior Revolving Credit Facility, the **Credit Facilities** and each finance document relating thereto, a **Credit Facility Document**, together with the Super Senior Hedging Agreements (as defined below), the **Super Senior Debt Documents**).

Each lender of a Credit Facility is a **Credit Facility Lender**. The Intercreditor Agreement contains provisions relating to subordinated secured indebtedness under credit facilities or notes permitted to be incurred (x) up to the later to occur of the RCF Discharge Date and the discharge date of the Senior Secured Notes (the **Senior Secured Notes Discharge Date**), by the Issuer, BUT SAS and/or any direct or indirect holding company of BUT SAS which is a guarantor under the New Super Senior Revolving Credit Facility Agreement or (y) following the later to occur of the RCF Discharge Date and the Senior Secured Notes Discharge Date, by any member of the Group (to the extent not prohibited by the terms of any Debt Document, and the incurrence of which (and, to the extent applicable, such indebtedness sharing in the Collateral on the basis that it ranks after the Super Senior Liabilities and the Senior Secured Liabilities as provided for in the Intercreditor Agreement) is not prohibited by the Secured Debt Documents (as defined below), liabilities with respect to such indebtedness being the **Second Lien Liabilities**, the documents required to implement the Second Lien Liabilities being the **Second Lien Documents** and the creditors of such debt and their respective Creditor Representatives being together the **Second Lien Creditors**. The Intercreditor Agreement further includes provisions relating to indebtedness under unsecured notes (the **Unsecured Notes**) permitted to be incurred by a subsidiary of Mobilux 1 SAS that is not a member of the Group (the **Unsecured Notes Issuer**), liabilities with respect to such indebtedness being **Unsecured Notes Liabilities**, the documents required to implement the Unsecured Notes being the **Unsecured Notes Documents** and the creditors of such debt being **Unsecured Notes Creditors**.

By accepting a Note, holders of the Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorised and directed the Trustee to enter into it on their behalf.

The following description is a summary of certain provisions of the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, nor does it summarise all provisions in the Intercreditor Agreement. As such, it may not contain all of the information that is important to you. We urge you to read the Intercreditor Agreement because it, and not the discussion that follows, defines certain of the rights and obligations of the holders of the Notes and the Trustee. The Intercreditor Agreement also includes certain limitations on our ability to refinance or issue additional notes, refinance our senior indebtedness or amend the documents governing our indebtedness. It also prescribes the terms of certain of our intercompany indebtedness.

Any summary of a term in the discussion that follows does not restate the definition given to such term in the Intercreditor Agreement and, as such, does not (and is not intended to) summarise the full scope of the particular definition. The summary of a term may not contain all of the information that is important to you. We urge you to refer to the relevant definitions in the Intercreditor Agreement. Where a term is used that has not been summarised or otherwise defined in this Offering Circular, it has the meaning given to it in the Intercreditor Agreement.

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions in respect of permitted payments described below, that (i) the liabilities of the Debtors and any Third-Party Security Providers with respect to the Credit Facilities (the **Credit Facility Lender Liabilities**); (ii) the Hedging Agreements to the extent designated by the Parent as “Super Senior Hedging Liabilities” in accordance with the terms of the Intercreditor Agreement (such hedging agreement being a **Super Senior Hedging Agreement**, and the liabilities of the Debtors thereunder, the **Super Senior Hedging Liabilities**, and the Hedge Counterparties under such Super Senior Hedging Agreements, the **Super Senior Hedge Counterparties** and, together with the Credit Facility Lenders and their respective Creditor Representatives (as defined below), the **Super Senior Creditors**); (iii) the Super Senior Hedging Liabilities (together with the Credit Facility Lender Liabilities, the **Super Senior Liabilities**); (iv) the liabilities of the Debtors with respect to the Notes (the **Senior Secured Notes Liabilities**); (v) the liabilities of the Debtors with respect to the Hedging Agreements with Hedge Counterparties that are not Super Senior Hedging Agreements (the **Non-Super Senior Hedging Liabilities**), the Hedging Agreements governing such liabilities (the **Non-Super Hedging Agreements**) and the Hedge Counterparties under such Non-Super Senior Hedging Agreements (the **Non-Super Senior Hedge Counterparties**); (vi) the *Pari Passu* Liabilities; (vii) the Second Lien Liabilities; and (viii) the Unsecured Notes Liabilities, will rank in right and priority of payment in the following order:

- *first*, the Credit Facility Lender Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Non-Super Senior Hedging Liabilities and the *Pari Passu* Liabilities, *pari passu* and without any preference between them;
- *second*, the Second Lien Liabilities, *pari passu* and without any preference between them; and
- *third*, the Unsecured Notes Liabilities, *pari passu* and without any preference between them.

The Non-Super Senior Hedging Liabilities, the *Pari Passu* Liabilities and the Senior Secured Notes Liabilities are together, the **Senior Secured Liabilities**. The Super Senior Liabilities, the Senior Secured Liabilities and the Second Lien Liabilities are together, the **Secured Liabilities**.

The Intercreditor Agreement provides that the common transaction security shall secure the Secured Liabilities in the following order of priority:

- *first*, the Credit Facility Lender Liabilities, the Super Senior Hedging Liabilities, the Non-Super Senior Hedging Liabilities, the *Pari Passu* Liabilities and the Senior Secured Notes Liabilities, *pari passu* and without any preference between them; and
- *second*, the Second Lien Liabilities, *pari passu* and without any preference between them.

The Intercreditor Agreement provides that (i) certain intercompany liabilities owed by members of the Group to certain other members of the Group (the **Intragroup Liabilities**) and (ii) the liabilities owed by certain members of the Group to Mobilux 1 SAS, any Unsecured Notes Issuer or any other person acceding to the Intercreditor Agreement as a Shareholder Creditor (together, the **Shareholder Creditors**) (the **Shareholder Liabilities** and, together with the Intragroup Liabilities, the **Subordinated Liabilities**) will be postponed and subordinated to the Super Senior Liabilities, the Senior Secured Liabilities, the Second Lien Liabilities and the Unsecured Notes Liabilities.

The Intercreditor Agreement provides that all proceeds from enforcement of the Collateral, proceeds from a Distressed Disposal (as defined in “—*Release of the Guarantees and the Security*” below) and certain other proceeds recovered by the Security Agent will be applied as provided below under “—*Application of Proceeds*”.

Creditor Representative

Under the Intercreditor Agreement, the parties appoint various creditor representatives. “**Creditor Representative**” means:

- (a) in relation to the RCF Lenders, the Super Senior Revolving Credit Facility agent (the **RCF Agent**);
- (b) in relation to the Credit Facility Lenders under any Credit Facility (other than the Revolving Credit Facility), the facility agent in respect of that credit facility (together with the RCF Agent, a **Credit Facility Agent**);
- (c) in relation to the Noteholders, the Trustee;
- (d) in relation to any *Pari Passu* Creditor, the relevant facility agent (a **Pari Passu Agent**) or notes trustee (a **Pari Passu Notes Trustee**) in respect of such *Pari Passu* Creditor (the **Pari Passu Creditor Representative**);
- (e) in relation to any Second Lien Creditor, the relevant facility agent (a **Second Lien Agent**) or notes trustee (a **Second Lien Notes Trustee**) in respect of such Second Lien Creditors (the **Second Lien Creditor Representative**);
- (f) in relation to any Unsecured Noteholders, the Unsecured Notes Trustee in respect of such Unsecured Noteholders; and
- (g) in relation to any Hedge Counterparty, such Hedge Counterparty which shall be its own Creditor Representative.

Permitted Payments

Permitted Payments: Unsecured Notes

The Intercreditor Agreement permits payments to be made by any Third-Party Security Provider and any member of the Group (a) prior to the date on which all Secured Liabilities are discharged (the **Secured Liabilities Discharge Date**), in respect of the Unsecured Notes Liabilities, in each case then due in accordance with the Unsecured Notes Documents (i) if (A) the payment is of (1) any of the principal amount (including any interest which has been capitalised to become an amount of principal) of the Unsecured Notes Liabilities which is (a) not prohibited by the Credit Facility Documents, Senior Secured Notes Documents, *Pari Passu* Documents, the Hedging Agreements and Second Lien Documents (together, the **Secured Debt Documents**); or (b) paid on or after the final maturity date of the relevant Unsecured Notes Liabilities (provided that such final maturity date has not been amended to fall on a date which would have breached the Secured Debt Documents

which remain in full force and effect if it had been the original final maturity date for such Unsecured Notes Liabilities); or (c) if applicable, in an amount not exceeding an amount equal to the aggregate of retained excess cashflow, excluded recovery proceeds, excluded disposal proceeds, excluded insurance proceeds and new shareholder injections (or, in each case, any equivalent term in the Intercreditor Agreement, the Secured Debt Documents, the Unsecured Notes Documents, the Collateral documents and the documents evidencing Shareholder Liabilities and Intra-Group Liabilities, together the **Debt Documents**) provided that, in each case, such amount has first been offered in prepayment to the Credit Facility Lenders, any applicable Senior Secured Creditors and/or the Second Lien Facility Creditors (as defined below) and which prepayments the Credit Facility Lenders, such applicable Senior Secured Creditors and/or the Second Lien Facility Creditors (as relevant) have waived or declined to accept (with any such amounts waived or declined being first offered in prepayment to any Credit Facility Lender, any applicable Senior Secured Creditors or Second Lien Facility Creditor who accepted the initial prepayment offer before being paid to Unsecured Notes Creditors); (2) any other amount which is not an amount of principal or capitalised interest and which is payable in accordance with the terms of the Unsecured Notes Documents; (3) consent and/or waiver fees reasonably incurred by the relevant Debtor (acting in good faith) in respect of any amendment of, or consent relating to, any provision of an Unsecured Notes Document; (4) any amounts where the amount is outstanding as a result of the accrual of cash interest payable in respect of the Unsecured Notes Liabilities during a period when an Unsecured Notes Payment Stop Notice (as defined in “—*Issue of Unsecured Notes Payment Stop Notice*” below) was outstanding (which has since expired); (5) any amount of cash interest, tax gross-up or tax indemnity payments in accordance with the Unsecured Notes Documents; (6) the capitalisation of interest or the issuance of a non-cash pay financial instrument evidencing the same which is subordinated to the Super Senior Liabilities and the Senior Secured Liabilities pursuant to the Intercreditor Agreement on the same terms as the Unsecured Notes Liabilities; or (7) any closing payment due pursuant to any purchase agreement (or equivalent) in respect of any Unsecured Notes; and (B) no Unsecured Notes Payment Stop Notice is outstanding; and (C) no Secured Payment Default (as defined in “—*Issue of Unsecured Notes Payment Stop Notice*” below) has occurred and is continuing; (ii) if the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Second Lien Creditors (each as defined in “—*Enforcement of Collateral—Enforcement Instructions*” below) give prior consent to that payment being made; (iii) if an Unsecured Notes Payment Stop Notice is outstanding and/or a Secured Payment Default is continuing and such payment is a payment of any amount referred to in paragraph (i)(A)(6) or (i)(A)(7) above; (iv) if the payment is of a **Creditor Representative Amount** (being fees, costs and expenses of a Creditor Representative under the relevant Debt Documents) to a trustee in respect of the Unsecured Notes (**Unsecured Notes Trustee**); (v) of costs, commissions, taxes, expenses and, to the extent consistent with market comparables at the time committed to be paid (or otherwise reasonable), fees incurred in respect of or in relation to (or reasonably incidental to) any Unsecured Notes Documents (including in relation to any reporting or listing requirements under the Unsecured Notes Documents); (vi) if the payment is funded directly or indirectly with the proceeds of indebtedness permitted to be incurred under the Debt Documents (after giving *pro forma* effect to such incurrence and the application of such indebtedness) provided that, if the Super Senior Liabilities, Senior Secured Liabilities and the Second Lien Liabilities are not being refinanced simultaneously, no Unsecured Notes Payment Stop Notice is outstanding; or (vii) if an event of default has occurred under the Unsecured Notes Documents and is continuing and the payment is of Unsecured Notes restructuring costs, the amount of which, when aggregated with any other such amounts paid pursuant to this paragraph (vii), does not exceed €1,500,000; and (b) on or after the Secured Liabilities Discharge Date, directly or indirectly in respect of the Unsecured Notes Liabilities at any time.

Permitted Payments: Second Lien Liabilities

The Intercreditor Agreement permits payments to be made by any Third-Party Security Provider and any member of the Group (a) prior to the later to occur of the date on which all Super Senior Liabilities have been discharged (the **Super Senior Discharge Date**) and the date on which all Senior Secured Liabilities have been discharged (the **Senior Secured Liabilities Discharge Date**), in respect of Second Lien Liabilities then due in accordance with the relevant Second Lien Documents (i) if (A) the payment is of (1) any of the principal amount of the Second Lien Liabilities (a) in accordance with any provision contained in a Second Lien Document under which a Second Lien Creditor can be prepaid as a result of (i) it becoming illegal for such Second Lien Creditor to participate in the financing of Second Lien Liabilities (a **Second Lien Financing**); (ii) such Second Lien Creditor claiming for increased costs or an indemnification in respect of tax; or (iii) the borrower or issuer in respect of the Second Lien Financing being obliged to gross-up interest payments to such Second Lien Creditor or redeem notes issued in respect of a Second Lien Financing (**Second Lien Notes**) as a result of a redemption upon the occurrence of a tax event; (b) in accordance with any provision dealing with lenders’ right of cancellation and repayment contained in a Second Lien Document; (c) in an amount not exceeding the amount payable in accordance with the voluntary prepayment, mandatory prepayment or redemption provisions of any Credit Facility Document or Senior Secured Debt Documents but, in each case, which amounts have been waived by any Credit Facility Lender or applicable Senior Secured Creditor; (d) if applicable, in an amount not exceeding an amount equal to the aggregate of retained excess cashflow, excluded acquisition proceeds, excluded disposal proceeds, excluded insurance proceeds and new shareholder injections in any Credit Facility or Senior Secured Debt Documents provided that, in each case, such amount has first been offered in prepayment to the Credit

Facility Lenders and any applicable Senior Secured Creditor and which prepayments the Credit Facility Lenders and any applicable Senior Secured Creditors have waived or declined to accept (with any such amounts waived or declined being first offered in prepayment to any Credit Facility Lender and any applicable Senior Secured Creditor who accepted the initial prepayment offer before being paid to Second Lien Creditors); (e) (only after the discharge in full of the Super Senior Liabilities and the Senior Secured Liabilities), in accordance with any other provision contained in the Second Lien Documents for the mandatory prepayment, in whole or in part, of the Second Lien Facility (as defined below) on the happening of specified events; (2) any of the principal amount of the Second Lien Liabilities in an amount not exceeding the amount of dividend payments and/or distributions to a holding company of the Parent Guarantor permitted under the restricted payments covenant contained in any Debt Document at such time provided that any such amount paid in respect of the principal amount of the Second Lien Liabilities shall be treated as a dividend payment and/or distribution to a holding company of the Parent Guarantor for the purpose of the restricted payments covenant contained in any Debt Document; (3) consent and/or waiver fees reasonably incurred by the relevant Debtor (acting in good faith) in respect of any amendment of, or consent or waiver relating to, any provision of a Second Lien Document; (4) any amounts where the amount is outstanding as a result of the accrual of cash interest payable in respect of the Second Lien Liabilities during a period when a Second Lien Payment Stop Notice (as defined below) was outstanding (which has since expired); (5) any amount of cash interest, tax gross-up or tax indemnity payments in accordance with the Second Lien Documents; (6) the capitalisation of interest or the issuance of a non-cash pay financial instrument evidencing the same which is subordinated to the Super Senior Liabilities and the Senior Secured Liabilities pursuant to the Intercreditor Agreement on the same terms as the Second Lien Liabilities; (7) any other amount which is not an amount of principal or capitalised interest and which is payable in accordance with the terms of the Second Lien Documents; or (8) any closing payment due pursuant to any purchase agreement (or equivalent) in respect of any Second Lien Notes or arrangement or other upfront fees due in respect of any facility agreement in respect of Second Lien Liabilities (**Second Lien Facility Agreement**, the credit facility thereunder being a **Second Lien Facility** and the agent and lenders in respect of such Second Lien Facility being the **Second Lien Facility Creditors**); and (B) no Second Lien Payment Stop Notice is outstanding; and (C) no Senior Secured Payment Default (as defined below) has occurred and is continuing; (ii) if the Majority Super Senior Creditors and the Majority Senior Secured Creditors give prior consent to that payment being made; (iii) if the payment is of a Creditor Representative Amount to a Second Lien Creditor Representative; (iv) if a Second Lien Payment Stop Notice is outstanding and/or a Senior Secured Payment Default is continuing and such payment is a payment of any amount referred to in paragraph (i)(A)(6) or (i)(A)(8) above; (v) of costs, commissions, taxes, expenses and, to the extent consistent with market comparables at the time committed to be paid (or otherwise reasonable), fees incurred in respect of or in relation to (or reasonably incidental to) any Second Lien Documents (including in relation to any reporting or listing requirements in respect of any Second Lien Notes); (vi) if the payment is funded directly or indirectly with the proceeds of indebtedness permitted to be incurred under the Debt Documents (after giving *pro forma* effect to such incurrence and the application of such indebtedness) provided that, if the Super Senior Liabilities and the Senior Secured Liabilities are not being refinanced simultaneously, no Second Lien Stop Notice is outstanding; or (vii) if (A) an event of default has occurred under the Second Lien Documents and is continuing and the payment is of restructuring costs in respect of Second Lien Liabilities, the amount of which, when aggregated with any other such amounts paid pursuant to this paragraph (vii), does not exceed €1,500,000; and (B) no Senior Secured Payment Default has occurred and is continuing; and (b) on or after the later of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, in respect of the Second Lien Liabilities in accordance with the Second Lien Documents.

Permitted Payments: Hedging Liabilities

- (a) Subject to paragraph (b) below, the Intercreditor Agreement permits any Debtors and any other member of the Group to make payments to any Hedge Counterparty in respect of the Hedging Liabilities then due to that Hedge Counterparty under any Hedging Agreement in accordance with the terms of that Hedging Agreement (i) if the payment is a scheduled payment arising under the relevant Hedging Agreement (or another ordinary course payment under such agreement, including in relation to fees, costs and expenses); (ii) to the extent that the relevant Debtor's obligation (or the obligation of the relevant member of the Group, as applicable) to make the payment arises as a result of the operation of (A) any of sections 2(d) (Deduction or Withholding for Tax), 2(e) (Default Interest; Other Amounts), 8(a) (Payment in the Contractual Currency), 8(b) (Judgments) and 11 (Expenses) of the 1992 ISDA Master Agreement (if the Hedging Agreement is based on a 1992 ISDA Master Agreement); (B) any of sections 2(d) (Deduction or Withholding for Tax), 8(a) (Payment in the Contractual Currency), 8(b) (Judgments), 9(h)(i) (Prior to Early Termination) and 11 (Expenses) of the 2002 ISDA Master Agreement (if the Hedging Agreement is based on a 2002 ISDA Master Agreement); or (C) any provision of a Hedging Agreement which is similar in meaning and effect to any provision listed in paragraph (A) or (B) above (if the Hedging Agreement is not based on an ISDA Master Agreement); (iii) to the extent that the relevant Debtor's obligation (or the obligation of the relevant member of the Group, as applicable) to make the payment arises from a Non-Credit Related Close-Out (being a permitted close-out described in any of (a)(i), (ii), (vi), (vii), (ix), (x) or (xi) of this paragraph); (iv) to the extent that (A) the relevant Debtor's obligation (or the obligation of the relevant member of the Group, as applicable) to make the payment arises

from (1) a Credit Related Close-Out (being a permitted close-out that is not a Non-Credit Related Close-Out) in relation to that Hedging Agreement; or (2) a permitted automatic early termination (as defined in the Intercreditor Agreement) under that Hedging Agreement which arises as a result of an event relating to a Debtor or other member of the Group; and (B) no event of default under the Senior Secured Debt Documents or the Credit Facility Documents is continuing at the time of that payment or would result from that payment; (v) to the extent that no event of default under the Senior Secured Notes Documents, *Pari Passu* Debt Documents or Credit Facility Documents, is continuing or would result from that payment and the relevant Debtor's obligation (or the obligation of the relevant member of the Group, as applicable) to make the payment arises as a result of a close-out or termination arising as a result of: (A) section 5(a)(vii) (Bankruptcy) of the 1992 ISDA Master Agreement (if the relevant Hedging Agreement is based on a 1992 ISDA Master Agreement) and the event of default (as defined in the relevant Hedging Agreement) has occurred with respect to the relevant Hedge Counterparty; (B) section 5(a)(vii) (Bankruptcy) of the 2002 ISDA Master Agreement (if the relevant Hedging Agreement is based on a 2002 ISDA Master Agreement) and the event of default (as defined in the relevant Hedging Agreement) has occurred with respect to the relevant Hedge Counterparty; (C) any provision of a Hedging Agreement which is similar in meaning and effect to any provision listed in paragraph (A) or (B) above (if the Hedging Agreement is not based on an ISDA Master Agreement) and the equivalent event of default has occurred with respect to the relevant Hedge Counterparty; or (D) the relevant Debtor (or other relevant member of the Group, as applicable) terminating or closing-out the relevant Hedging Agreement as a result of a Hedging Force Majeure and the Termination Event (as defined in the relevant Hedging Agreement in the case of a Hedging Agreement based on an ISDA Master Agreement) or the equivalent termination event (in the case of a Hedging Agreement not based on an ISDA Master Agreement) has occurred with respect to the relevant Hedge Counterparty; or (vi) if the Majority Senior Secured Creditors and the Majority Super Senior Creditors give prior consent to the payment being made.

- (b) No Payment may be made to a Hedge Counterparty under paragraph (a) above if any scheduled payment due from that Hedge Counterparty to a Debtor or other member of the Group under a Hedging Agreement to which they are both party is due and unpaid unless (i) such scheduled payment has not been made by the Hedge Counterparty as a result of it exercising its rights to withhold payments under the ISDA Master Agreement; or (ii) the prior consent of the Majority Senior Secured Creditors and the Majority Super Senior Creditors is obtained.
- (c) Failure by a Debtor (or other relevant member of the Group, as applicable) to make a payment to a Hedge Counterparty which results solely from the operation of paragraph (b) above shall not result in a default (however described) in respect of that Debtor (or other relevant member of the Group, as applicable) under that Hedging Agreement.

Permitted Payments: Intra-Group Liabilities

The Intercreditor Agreement permits payments from time to time of the Intra Group Liabilities if at the time of payment no acceleration event has occurred in respect of any Debt Documents unless: (i) the relevant Instructing Group (as defined below) consents to that payment being made; or (ii) that payment is made to facilitate payment to a creditor under the Intercreditor Agreement that is permitted by the Intercreditor Agreement.

Permitted Payments: Shareholder Liabilities

The Intercreditor Agreement permits payments in respect of the Shareholder Liabilities only if: (a) the payment is not prohibited by the Debt Documents; (b) the payment is made in respect of an Unsecured Notes proceeds loan and applied within two business days of receipt to make payments of Unsecured Notes Liabilities permitted by the Intercreditor Agreement or (c) the relevant Instructing Group gives prior consent to the payment being made.

Enforcement of Collateral

Entitlement to Enforce Collateral

The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the relevant Instructing Group in accordance with the provisions described in “—*Enforcement Instructions*” below. The Security Agent may refrain from acting in accordance with any instructions of any creditor or group of creditors until it has received any indemnification and/or security that it may in its discretion (acting reasonably) require for any cost, loss or liability which it may incur in complying with those instructions.

Enforcement Instructions

Majority Super Senior Creditors means, at any time, those Super Senior Creditors whose Super Senior Credit Participations (as defined in the Intercreditor Agreement) at that time aggregate more than 66^{2/3}% of the total Super Senior Credit Participations at that time.

Majority Senior Secured Creditors means, at any time, those Senior Secured Creditors whose Senior Secured Credit Participations (as defined in the Intercreditor Agreement) at that time aggregate more than 50% of the total Senior Secured Credit Participations at that time.

Majority Second Lien Creditors means, at any time, those Second Lien Creditors whose Second Lien Credit Participations (as defined in the Intercreditor Agreement) at that time aggregate more than 50% of the total Second Credit Participations at that time.

Instructing Group means, at any time:

- (a) subject to paragraph (b) below:
 - (i) on or prior to the later to occur of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, the Majority Super Senior Creditors (so long as the Super Senior Discharge Date has not yet occurred) and the Majority Senior Secured Creditors (so long as the Senior Secured Liabilities Discharge Date has not yet occurred); and
 - (ii) after the later to occur of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, the Majority Second Lien Creditors; and
- (b) in relation to instructions as to enforcement with respect to the Collateral, the group of Secured Creditors entitled to give instructions as to enforcement as provided for in this section (“—*Enforcement Instructions*”).

On or prior to the later to occur of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, if either of the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to instruct the Security Agent to commence enforcement of any Collateral (the **Enforcement Instructions**), any Creditor Representative or Creditor Representatives thereof shall be entitled to deliver a copy of those proposed Enforcement Instructions (the **Initial Enforcement Instructions**) to the Security Agent, promptly after its receipt of such Initial Enforcement Instructions, the Security Agent is required to distribute such Initial Enforcement Instructions to each of the other Creditor Representatives and each Hedge Counterparty which did not deliver such Initial Enforcement Instructions.

Subject to the below, the Security Agent will act in accordance with Enforcement Instructions received from the Majority Senior Secured Creditors.

- (a) If:
 - (i) the Majority Senior Secured Creditors have not either:
 - (A) 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
 - (B) appointed a financial adviser to assist them in making such a determination within three months of the date of the Initial Enforcement Notice; or
 - (ii) the Super Senior Discharge Date has not occurred within six months of the date of the Initial Enforcement Notice; or
 - (iii) an insolvency event (other than an insolvency event directly caused by any enforcement action taken by or at the request or direction of the Secured Creditors) is continuing with respect to a Debtor or a Third-Party Security Provider; or
 - (iv) the Majority Senior Secured Creditors have not either:

(A) 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

(B) appointed a Financial Advisor to assist them in making such a determination,

and (x) the Majority Super Senior Creditors 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 or on the expected realisation proceeds of any enforcement and (y) deliver Enforcement Instructions which they reasonably believe to be consistent with the Security Enforcement Principles (as defined below) and necessary or advisable to enhance the prospects of achieving the objective of maximising the Recoveries (as defined in “—*Application of Proceeds*” below) on any enforcement of the Collateral by way of a prompt and expeditious enforcement of the Collateral which is consistent with the rights and obligations of the Security Agent under the Intercreditor Agreement and applicable law (the ***Enforcement Objective***) before the Security Agent has received any Enforcement Instructions from the Majority Senior Secured Creditors,

then the Security Agent will act in accordance with Enforcement Instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred.

(b) Prior to the Senior Secured Liabilities Discharge Date:

(i) if the relevant Instructing Group has instructed the Security Agent to cease or not to proceed with enforcement; or

(ii) in the absence of instructions as to enforcement from the relevant Instructing Group,

and, in each case, the relevant Instructing Group has not required any Debtor or Third-Party Security Provider to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Collateral which the Majority Second Lien Creditors give to it provided that they are entitled to take such enforcement action at that time under the Intercreditor Agreement.

(c) Following the later to occur of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, the Security Agent will act in accordance with Enforcement Instructions received from the Majority Second Lien Creditors.

The Majority Super Senior Creditors, Majority Senior Secured Creditors and Majority Second Lien Creditors may only give Enforcement Instructions that are consistent with certain security enforcement principles described in the Intercreditor Agreement, including, but not limited to, the principle that the enforcement of Collateral shall be consistent with the Enforcement Objective (the ***Security Enforcement Principles***).

Issue of Second Lien Payment Stop Notice

- (a) A Second Lien Payment Stop Notice is “outstanding” during the period from the date on which, following the occurrence of an event of default under any Super Senior Debt Document or Senior Secured Debt Document (in each case other than Hedging Agreements) (a ***Senior Secured Event of Default***) (other than a Senior Secured Payment Default (as defined below)) (a ***Second Lien Payment Stop Event***), the Security Agent (acting on the instructions of the relevant Instructing Group) issues a notice (a ***Second Lien Payment Stop Notice***) to a Second Lien Creditor Representative (with a copy to the Parent) advising that a Second Lien Payment Stop Event has occurred and is continuing and suspending payments of the Second Lien Liabilities (other than those permitted under “—*Permitted Payments: Second Lien Liabilities*” above during such time) until the first to occur of:
- (i) the date which is 120 days after the date of issue of that Second Lien Payment Stop Notice;
 - (ii) if a Second Lien Standstill Period (as defined below) commences after the issue of a Second Lien Payment Stop Notice, the date on which that Second Lien Standstill Period expires;
 - (iii) the date on which the relevant Second Lien Payment Stop Event in respect of which that Second Lien Payment Stop Notice was issued is no longer continuing;
 - (iv) the date on which the Security Agent (acting on the instructions of the relevant Instructing Group) cancels that Second Lien Payment Stop Notice by notice to the Second Lien Creditor Representative (with a copy to the Parent Guarantor); and
 - (v) the date on which the later of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date has occurred.
- (b) Subject to paragraph (e) below, no Second Lien Payment Stop Notice may be served by the Security Agent in reliance on a particular Second Lien Payment Stop Event more than 120 days after the relevant Creditor Representative receives a notice under the relevant Debt Document advising of the occurrence of that Senior Secured Event of Default constituting that Second Lien Payment Stop Event.
- (c) Subject to paragraph (e) below, no more than one Second Lien Payment Stop Notice may be served with respect to the same event or set of circumstances.
- (d) Subject to paragraph (e) below, no more than one Second Lien Payment Stop Notice may be served in any period of 365 days.
- (e) If the Security Agent is instructed to serve (or cancel) a Second Lien Payment Stop Notice in accordance with the Intercreditor Agreement it shall also serve an (or, as the case may be, cancel each) equivalent Second Lien Payment Stop Notice in respect of any other Second Lien Financing.

Senior Secured Payment Default means a Senior Secured Event of Default arising by reason of non-payment of any amount which is immediately due and payable under any Super Senior Debt Document or any Senior Secured Debt Document (in each case, other than Hedging Agreements), other than in respect of non-payment of any amount (a) not constituting principal or interest and (b) not exceeding €150,000 (or its equivalent in other currencies).

Second Lien Standstill Period a period of not less than: (1) 90 days in the case of a failure to make a payment of an amount of principal, interest and fees representing the Second Lien Liabilities; or (2) 179 days in the case of any other event of default under a Second Lien Facility Agreement, from the date on which a Second Lien Enforcement Notice (as defined below) becomes effective in accordance with the terms of the Intercreditor Agreement.

Cure of Payment Stop: Second Lien Creditors

If:

- (a) at any time following the issue of a Second Lien Payment Stop Notice or the occurrence of a Senior Secured Payment Default, that Second Lien Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default ceases to be continuing; and

- (b) the relevant Debtor then promptly pays to the Second Lien Creditors an amount equal to any payments which had accrued under the Second Lien Documents and which would have been a permitted payment under the Intercreditor Agreement but for that Second Lien Payment Stop Notice or Senior Secured Payment Default,

then any event of default, including any cross default or similar provision, under any other Debt Document which may have occurred as a result of that suspension of payments shall be waived and any notice by the Second Lien Creditor Representative to the Security Agent that an event of default under the Second Lien Financing Documents has occurred and is continuing (a ***Second Lien Enforcement Notice***) which may have been issued as a result of that event of default shall be deemed to be cancelled, in each case without any further action being required on the part of the Second Lien Creditors or any other creditor and notwithstanding the terms of any Second Lien Documents.

Issue of Unsecured Notes Payment Stop Notice

- (a) An Unsecured Notes Payment Stop Notice is “outstanding” during the period from the date on which, following the occurrence of an event of default under any Super Senior Debt Document, Senior Secured Debt Document and/or the Second Lien Documents (in each case other than Hedging Agreements) (a ***Senior Secured Event of Default***) (other than a Secured Payment Default (as defined below)) (an ***Unsecured Notes Payment Stop Event***), the Security Agent (acting on the instructions of the relevant Instructing Group) issues a notice (an ***Unsecured Notes Payment Stop Notice***) to a Creditor Representative in respect of Unsecured Notes (with a copy to the Parent Guarantor) advising that an Unsecured Notes Payment Stop Event has occurred and is continuing and suspending payments of the Unsecured Notes Liabilities (other than those permitted under “—*Permitted Payments: Unsecured Notes*” above) until the first to occur of:
 - (i) the date which is 179 days after the date of issue of that Unsecured Notes Payment Stop Notice;
 - (ii) if an Unsecured Notes Standstill Period (as defined below) commences after the issue of an Unsecured Notes Payment Stop Notice, the date on which that Unsecured Notes Standstill Period expires;
 - (iii) the date on which the relevant Unsecured Notes Payment Stop Event in respect of which that Unsecured Notes Payment Stop Notice was issued is no longer continuing;
 - (iv) the date on which the Security Agent (acting on the instructions of the relevant Instructing Group) cancels that Unsecured Notes Payment Stop Notice by notice to the Unsecured Notes Trustee (with a copy to the Parent Guarantor); and
 - (v) the date on which the Secured Liabilities Discharge Date has occurred.
- (b) Subject to paragraph (e) below, no Unsecured Notes Payment Stop Notice may be served by the Security Agent in reliance on a particular Secured Event of Default more than six months after the relevant Creditor Representative receives a notice under the relevant Debt Document advising of the occurrence of that Secured Event of Default constituting that Unsecured Notes Payment Stop Event.
- (c) Subject to paragraph (e) below, no more than one Unsecured Notes Payment Stop Notice may be served with respect to the same event or set of circumstances.
- (d) Subject to paragraph (e) below, no more than one Unsecured Notes Payment Stop Notice may be served in any period of 365 days.
- (e) If the Security Agent is instructed to serve (or cancel) an Unsecured Notes Payment Stop Notice in accordance with the Intercreditor Agreement it shall also serve an (or, as the case may be, cancel each) equivalent Unsecured Notes Payment Stop Notice in respect of any other Unsecured Notes.

Secured Payment Default means a Secured Event of Default arising by reason of non-payment of any amount which is immediately due and payable under any Secured Debt Document (other than Hedging Agreements), other than in respect of non-payment of any amount (a) not constituting principal or interest and (b) not exceeding €150,000 (or its equivalent in other currencies).

Unsecured Notes Standstill Period means a period of not less than 179 days from the date on which an Unsecured Notes Enforcement Notice (as defined below) becomes effective in accordance with the terms of the Intercreditor Agreement.

Cure of Payment Stop: Unsecured Notes Creditors

If:

- (a) at any time following the issue of an Unsecured Notes Payment Stop Notice or the occurrence of a Secured Payment Default, that Unsecured Notes Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Secured Payment Default ceases to be continuing; and
- (b) the Unsecured Notes Issuer or relevant Debtor then promptly pays to the Unsecured Notes Creditors an amount equal to any payments which had accrued under the Unsecured Notes Documents and which would have been a permitted payment of Unsecured Notes Liabilities but for that Unsecured Notes Payment Stop Notice or Secured Payment Default,

then any event of default, including any cross default or similar provision, under any other Debt Document which may have occurred as a result of that suspension of payments shall be waived and any notice by the Creditor Representative of the Unsecured Notes Creditors to the Security Agent that an event of default under the Unsecured Notes Indenture has occurred and is continuing (an ***Unsecured Notes Enforcement Notice***) which may have been issued as a result of that event of default shall be deemed to be cancelled, in each case without any further action being required on the part of the Unsecured Notes Creditors or any other creditor and notwithstanding the terms of any Unsecured Notes Document.

Turnover

Turnover by the Second Lien Creditors or Unsecured Notes Creditors

Subject to the terms of the Intercreditor Agreement, if at any time prior to the later to occur of the Secured Liabilities Discharge Date and the discharge of the Unsecured Notes Liabilities, any Second Lien Creditor or Unsecured Notes Creditor receives or recovers from any member of the Group or any Third-Party Security Provider:

- (a) any payment or distribution of, or on account of or in relation to, any of the Liabilities (including any *Soulte*) which is neither:
 - (i) a payment permitted under the Intercreditor Agreement (a ***Permitted Payment***); nor
 - (ii) made as set out in “—*Application of Proceeds*” below;
- (b) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a Permitted Payment;
- (c) notwithstanding paragraph (a) or (b) above, and other than by way of set-off permitted in the Intercreditor Agreement, any amount:
 - (i) on account of, or in relation to, any of the liabilities:
 - (A) after the occurrence of an acceleration event under the Debt Documents on the enforcement of Collateral in accordance with the relevant Collateral document (each, a ***Distress Event***); or
 - (B) as a result of any other litigation or proceedings against a member of the Group or any Third-Party Security Provider (other than after the occurrence of an insolvency event in respect of that member of the Group or any Third-Party Security Provider); or
 - (ii) subject to certain exceptions in the Intercreditor Agreement, by way of set-off in respect of any of the liabilities owed to it after the occurrence of a Distress Event,

other than, in each case, any amount received or recovered in accordance with “—*Application of Proceeds*” below;
or

- (d) other than by way of set-off permitted in the Intercreditor Agreement, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the Liabilities owed by a member of the Group or any Third-Party Security Provider which is not as set out 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 or any Third-Party Security Provider, that Second Lien Creditor or Unsecured Notes Creditor will:
 - (i) in relation to receipts and recoveries not received or recovered by way of set-off hold an amount of that receipt or recovery equal to the liabilities owed to the Super Senior Creditors, Senior Secured Creditors, Second Lien Creditors, Unsecured Notes Creditors and Shareholder Creditors (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay or distribute that amount 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 receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Recoveries

If a Secured Creditor or **Lenders’ Newco** (being a company incorporated for the purpose of acquiring Investment Instruments (as defined below)) pursuant to a Foreclosure (as defined below) receives any amount paid to it or otherwise realised by it under or in connection with an enforcement and, following a Distress Event, any other proceeds of, or arising from, any of the assets subject to the Collateral (the **Enforcement Proceeds**) other than as set out in “—*Application of Proceeds*”, such Secured Creditor shall hold such Enforcement Proceeds on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds

The Intercreditor Agreement provides that, subject to certain exceptions, all amounts from time to time paid to the Security Agent under the provisions of the Intercreditor Agreement relating to set-off, turnover of receipts, redistribution, Distressed Disposals, treatment of Credit Facility cash cover and Credit Facility Lender cash collateral or parallel debt or any amounts received or recovered by the Security Agent in connection with the realisation or enforcement of all or any part of the Collateral (the **Recoveries**) will be applied in the following order of priority:

- (a) in discharging any sums owing to the Security Agent (other than pursuant to the parallel debt provision in the Intercreditor Agreement), any receiver or any delegate and in payment of Creditor Representative Amounts to each Creditor Representative (other than any Hedge Counterparty) on its own behalf (in accordance with the relevant Debt Documents);
- (b) in discharging all costs and expenses incurred by any Super Senior Creditor, Senior Secured Creditor or Second Lien Creditor in connection with any realisation or enforcement of the Collateral taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the provision of the Intercreditor Agreement dealing with further assurances obligations in respect of an insolvency event;
- (c) if a Foreclosure (as defined below) has occurred (save to the extent of certain excess liabilities owed to the Super Senior Creditors and the Senior Secured Creditors after the exercise of the Second Lien Call Option (the **Relevant Time**) and unless the Majority Second Lien Creditors agree otherwise, as a result of an amendment (an **Excess Senior Liabilities Amendment**) to increase the principal amount outstanding, the margin or the fees under any of the Super Senior Debt Documents or the Senior Secured Debt Documents above a certain threshold at a Relevant Time (the **Excess Senior Liabilities**)) in payment to the Security Agent on behalf of the holders of Investment Instruments (as defined below) subject to a Foreclosure (the **Foreclosed Instruments**) (the **Foreclosed Instrument Holders**) which are (or were immediately prior to the Foreclosure) Secured Creditors other than Second Lien Creditors for distribution to each such Foreclosed Instrument Holder in an amount equal to its tax liabilities;
- (d) (save to the extent of any Excess Senior Liabilities) *pro rata* and *pari passu*, in payment to:
 - (i) the RCF Agent on its own behalf and on behalf of the RCF Finance Parties (or following the RCF Discharge Date, each Creditor Representative(s) in respect of a Credit Facility on its own behalf and on behalf of the Credit Facility Lenders under that Credit Facility); and

(ii) the Super Senior Hedge Counterparties,

for application towards the discharge of:

- (A) in the case of (i) above, Credit Facility Lender Liabilities in accordance with the terms of the Credit Facility Documents then in effect; and
- (B) in the case of (ii) above, the Super Senior Hedging Liabilities on a *pro rata* basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty,

including the amount of any *Soulte* paid or owed but not yet paid by the Super Senior Creditors pursuant to the Intercreditor Agreement, on a *pro rata* basis as between paragraphs (A) and (B) above;

(e) (save to the extent of any Excess Senior Liabilities) *pro rata and pari passu*, in payment to:

- (i) in respect of the Senior Secured Notes Liabilities and the *Pari Passu* Liabilities, the relevant Creditor Representative on its own behalf and on behalf of the relevant Senior Secured Creditors; and
- (ii) the Non-Super Senior Hedge Counterparties,

for application towards the discharge of:

- (A) in the case of (i) above, the Senior Secured Liabilities owed to the Senior Secured Noteholders and the relevant *Pari Passu* Creditors in accordance with the terms of the relevant Senior Secured Debt Documents on a *pro rata* basis between the Senior Secured Notes Liabilities and the *Pari Passu* Liabilities; and
- (B) in the case of (ii) above, the Non-Super Senior Hedging Liabilities on a *pro rata* basis between the Non-Super Senior Hedging Liabilities of each Non-Super Senior Hedge Counterparty,

in each case, together with the amount of any *soulte* paid or owed but not yet paid by the Senior Secured Notes Creditors, the Non-Super Senior Hedge Counterparties and the *Pari Passu* Creditors pursuant to the Intercreditor Agreement;

on a *pro rata* basis as between paragraphs (A) and (B) above; and

- (f) to the extent a Foreclosure has occurred (save to the extent of any Excess Senior Liabilities) in payment to the Security Agent on behalf of the Foreclosed Instrument Holders which are (or were immediately prior to the Foreclosure) Secured Creditors other than Second Lien Creditors, of the cost of shareholding;
- (g) if a Foreclosure has occurred (save to the extent of certain excess liabilities owed to the Second Lien Creditors after the Second Lien Call Option and the date of an Excess Senior Liabilities Amendment as a result of an amendment to increase the principal amount outstanding, the margin or the fees (in each case subject to certain exceptions) under the Second Lien Documents (the ***Excess Second Lien Liabilities***)) in payment to the Security Agent on behalf of the Foreclosed Instrument Holders which are (or were immediately prior to the Foreclosure) Second Lien Creditors for distribution to each such Foreclosed Instrument Holder in an amount equal to its tax liabilities;
- (h) (save to the extent of any Excess Second Lien Liabilities) in respect of each Second Lien Financing, in payment to the relevant Second Lien Creditor Representative on its own behalf and on behalf of the relevant Second Lien Creditors or (following the exercise of the Second Lien Call Option) the Second Lien Sellers or, if there is no Second Lien Representative (as defined in “—*Option to Purchase: Second Lien Creditors*” below) acting on behalf of any relevant Second Lien Creditors, such Second Lien Creditors or (following the exercise of the Second Lien Call Option) the Second Lien Sellers for application towards the discharge of the Second Lien Liabilities in accordance with the terms of the Second Lien Documents or (following the exercise of the Second Lien Call Option) the aggregate consideration under a Second Lien Call Option owed to the Second Lien Sellers on a *pro rata* basis between the relevant Second Lien Financings together with the amount of any *soulte* paid or owed but not yet paid by the Senior Secured Notes Creditors, the Hedge Counterparties and the *Pari Passu* Creditors pursuant to the Intercreditor Agent, provided that no Second Lien Creditor shall be entitled (other than as an unsecured creditor) to

any portion of Recoveries arising from the enforcement of Collateral over rights or assets which are not subject to Collateral in respect of the obligations of the Debtors under the Second Lien Documents;

- (i) to the extent a Foreclosure has occurred (save to the extent of any Excess Second Lien Liabilities) in payment to the Security Agent on behalf of the Foreclosed Instrument Holders which are (or were immediately prior to the Foreclosure) Second Lien Creditors, of the cost of shareholding;
- (j) in payment to the relevant Creditor Representative, on behalf of the Super Senior Creditors and the Senior Secured Creditors for application towards the discharge of any Excess Senior Liabilities (in accordance with the terms of the relevant Debt Documents);
- (k) in payment to the relevant Creditor Representatives on behalf of the Second Lien Creditors or (following the exercise of the Second Lien Call Option) the Second Lien Sellers (each as defined in “—*Second Lien Call Option*” below) or, if there is no Creditor Representative acting on behalf of any relevant Second Lien Creditors, such Second Lien Creditors or (following the exercise of the Second Lien Call Option) the Second Lien Sellers for application towards the discharge of the Excess Second Lien Liabilities owed to the Second Lien Creditors (in accordance with the terms of the Second Lien Documents) provided that no Second Lien Creditor shall be entitled (other than as an unsecured creditor) to any portion of Recoveries arising from the enforcement of Collateral over rights or assets which are not subject to Collateral in respect of the obligations of the Debtors under the Second Lien Documents;
- (l) if none of the Debtors or, as the case may be, Third-Party Security Providers are under any further actual or contingent liability under any Hedging Agreement, Hedge Counterparty guarantee, Credit Facility Document, Senior Secured Debt Document or Second Lien Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor or Third-Party Security Provider;
- (m) in payment to the relevant Debtor of any *soulte* payable and not yet paid, or paid (to the extent paid back to the Security Agent by the Debtors in accordance with the Intercreditor Agreement) as a result of a Foreclosure (on a *pro rata* basis among themselves);
- (n) in payment to the relevant Debtor which has assigned its rights of recourse in accordance with the Intercreditor Agreement the following proportion of the remaining amounts:
 - (i) if following a Foreclosure, a sale of all or part of the Foreclosed Instruments or Investment Instruments issued by a Lenders’ Newco (a **Cash-Effect Event**) occurs on or prior to the date falling six months after the occurrence of the Foreclosure, one hundred per cent. (100%);
 - (ii) if the Cash-Effect Event occurs following the date falling 6 months but on or prior to the date falling 18 months after the occurrence of the Foreclosure, sixty-six point sixty seven per cent. (66.67%);
 - (iii) if the Cash-Effect Event occurs following the date falling 18 months but on or prior to the date falling 30 months after the occurrence of the Foreclosure, fifty per cent. (50%);
 - (iv) if the Cash-Effect Event occurs following the date falling 30 months but on or prior to the date falling 36 months after the occurrence of the Foreclosure, thirty-three point thirty-four per cent. (33.34%); or
 - (v) if the Cash-Effect Event occurs following the date falling 36 months after the occurrence of the Foreclosure, no payment shall be due under this paragraph (n); and
- (o) the balance, if any, in payment (i) to the extent a Foreclosure has occurred, to the Security Agent on behalf of the Foreclosed Instrument Holders for distribution to each Foreclosed Instrument Holder *pro rata* to each Foreclosed Instrument Holder’s holding of Foreclosed Instruments or, as applicable, in the Investment Instruments issued by a Lenders’ Newco that it owns or (ii) otherwise to the relevant Debtors.

Foreclosure means a Relevant Security Enforcement (as defined below) as a result of which the relevant Foreclosed Instruments are owned by the Secured Creditors or a Lenders’ Newco following:

- (a) an appropriation (including pursuant to a *pacte commissoire* or a private appropriation) by judicial foreclosure in favour of, or attribution to, the Security Agent or any of the Secured Creditors; or
- (b) a disposal to a Lenders' Newco,

in each case, in accordance with the relevant Collateral document.

Release of the Guarantees and the Security

Non-distressed Disposal

In circumstances where a disposal of an asset is a Non-Distressed Disposal (as defined below) or an asset is to be subject to a special purpose security, the Intercreditor Agreement provides that the Security Agent is authorised (i) to release the Collateral over that asset; and (ii) if the relevant asset consists of shares in the capital of a member of the Group, to release the Collateral or any other claim (relating to a Debt Document) over that member of the Group's assets and/or shares and/or assets of any of its subsidiaries.

Non-Distressed Disposal means a disposal of:

- (a) an asset of a Debtor; or
- (b) an asset which is subject to the Collateral,

to a person or persons outside the Group (save that in the case of a financing disposition such disposal may be to a special purpose subsidiary) and for these purposes, the assets of a member of the Group designated as a special purpose subsidiary (in accordance with the terms of the relevant Secured Debt Documents) which are subject to Collateral shall be deemed to be disposed of at the time such designation is made, where in each case:

- (i) the Parent Guarantor certifies for the benefit of the Security Agent and each Creditor Representative that such disposal, and the release of the Collateral over the asset(s) the subject of such disposal, (1) is permitted under the Super Senior Debt Documents, the Senior Secured Debt Documents, the Second Lien Documents and the Unsecured Notes Documents or (2) the relevant Creditor Representatives have agreed to such disposal and such release; and
- (ii) that disposal is not a Distressed Disposal.

Distressed Disposal

Subject to certain exceptions set out in the Intercreditor Agreement and to the Security Enforcement Principles, where a Distressed Disposal (as defined below) of an asset is being effected, the Intercreditor Agreement provides that the Security Agent is authorised: (i) to release the Collateral, or any other claim over that asset; (ii) if the asset which is disposed of consists of all the shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its liabilities as borrower under the liabilities governed by the Intercreditor Agreement (the ***Liabilities***), its liabilities as a guarantor of the Liabilities (the ***Guarantee Liabilities***) or other liabilities it may have to the Secured Creditors under the Debt Documents or to a Shareholder Creditor, an Intra-Group Lender or a Debtor (the ***Other Liabilities***); (b) any Collateral granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of a Shareholder Creditor, a lender of Intra-Group Liabilities (an ***Intra-Group Lender***), a Third-Party Security Provider or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor; (iii) if the asset which is disposed of consists of all the shares in the capital of any holding company (or other direct or indirect shareholder) of a Debtor, to release (a) that holding company (or other direct or indirect shareholder) and any subsidiary of that holding company (or other direct or indirect shareholder) from all or any part of its liabilities as borrower under the Liabilities, its Guarantee Liabilities and Other Liabilities; (b) any Collateral granted by that holding company and/or any subsidiary of that holding company (or other direct or indirect shareholder) over any of its assets; and (c) any other claim of a Shareholder Creditor, an Intra-Group Lender, a Third-Party Security Provider or another Debtor over the assets of that holding company and/or any subsidiary of that holding company (or other direct or indirect shareholder); (iv) if the asset which is disposed of consists of all the shares in the capital of a Debtor or a holding company (or other direct or indirect shareholder) of a Debtor, to dispose of all or any part of the liabilities of that Debtor or the holding company of that Debtor or any subsidiary of that Debtor or any other liability owed to any Debtor, provided that, if the transferee of such liabilities is to be treated as a Secured Creditor or Unsecured

Notes Creditor, all Senior Secured Notes Liabilities, Super Senior Liabilities, Non-Super Senior Hedging Liabilities, *Pari Passu* Liabilities and other Liabilities must be transferred to that transferee; and (v) if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to transfer Intra-Group Liabilities and debtor liabilities owed by that Debtor or holding company of a Debtor to another Debtor.

Distressed Disposal means a disposal of an asset of a member of the Group, or, in the case of a Third-Party Security Provider, any assets, shares or financial securities which are subject to the Collateral, which is:

- (a) being effected (whether by a Debtor or a Third-Party Security Provider or otherwise) on the instructions of the relevant Instructing Group in circumstances where:
 - (i) the Collateral has become enforceable in accordance with the terms of the relevant Collateral documents; or
 - (ii) an event of default under the Debt Documents has occurred and is continuing; or
- (b) being effected by enforcement of the Collateral in accordance with the terms of the relevant Collateral documents.

Amendment

Subject to certain exceptions, the Intercreditor Agreement provides that it may be amended with the written consent of (i) each Creditor Representative (other than Hedge Counterparties) in accordance with, and to the extent required under, the relevant Debt Documents; (ii) any Hedge Counterparty to the extent the waiver or amendment would materially prejudice the continuing rights and obligations of that Hedge Counterparty under the Intercreditor Agreement or such amendment/waiver requires consent of that Hedge Counterparty under the applicable Hedging Agreement; (iii) the Shareholder Creditors to the extent such amendment/waiver relates to or adversely affects the rights or obligations of the Shareholder Creditors under the Intercreditor Agreement; and (iv) the Parent Guarantor, unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the order of priority or subordination set out in the Intercreditor Agreement; or (b) any amendment to the payment waterfall or redistribution provisions set out in the Intercreditor Agreement; or (c) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent, which shall not be made without:

- (a) each Creditor Representative (other than the Hedge Counterparties) acting in accordance with the relevant Debt Documents;
- (b) the Credit Facility Lenders in the requisite percentage required by the applicable Credit Facility;
- (c) (provided the *Pari Passu* Liabilities exceed €10,000,000 in aggregate) the lenders under any applicable facility agreement in respect of *Pari Passu* Liabilities in the requisite percentage required by that facility agreement;
- (d) the Second Lien Lenders under any applicable Second Lien Facility in the requisite percentage required by the Second Lien Facility Agreement in respect of that Credit Facility;
- (e) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty);
- (f) the Security Agent; and
- (g) the Parent Guarantor,

provided, that an amendment or waiver that has the effect of changing or which relates to (a) any amendment to the order of priority or subordination set out in the Intercreditor Agreement or (b) any amendment to the payment waterfall or redistribution provisions, shall only require the consent of the Parent Guarantor, those Super Senior Creditors, Senior Secured Creditors, Second Lien Creditors and Unsecured Notes Creditors which will be materially prejudiced by the proposed amendment or waiver and the Security Agent to the extent that it will be materially prejudiced by the proposed amendment or waiver.

Subject to certain exceptions and unless the provisions of any Debt Document expressly provide otherwise, the Security Agent may, if authorised by (i) the Majority Super Senior Creditors and (ii) if the *Pari Passu* Liabilities are equal to or less

than €10,000,000 in aggregate, the Majority Senior Secured Creditors or if the *Pari Passu* Liabilities are in excess of €10,000,000 in aggregate, the Senior Secured Notes required holders and the *Pari Passu* Liabilities required holders, and if the Parent Guarantor consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Collateral which shall be binding on each party to the Intercreditor Agreement.

Option to Purchase: Senior Secured Creditors

The Intercreditor Agreement provides that, subject to certain conditions and exceptions, some or all of the Senior Secured Noteholders and *Pari Passu* Creditors may, after a Distress Event, by giving not less than ten days' notice to the Security Agent, require the transfer to them in accordance with the terms of the Intercreditor Agreement of all but not part of the rights, benefits and obligations in respect of the Credit Facility Lender Liabilities.

Option to Purchase: Second Lien Creditors

The Intercreditor Agreement provides that, subject to certain conditions and exceptions, some or all of the Second Lien Creditors or, following an Assignment (as defined below), the Second Lien Sellers (as defined below) may, during a Second Lien Debt Purchase Window (as defined below), by giving not less than ten days' notice to the Security Agent, require the transfer to them in accordance with the terms of the Intercreditor Agreement of all but not part of the rights, benefits and obligations in respect of the Credit Facility Lender Liabilities, the Senior Secured Notes Liabilities, the *Pari Passu* Debt Liabilities and the Hedging Liabilities.

Second Lien Debt Purchase Window means either:

- (a) at any time (x) during the period following the issue of Second Lien Payment Stop Notice until that Second Lien Payment Stop Notice ceases to be outstanding; (y) while a Second Lien Standstill Period is continuing; or (z) after the Security Agent has notified the Creditor Representative, or the Second Lien Creditors and, after an Assignment, the Majority Second Lien Sellers (each as defined below) (the ***Second Lien Representative***) of its intention to commence the enforcement of Collateral over shares of any class, loans, bonds or other debt instruments issued by a member of the Group (together, ***Investment Instruments***) (a ***Relevant Security Enforcement***) in accordance with the Intercreditor Agreement, in each case until the date of enforcement; or
- (b) at any time after the date of a Relevant Security Enforcement or the date of a Second Lien Call Option Exercise Notice (as defined below), in either case until the date which is the earlier of (i) four (4) months after such Relevant Security Enforcement or such Second Lien Call Option Exercise Notice and (ii) the date on which the Senior Secured Creditors or Super Senior Creditors notify the Second Lien Representative of their intention to commence a Fair Sale Process (as defined in the Intercreditor Agreement).

Second Lien Call Option

Subject to certain exceptions and conditions set out in the Intercreditor Agreement, the Second Lien Creditors agree in the Intercreditor Agreement that the Security Agent may (on one or more occasions, with no further action being required by any Second Lien Creditor and acting on the instructions of the relevant Instructing Group), if notice that any Relevant Security Enforcement is to be taken by any of the Super Senior Creditors or Senior Secured Creditors (or the Security Agent acting on their behalf) has been provided, require an assignment (an ***Assignment***) by each Second Lien Creditor (a ***Second Lien Seller***) to it (or a nominee on its behalf) of all of their rights, benefits and title in respect of the Second Lien Liabilities (the ***Second Lien Call Option***) by giving notice to each Creditor Representative in relation to any Second Lien Creditors (the ***Second Lien Call Option Exercise Notice***) of such requirement.

Governing Law

The Intercreditor Agreement is governed by and construed in accordance with English law.

DESCRIPTION OF THE NOTES

Unless the context requires otherwise, references in this “Description of the Notes” to the “Notes” include the Notes and any Additional Notes (as defined below) that are issued under the Indenture. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture, the Notes and the Security Documents and refers to the Intercreditor Agreement. It does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Security Documents and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents and the Intercreditor Agreement are available as set forth below under “—Listing and General Information”.

Certain defined terms used in this description but not defined below under “—Certain Definitions” have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading “—Certain Definitions”. In this description, the term “Issuer” refers only to Mobilux Finance SAS and not to any of its subsidiaries.

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

Mobilux Finance SAS (the **Issuer**) will issue €500 million aggregate principal amount of 4.25% Senior Secured Notes due 2028 (the **Notes**) under an indenture (the **Base Indenture**), to be dated as of the Issue Date, between, among others, the Issuer, the Guarantors, Deutsche Trustee Company Limited, as Trustee, and BNP Paribas, as Security Agent, as supplemented by the First Supplemental Indenture, to be dated as of the Issue Date (the **First Supplemental Indenture**, together with the Base Indenture, the **Indenture**) between, among others, the Issuer, the Guarantors, Deutsche Trustee Company Limited, as Trustee, and BNP Paribas, as Security Agent. The Notes will be issued in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the **Securities Act**). Unless the context requires otherwise, references in this “Description of the Notes” to the Notes include the Notes and any “Additional Notes” (as defined below) that are issued under the Indenture. The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The Indenture contains provisions that define your rights and govern the obligations of the Issuer and the Guarantors under the Notes. The Notes will be guaranteed on a senior basis by the Issuer’s direct parent, Mobilux Acquisition, a company (*société par actions simplifiée*) organised under the laws of France (the **Company**), Mobilux 2, a company (*société par actions simplifiée*) organised under the laws of France (the **Parent Guarantor**), Décomeubles Partners, BUT, BUT International and Cogesem. The terms of the Notes include those set out in the Indenture. Certain terms used in this description are defined below under the caption “—Certain Definitions”.

For the purposes of this description, references to **Issuer**, **we**, **our**, and **us**, refer only to Mobilux Finance and any successor in interest thereto, and not to any of its Subsidiaries. Unless the context otherwise requires, in this description, references to the “Notes” include any Additional Notes (as defined below).

The following is a description of the material terms of the Indenture and the Notes and refers to the Security Documents and the Intercreditor Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, the Notes, the Security Documents and the Intercreditor Agreement, including the definitions of certain terms therein. The Issuer urges you to read the Indenture, the Notes, the Security Documents and the Intercreditor Agreement as they, and not this description, govern your rights as holders of the Notes. Copies of the Indenture, the forms of Note, the Security Documents and the Intercreditor Agreement will be made available as set forth under the section entitled “—Listing and General Information”.

Overview of the Notes and the Note Guarantees

The Notes

The Notes:

- will be senior secured obligations of the Issuer;
- will be secured by the Collateral as set forth below under the caption “—*Security*” on a first-priority basis along with obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and certain other future indebtedness (although any liabilities in respect of obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and certain other future indebtedness that are secured by the Collateral, will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral as further described under the section entitled “*Description of Certain Financing Arrangements—Intercreditor Agreement*”);
- will rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- will rank senior in right of payment to any existing and any future Indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- will be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes;
- will be guaranteed on a senior basis by the Guarantors, which guarantees may be subject to the guarantee limitations described herein; and
- will be structurally subordinated to any existing and future Indebtedness of the Parent Guarantor’s Subsidiaries that are not Guarantors.

The Note Guarantees

The Notes will be guaranteed by the Guarantors. The Note Guarantee of each Guarantor:

- will be a senior secured obligation of such Guarantor, secured by the Collateral as set forth below under the caption “—*Security*” on a first-priority basis along with obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and certain other future Indebtedness (although any liabilities in respect of obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and certain other future Indebtedness that are secured by the Collateral, will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral as further described under the section entitled “*Description of Certain Financing Arrangements—Intercreditor Agreement*”);
- will rank *pari passu* in right of payment with any existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to the Note Guarantee of that Guarantor;
- will rank senior in right of payment with any existing and any future Indebtedness of such Guarantor that is subordinated in right of payment to the relevant Note Guarantee;
- will be effectively senior to any existing or future unsecured obligations of such Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the Note Guarantee; and
- will be structurally subordinated to any existing and future Indebtedness of such Guarantor’s Subsidiaries that are not Guarantors.

The obligations of a Guarantor under its Note Guarantee will be limited as necessary to prevent the relevant Note Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law. See “*Risk Factors—Risks Related to Our Financial Profile and the Notes—The guarantees/security interests may be limited by French law or subject to certain limitations or defences that may adversely affect their validity and enforceability*”.

The Issuer is a special purpose vehicle initially formed for the purpose of issuing the Existing Notes permitted to be issued under the Existing Indenture. The Issuer does not have any subsidiaries. The Parent Guarantor and the Company are holding companies and conduct all of their operations through their Subsidiaries. Claims of creditors of the non-guarantor Subsidiaries, including trade creditors and creditors holding indebtedness or guarantees issued by such non-guarantor

Subsidiaries, and claims of preferred stockholders of such non-guarantor Subsidiaries, generally will have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of the Issuer's creditors, including holders of the Notes. Accordingly, the Notes and the Note Guarantees will be effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor Subsidiaries. See "*Risk Factors—Risks Related to Our Financial Profile and the Notes—The Notes will be structurally subordinated to the liabilities of Non-Guarantor Subsidiaries*".

All of the Parent Guarantor's Subsidiaries are "Restricted Subsidiaries" for purposes of the Indenture. However, subject to compliance with the terms of the Indenture, the Parent Guarantor will be permitted to designate Restricted Subsidiaries (other than the Issuer) as "Unrestricted Subsidiaries". The restrictive covenants in the Indenture do not apply to Unrestricted Subsidiaries. The Parent Guarantor's Unrestricted Subsidiaries, if any, will not guarantee the Notes.

Listing of the Notes

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue the Notes in an aggregate principal amount of €500 million. The Notes will mature on 15 July 2028. The Notes will be issued in fully registered form, without coupons, in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof.

Interest on the Notes will accrue at the rate of 4.25% per annum. Interest on the Notes will accrue from the date of original issue, or, if interest has already been paid or provided for, from the most recent date to which interest has been paid or provided for. Interest will be payable semi-annually to holders of record at the close of business on the clearing system business day immediately preceding each interest payment date, on 15 January and 15 July of each year, commencing on 15 January 2022. Interest will be paid on the aggregate principal amount outstanding on the basis of a 360-day year consisting of twelve 30-day months.

Additional notes may be issued under the Base Indenture in one or more series from time to time (as more particularly defined in the Indenture, **Additional Notes**), subject to the limitations set forth under "*Certain Covenants—Limitation on Indebtedness*", which will vote as a single class with the Notes (except as otherwise provided herein) and otherwise be treated as Notes for purposes of the Indenture. The Indenture will permit the Issuer to designate the maturity date, interest rate and optional redemption provisions applicable to each series of Additional Notes, which may differ from the maturity date, interest rate and optional redemption provisions applicable to the Notes issued on the Issue Date. Additional Notes that differ with respect to maturity date, interest rate or optional redemption provisions from the Notes issued on the Issue Date will constitute a different series of Notes from such initial Notes. Additional Notes that have the same maturity date, interest rate and optional redemption provisions as the Notes issued on the Issue Date will be treated as the same series as such initial Notes unless otherwise designated by the Issuer. The Parent Guarantor similarly will be entitled to vary the application of certain other provisions (and any related defined terms) to any series of Additional Notes.

Methods of Receiving Payments on the Notes

Principal of, and premium, if any, and interest on, the Notes will be payable, and the Notes may be exchanged or transferred at the office or agency of the Issuer maintained for such purposes except that, at the option of the Issuer, payment of interest may be made through a Paying Agent by check mailed to the address of the registered holders of the Notes as such address appears in the Note Register. The Notes may be presented for registration of transfer and exchange at the offices of the Registrar.

The Parent Guarantor or any of its Subsidiaries may act as Paying Agent (other than with respect to Global Notes) or Registrar in respect of the Notes.

The Issuer will maintain one or more registrars (each, a **Registrar**) for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market. The Registrars will maintain a register reflecting ownership of Notes (as defined herein) outstanding from time to time (the **Register**) and will make payments on

and facilitate transfer of Notes on behalf of the Issuer. The Issuer will also maintain a register of Notes at its registered office which, in case of any discrepancy with the information contained in the Register, shall prevail over the Register.

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders of Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu) (the information contained on that website is not part of this Offering Circular).

Optional Redemption

The Notes will be redeemable, at the Issuer's option, at any time prior to maturity at varying redemption prices in accordance with the applicable provisions set forth below (the date of such redemption being the **Redemption Date**).

At any time on and after 15 July 2024, the Notes will be redeemable at the Issuer's option, in whole or in part and from time to time, at the applicable redemption price set forth below. The Notes will be so redeemable at the following redemption prices (expressed as a percentage of principal amount on the Redemption Date), plus accrued and unpaid interest, if any, to the relevant 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 12-month period commencing on 15 July of the years set forth below:

Redemption period	Price
2024	102.1250%
2025	101.0625%
2026 and thereafter	100.0000%

At any time prior to 15 July 2024, the Notes will be redeemable at the Issuer's option, in whole or in part and from time to time, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the applicable Redemption Date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date) (the **Redemption Price**).

At any time prior to 15 July 2024, the Issuer will be entitled at its option on one or more occasions to redeem Notes in an aggregate principal amount not to exceed 40% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes of the same series) with funds in an equal aggregate amount (the **Redemption Amount**) not exceeding the aggregate proceeds of one or more Equity Offerings, at a redemption price (expressed as a percentage of principal amount thereof) of 104.25%, plus accrued and unpaid interest, if any, to 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) (each, an **Equity Offering Redemption**); *provided, however*, that if Notes are redeemed pursuant to this paragraph, an aggregate principal amount of Notes equal to at least 50% of the original aggregate principal amount of Notes (calculated giving effect to any issuance of Additional Notes of the same series) remains outstanding immediately after the occurrence of each such redemption of Notes (unless all Notes are otherwise repurchased or redeemed substantially concurrently with the corresponding Equity Offering Redemption). Any amount payable in any such redemption may be funded from any source. Any notice of any such redemption may be given prior to completion of the related Equity Offering but in no event may be given more than 180 days after the date of the completion of the related Equity Offering.

At any time and from time to time prior to 15 July 2024, the Issuer will be entitled at its option to redeem during each calendar year up to 10% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes of the same series), at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the Redemption Date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notwithstanding the foregoing, in connection with any tender for any series of Notes, if Holders of not less than 90% in the aggregate principal amount of the outstanding Notes of such series (including the principal amount of any Additional Notes of the same series) validly tender and do not withdraw Notes in such tender offer and the Issuer, or any other Person making such tender offer, purchases all of the Notes of such series (including any Additional Notes of the same series) validly tendered and not withdrawn by such Holders, the Issuer will have the right, upon notice given not more than 30 days following such purchase pursuant to such tender offer, to redeem all of the Notes of such series (including any Additional

Notes of the same series) that remain outstanding following such purchase at a price in cash equal to the price offered to each Holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest to but excluding 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).

Any redemption of Notes may be made upon notice in accordance with the provisions set forth under the caption “*Notices*”, not less than 10 nor more than 60 days prior to the Redemption Date, except that a redemption notice may be delivered more than 60 days prior to the Redemption Date if such notice is issued in connection with legal or covenant defeasance of the Issuer’s obligations or a satisfaction and discharge of the Indenture, or if the Redemption Date is delayed as provided for in the following paragraph. The Issuer may provide in any redemption notice that payment of the redemption price and the performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.

Any redemption of Notes (including in connection with an Equity Offering, a Change of Control, other transaction or event or otherwise) or notice thereof may, at the Issuer’s discretion, be subject to the satisfaction (or waiver by the Issuer in its sole discretion) of one or more conditions precedent, which may include consummation of any related Equity Offering or the completion or occurrence of a Change of Control, Asset Disposition or other transaction or event, as the case may be. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may 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 waived by the Issuer in its sole discretion), 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 (or, in the Issuer’s sole determination, may not be) satisfied (or waived by the Issuer in its sole discretion) by the Redemption Date, or by the Redemption Date so delayed.

If the Issuer effects an optional redemption of Notes, it will, if and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and to the extent required by the Luxembourg Stock Exchange, 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.

The Issuer may provide in any notice of redemption that payment of the redemption price and performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.

Selection and Notice

For so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and to the extent required by the rules and regulations of the Luxembourg Stock Exchange, the Issuer shall publish notice of any redemption in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the Luxembourg Stock Exchange, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu) (the information contained on that website is not part of this Offering Circular).

In the case of any partial redemption, selection of the Notes for redemption will be made by Euroclear and Clearstream on a proportionate basis by use of a pool factor in accordance with their respective requirements and procedures, as applicable, or, in the case of Notes in definitive form, on a *pro rata* basis by the Principal Paying Agent unless otherwise required by law or applicable stock exchange or depositary requirements.

No Note of €100,000 in aggregate principal amount or less shall be redeemed in part.

If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. Neither the Trustee nor the Principal Paying Agent will be liable for selections made pursuant to this Section. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption so long as the Issuer has deposited with, or procured deposit with, the Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest, if any on the Notes to be redeemed.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the captions “—*Change of Control*” and “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”.

The Issuer, the CD&R Investors, the WM Investors and their respective Affiliates may at any time and from time to time acquire the Notes whether by tender offer, open market purchases, negotiated transactions or otherwise.

Additional Amounts

All payments required to be made by the Issuer or any Guarantor or the Paying Agent on behalf of the Issuer or such Guarantor under or with respect to the Notes or any Note Guarantee (each of the Issuer, such Guarantor or such Paying Agent and, in each case, any successor thereof, making such payment, the **Payor**), will be made without withholding or deduction for or on account of any Taxes imposed or levied by or on behalf of the government of France (or if applicable, the government of Luxembourg in the event of a Substitution pursuant to the covenant described under the caption “—*Parent Guarantor and Issuer Substitution*”) or any political subdivision thereof or any authority or agency therein or thereof having power to tax, by or on behalf of any authority or agency having power to tax within any other jurisdiction in which the Issuer or the applicable Guarantor is organised or otherwise resident for tax purposes or any jurisdiction from or through which payment is made by such Payor (each, a **Relevant Taxing Jurisdiction**), unless such withholding or deduction is required by law or regulation.

If a Payor is so required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or a Note Guarantee, as applicable, the Issuer or the applicable Guarantor will be required to pay such additional amounts (**Additional Amounts**) as may be necessary so that the net amount received by any Holder (including Additional Amounts) after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been withheld or deducted; provided, however, that the foregoing obligation to pay Additional Amounts does not apply to:

- (1) any Taxes that would not have been so imposed or levied but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, beneficial owner, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, company or corporation) and the Relevant Taxing Jurisdiction, including, without limitation, such Holder or person being or having been a domiciliary, national or resident thereof, or being or having been present or engaged in a trade or business therein or having had a permanent establishment therein (other than the holding by such Holder of any Note or such Holder’s receipt of payments thereunder or exercise or enforcement of its rights in respect thereof);
- (2) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Tax;
- (3) any Taxes which are payable other than by withholding or deduction from payments under (or with respect to) the Notes or any Note Guarantee;
- (4) any Taxes that are imposed or levied by reason of the failure of the Holder or the beneficial owner of any Note to comply with any written request by the Payor made to such Holder at least 30 days before any such withholding or deduction would be payable (A) to provide timely or accurate information or documentation concerning the nationality, residence or identity of such Holder or beneficial owner or (B) to make any valid or timely declaration or similar claim or satisfy any certification, information or reporting requirement, which in the case of (A) or (B), is required or imposed by a statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of withholding or deduction of, all or part of any Taxes, but, in each case, only if and to the extent that such Holder or beneficial owner is legally entitled to provide such information or documentation or to make such declaration or claim or to satisfy such requirement (without giving effect, for the avoidance of doubt, to any separate contractual limitation on any such disclosure, declaration, claim or satisfaction of requirement);
- (5) a Note presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to, or otherwise selecting, another Paying Agent in a member state of the European Union;

- (6) any Taxes imposed or withheld as a result of a Note presented for payment more than 30 days after the date on which such payment on such Note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of the 30-day period);
- (7) any payment by the Issuer or any Guarantor, as the case may be, on a Note to any Holder who is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the sole beneficial owner of such Note;
- (8) any withholding or deduction pursuant to or in connection with Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreements (including any intergovernmental agreements and any agreement between the Issuer, any Paying Agent or any Guarantor and the United States or any jurisdiction implementing FATCA) thereunder or any law, treaty, regulation, or official interpretation implementing any of the foregoing; or
- (9) any Taxes imposed or levied by reason of any combination of clauses (1) through (8) above.

The Payor will make any withholding or deduction required by law in respect of Taxes, and remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor or any Guarantor will use reasonable efforts to provide the Principal Paying Agent with official receipts or other documentation evidencing the payment of the Taxes with respect to which Additional Amounts are paid. If so provided, copies thereof will be made available at the offices of the Principal Paying Agent if the Notes are then listed on the Luxembourg Stock Exchange.

If the Issuer or any Guarantor will be obligated to pay Additional Amounts under or with respect to any payment made on the Notes, prior to the date of such payment, such Payor will deliver to the Principal Paying Agent a certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information reasonably necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date. Whenever in the Indenture, the Notes or in this “*Description of Notes*” there is mentioned, in any context:

- (1) the payment of principal;
- (2) redemption prices or purchase prices in connection with a redemption or a purchase of Notes, as applicable;
- (3) the payment of interest; or
- (4) any other amount payable on or with respect to any of the Notes or any Note Guarantee,

such reference will be deemed to include payment of Additional Amounts as described under this caption “—*Additional Amounts*”, to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer will pay any present or future stamp, excise, issue, registration, or similar court or documentary Taxes (referred to in this paragraph as *stamp taxes*) that arise in any Relevant Taxing Jurisdiction from the execution, delivery, enforcement or registration of the Notes, the Indenture, the Note Guarantees, the Security Documents or any other document or instrument in relation thereto, and the Issuer and each Guarantor will indemnify the Holders for any such stamp taxes paid by such Holders, in each case save for any such taxes, duties, fees or charges which arise or are increased as a result of a voluntary registration in any jurisdiction if such registration is not required by any applicable law or not necessary to enforce, compel or otherwise assert the rights of such Holder or obligations of any Party under any Notes or any Note Guarantee.

The obligations described under this caption “—*Additional Amounts*”, will survive any termination, defeasance or discharge of the Indenture or any Note Guarantee, and will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Payor is incorporated, organised or resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

Optional Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem Notes, at its option, at any time in whole but not in part, upon not less than 10 nor more than 60 days' notice to the Holders, at a redemption price equal to 100% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer or any Guarantor has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Notes, any Additional Amounts, in each case, as a result of:

- (1) a change in or an amendment to the laws or treaties (including any regulations, protocols or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction affecting taxation; or
- (2) any change in or amendment to any official position regarding the application, administration or interpretation of such laws or treaties (including any regulations, protocols or rulings promulgated thereunder and including the decision of any court, governmental agency or tribunal),

which change or amendment is announced, enacted or becomes effective, on or after the date of this Offering Circular (or, if the Relevant Taxing Jurisdiction has changed since the date of this Offering Circular either (i) as a result of an addition of a Guarantor, or (ii) an existing Guarantor redomiciling or becoming tax-resident (other than as a result of a change in law after the date of this Offering Circular), the date on which the then current Relevant Taxing Jurisdiction became the applicable Relevant Taxing Jurisdiction under the Indenture) and the Issuer and the Payor cannot avoid such obligation by taking reasonable measures available to them; provided, that the Issuer or such Guarantor will not be required to take any measures that, in its reasonable determination, would result in the imposition of any legal or regulatory burden or the incurrence by it of any additional material costs, or would otherwise result in any material adverse consequences.

The Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer or a Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and at the time such notice is given, the obligation to pay Additional Amounts must remain in, or remain likely to come into, effect. Before publishing or mailing notice of the redemption of Notes, the Issuer will deliver to the Trustee an Officer's Certificate to the effect that the Issuer cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it. The Issuer or such Guarantor will also deliver to the Trustee an opinion of independent legal counsel of recognised standing to the effect that the Issuer or such Guarantor would be obliged to pay Additional Amounts as a result of a change or amendment described above. The Trustee will accept such opinion as sufficient evidence of the Issuer's or such Guarantor's obligations to pay Additional Amounts and it will be conclusive and binding on the Holders. The foregoing provisions will apply *mutatis mutandis* to the laws and official positions of any jurisdiction in which any successor to the Issuer or such Guarantor permitted under the caption "*Certain Covenants—Merger and Consolidation*" is incorporated, organised or otherwise resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

The Proceeds Loans

On the Issue Date, the Issuer will lend, pursuant to three proceeds loans (the ***Proceeds Loans***), the entire amount of the Notes to Mobilux Acquisition, BUT International and Cogesem. Mobilux Acquisition will apply the proceeds of the Proceeds Loans (i) to repay outstanding obligations owing to the Issuer under an existing intercompany loan, (ii) to finance part of the Issue Date Distribution, and (iii) to finance the payment of a portion of the Transaction Costs. BUT International and Cogesem will apply proceeds of the Proceeds Loans to repay outstanding obligations owing to the Issuer under certain existing intercompany loans and to finance the payment of a portion of the Transaction Costs.

The Proceeds Loans will be denominated in euro in aggregate principal amount equal to the entire amount of the Notes. The Proceeds Loans will bear interest at a rate at least equal to the interest rate of the Notes. Interest on the Proceeds Loans will be payable semi-annually in arrears on or prior to the corresponding dates for the payment of interest on the Notes.

The agreements governing the Proceeds Loans (the ***Proceeds Loan Agreements***) will provide that the borrowers thereunder will pay the Issuer at least the same amount of interest and principal, Applicable Premium, Additional Amounts and other amounts as that due and payable by the Issuer under the Notes. The maturity date of the Proceeds Loans will be the same as the maturity date of the Notes. Except as otherwise required by law, all payments under the Proceeds Loan Agreements will be made without deduction or withholding for, or on account of, any applicable tax. In the event that any of Mobilux Acquisition, BUT International or Cogesem is required to make any such deduction or withholding in respect of a payment, it shall gross-up such payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

An assignment of (or to the extent not validly assigned, a fixed charge over) the Issuer's rights under the Proceeds Loan Agreement will be granted in favour of the Security Agent as part of the Collateral, as described below under the caption "*Security*".

The Proceeds Loans will provide that the borrowers thereunder will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes. The Indenture, the Proceeds Loans and the Security Documents will not contain any restrictions on the ability of the Issuer, the Company, Mobilux Acquisition, BUT International and Cogesem to amend the terms of the Proceeds Loans, including with respect to the scheduled maturity date, the rate of interest payable thereunder and interest payment dates.

The Proceeds Loans will be governed by French law.

The Note Guarantees

General

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control (as defined below), will (subject to the Agreed Security Principles) be guaranteed, fully and unconditionally, jointly and severally, on a senior secured basis, by the Company, the Parent Guarantor and certain Subsidiaries of the Parent Guarantor (each, a ***Guarantor***).

The Guarantors, their respective jurisdictions of incorporation, and the related timing of their accession to the Indenture will be as follows:

Mobilux 2	France	Issue Date
Mobilux Acquisition	France	Issue Date
Décomeubles Partners	France	Issue Date
BUT	France	Issue Date
BUT International	France	Issue Date
Cogesem	France	Issue Date

We expect (subject to the Agreed Security Principles) to implement the Note Guarantees of the Parent Guarantor, the Company and each other Guarantors that is a Subsidiary of the Parent Guarantor on the Issue Date. Not all of the Subsidiaries of the Parent Guarantor will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganisation of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or the Parent Guarantor. As of 31 March 2021, the Guarantors and the Issuer would have represented 90.68% of the total assets and accounted for 92.24% of the liabilities on a non-consolidated combined basis (before intercompany eliminations). For the period of four consecutive fiscal quarters ended 31 March 2021, the Guarantors and the Issuer would have been responsible for 96.09% of the total combined recurring operating profit before depreciation and amortisation, and other operating income and expense on the same non-consolidated combined basis (before intercompany eliminations). As of 31 March 2021, the non-guarantor Subsidiaries held 9.32% of the total assets and accounted for 7.76% of the liabilities on a combined basis (before intercompany eliminations). For the period of four consecutive fiscal quarters ended 31 March 2021, the non-guarantor Subsidiaries were responsible for 3.91% of the recurring operating profit before depreciation and amortisation, and other operating income and expense on the same non-consolidated combined basis (before intercompany eliminations).

The Indenture will provide that the Issuer, each Guarantor and the Trustee will be authorised (without any further consent of the holders of the Notes) to enter into the Intercreditor Agreement to give effect to the provisions described under the section entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

The Indenture will also provide that each holder of the Notes, by accepting its Note, will be deemed to have:

- (a) appointed and authorised the Trustee to give effect to the provisions in the Intercreditor Agreement;
- (b) agreed to be bound by the provisions of the Intercreditor Agreement; and
- (c) irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favour of obligations under the Revolving Credit Facility Agreement and the Notes. The Agreed Security Principles include 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 capitalisation” rules, retention of title claims and similar matters.

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor’s obligations subject to the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor’s obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See “*Risk Factors—Risks Related to Our Financial Profile and the Notes—The guarantees/security interests may be limited by French law or subject to certain limitations or defenses that may adversely affect their validity and enforceability*” and “*Risk Factors—Risks Related to our Financial Profile and the Notes—Enforcing your rights as a holder of the Notes or under the Guarantees or the Collateral across multiple jurisdictions may prove difficult*”.

Releases of the Note Guarantees

The Note Guarantee of a Guarantor will automatically terminate and be discharged and of no further force and effect:

- upon a sale or other disposition (including by way of consolidation or merger) of ownership interests in the relevant Guarantor (whether by direct sale or sale of a holding company) such that the Guarantor does not remain a Restricted Subsidiary or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Parent Guarantor or a Restricted Subsidiary) in accordance with the terms of the Indenture (including, but not limited to, the covenant described under the caption “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”);
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or (subject to customary contingent reinstatement provisions) satisfaction and discharge of the Notes, as provided below under the captions “—*Defeasance*” and “—*Satisfaction and Discharge*”;
- in accordance with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under the caption “—*Amendments and Waivers*”;
- as a result of a transaction permitted by the caption “—*Merger and Consolidation*”; or
- at any time such Guarantor is released from such other guarantee that gave rise to the requirement to guarantee the Notes, so long as no other Indebtedness is at that time guaranteed by the relevant Guarantor that would give rise to a requirement to guarantee payment of the Notes as described under the caption “—*Certain Covenants—Future Guarantors*” (it being understood that a release subject to contingent reinstatement is still a release).

Upon written request from the Issuer or the applicable Guarantor, the Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee 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 of the Notes or, unless requested by the Issuer or the applicable Guarantor, any action on the part of the Trustee.

Security

General

The Notes are (subject to the Agreed Security Principles) secured by:

- (1) first ranking securities account pledges over all of the issued Capital Stock in the Issuer, the Company, Décomeubles Partners, BUT, BUT International and Cogesem (the **Share Pledges**);
- (2) first ranking pledges over certain existing and/or future intercompany receivables of the Issuer, the Parent Guarantor, the Company, Décomeubles Partners, BUT, BUT International and Cogesem (the **Loan Pledges**); and
- (3) first ranking pledges over certain bank accounts of the Issuer, the Parent Guarantor, the Company, Décomeubles Partners, BUT, BUT International and Cogesem (the **Bank Account Pledges** and, together with the Share Pledges and the Loan Pledges, the **Collateral**).

Any other additional security interests that may in the future be created to secure obligations under the Notes and the Indenture would also constitute Collateral.

The Collateral will also secure the liabilities under the Revolving Credit Facility Agreement and may secure certain Hedging Obligations, and certain other future Indebtedness (including any Additional Notes); provided, that lenders under the Revolving Credit Facility Agreement, counterparties to certain Hedging Obligations and certain other lenders or creditors will receive proceeds from the enforcement of the Collateral in priority to holders of the Notes as further described under the section entitled “*Description of Certain Financing Arrangements—Intercreditor Agreement*”. Any proceeds received upon any enforcement over any Collateral, after all such liabilities have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and the Notes and any other Indebtedness of the Parent Guarantor or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement. No appraisals of the Collateral have been made in connection with this offering of the Notes. 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 Financial Profile and the Notes*”.

Security Documents

The Collateral will (subject to the Agreed Security Principles) secure the payment and performance when due of the obligations of the Issuer and the Guarantors under the Indenture and the Notes, the Revolving Credit Facility Agreement and certain other future Indebtedness as provided for in the Security Documents.

So long as no enforcement has occurred and is continuing, and subject to certain terms and conditions, each pledgor will be entitled to receive all cash dividends, interest and other payments made upon or with respect to the shares pledged by it and, so long as no enforcement has occurred, each pledgor will be entitled to exercise any voting and other consensual rights pertaining to the shares pledged by it in a manner which does not adversely affect the validity or enforceability of the security or cause an Event of Default to occur. Subject to the Intercreditor Agreement, however:

- upon the occurrence of an enforcement, all rights of the relevant pledgor to receive dividends and other payments made upon or with respect to the pledged shares will cease and such dividends and other payments will be paid to an account for the benefit of the Security Agent; and
- upon the occurrence of an enforcement, the Security Agent will also be entitled to exercise all rights, actions and privileges granted by law to a secured creditor.

The Indenture will provide that the Security Documents may be enforced upon an acceleration of amounts due under the Notes following an Event of Default. The Security Documents will require that any acceleration notice (other than in respect of a payment default) is served in respect of certain minimum amounts of Indebtedness under the Notes.

The Security Agent will enter into the Security Documents in its own name for the benefit of the Trustee and the holders of the Notes. In certain cases, the rights of the Trustee and the holders of the Notes will be secured by the Security Documents through a “parallel debt” claim acknowledged by the Issuer and/or the relevant Guarantor by way of an independent acknowledgement of Indebtedness to the Security Agent that is equal to the total amounts payable by the Issuer and/or the relevant Guarantor under the Indenture and the Notes. Neither the Trustee nor the holders of the Notes may, individually or collectively, take any direct action to enforce any rights in their favour under the Security Documents. The holders of the Notes may only take action through the Security Agent.

In the event that the Parent Guarantor or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests (as defined below) created under the Security Documents or the rights and obligations set out in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests created under the Security Documents or the terms of the Intercreditor Agreement were to be successful, the Trustee and the holders of the Notes may not be able to recover any amounts under the Security Documents. See the section entitled “*Risk Factors—Risks Related to Our Financial Profile and the Notes*”.

Subject to certain conditions, including compliance with the covenant described under the caption “—*Certain Covenants—Impairment of Security Interest*”, the Issuer and the Guarantors are permitted to pledge the Collateral in connection with future incurrences of Indebtedness, including any Additional Notes, or Indebtedness of its Restricted Subsidiaries, in each case permitted under the Indenture and on terms consistent with the relative priority of such Indebtedness.

Priority

The relative priority between (a) the lenders under the Revolving Credit Facility Agreement, the counterparties to certain of the Hedging Obligations and certain other lenders or creditors from time to time secured by the Collateral, (b) the Security Agent (including in its capacity as parallel creditors), the Trustee and the Noteholders with respect to the security interests in the Collateral (the ***Security Interests***) and (c) certain other holders of Indebtedness from time to time secured by the Collateral is established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents, and may be set forth in any Additional Intercreditor Agreement and any other security documents creating security interests in the Collateral.

See the section entitled “*Description of Certain Financing Arrangements—Intercreditor Agreement*”. Pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See the caption “—*Certain Covenants—Impairment of Security Interest*”.

Release of Security

The Collateral will be released:

- upon legal defeasance, covenant defeasance or (subject to customary contingent reinstatement provisions) satisfaction and discharge of the Notes, as provided below under the captions “—*Defeasance*” and “—*Satisfaction and Discharge*”;
- as described under “—*Amendments and Waivers*” and “—*Certain Covenants—Limitation on Liens*”;
- upon release of a Guarantee (with respect to the Liens securing such Guarantee granted by such Guarantor) in accordance with the Indenture;
- automatically without any action by the Trustee or Security Agent, if the Lien granted in favour of the Revolving Credit Facility or such other Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released (other than pursuant to the repayment and discharge thereof);
- as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- in the case of property and assets and Capital Stock of a Guarantor, to the extent such Guarantor is released from its Note Guarantee pursuant to the terms of the Indenture;
- to the extent permitted in accordance with the covenant described under the caption “—*Certain Covenants—Impairment of Security Interest*” below;
- in connection with any asset sale or disposition or transfer of assets 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 the caption “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”; or
- as otherwise permitted in accordance with the Indenture.

Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders of the Notes. The Indenture will provide that any release of a Lien on Collateral shall be evidenced by the delivery by the Issuer to the Trustee and Security Agent of an Officer's Certificate of the Issuer, and that the Security Agent shall acknowledge and confirm such release upon delivery of such Officer's Certificate. The Trustee and the Security Agent shall take all necessary actions to effectuate the releases described above, subject to customary protections and indemnifications.

Change of Control

Upon the occurrence of a Change of Control (as defined below), each Holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or in integral multiples of €1,000 in excess thereof) of such Notes at a purchase price in cash (the ***Change of Control Payment***) equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to but not including the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date); provided, however, that the Issuer will not be obligated to repurchase Notes pursuant to this covenant in the event that it has exercised its right to redeem all of the Notes as described under the caption "***—Optional Redemption***".

The term ***Change of Control*** means:

- (1) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders or a Parent, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Parent Guarantor, provided that (x) so long as the Parent Guarantor is a Subsidiary of any Parent, no "person" will be deemed to be or become a "beneficial owner" of more than 50% of the total voting power of the Voting Stock of the Parent Guarantor unless such "person" is or becomes a "beneficial owner" of more than 50% of the total voting power of the Voting Stock of such Parent (other than a Parent that is a Subsidiary of another Parent) and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" will not in any case be included in any Voting Stock of which any such "person" is the "beneficial owner"; or
- (2) the Parent Guarantor sells or transfers (in one or a series of related transactions) all or substantially all of the assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to, another Person (other than one or more Permitted Holders) and any "person" (as defined in clause (1) above), other than one or more Permitted Holders or any Parent, is or becomes the "beneficial owner" (as so defined), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the transferee Person in such sale or transfer of assets, as the case may be, provided that (x) so long as such transferee Person is a Subsidiary of a parent Person, no "person" will be deemed to be or become a "beneficial owner" of more than 50% of the total voting power of the Voting Stock of such transferee Person unless such "person" is or becomes a "beneficial owner" of more than 50% of the total voting power of the Voting Stock of such parent Person (other than a parent Person that is a Subsidiary of another parent Person) and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" will not in any case be included in any Voting Stock of which any such "person" is the "beneficial owner",

provided that, in each case, a Change of Control shall not be deemed to have occurred if the relevant Change of Control Event is also a Specified Change of Control Event; provided, further, that in connection with any determination of whether a Change of Control Event also constitutes a Specified Change of Control Event at the Parent Guarantor's election, any calculation of the Consolidated Leverage Ratio may be made as of the date a definitive agreement for such Change of Control Event is entered into giving *pro forma* effect to such Change of Control Event, and any related transactions (including any Incurrence of Indebtedness and the use of proceeds thereof) and, to the extent so made, will not be required to be made at any later date as would otherwise be required under the Indenture. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted after the Issue Date.

Unless the Issuer has exercised its right to redeem all the Notes as described under the caption "***—Optional Redemption***", the Issuer will, not later than 30 days following the date the Issuer obtains actual knowledge of any Change of Control having occurred, send a notice (a ***Change of Control Offer***) to each Holder with a copy to the Trustee and the Paying Agents stating:

- (1) that a Change of Control has occurred or may occur and that such Holder has, or upon such occurrence will have, the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to but not including the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date falling prior to or on the purchase date);

- (2) the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is sent except that such notice may be delivered more than 60 days prior to the purchase date if the purchase date is delayed as provided in clause 4 of this paragraph);
- (3) the instructions determined by the Issuer, consistent with this covenant, that a Holder must follow in order to have its Notes purchased; and
- (4) if such notice is sent prior to the occurrence of a Change of Control, that such offer is conditioned on the occurrence of such Change of Control and that the purchase date may, in the Issuer's discretion be delayed until such time as the Change of Control has occurred.

No Note will be repurchased in part if less than €100,000 in original principal amount of such Note would be left outstanding.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (i) 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, or (ii) in connection with or in contemplation of any Change of Control, to the extent a definitive agreement is in place for the Change of Control at such time, the Issuer (or any Affiliate of the Issuer) has made an offer to purchase (an *Alternate Offer*) any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered in connection with the terms of the Alternate Offer.

Notwithstanding anything to the contrary herein, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer or Alternate Offer.

A Change of Control Offer or Alternate Offer may be made at the same time as consents are solicited with respect to an amendment, supplement or waiver of the Indenture, Notes and/or Guarantees.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes of any series validly tender and do not withdraw such Notes in a Change of Control Offer or an Alternate Offer and the Issuer, or any third party making a Change of Control Offer or any Affiliate of the Parent Guarantor making an Alternate Offer in lieu of the Issuer as described above, purchases all of the Notes of such series validly tendered and not withdrawn by such Holders, the Issuer or such third party or such Affiliate will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to such Change of Control Offer or such Alternate Offer, to redeem all Notes of such series that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the date of such redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

To the extent that the provisions of any applicable laws or regulations, including securities laws, conflict with the provisions of this covenant, the Issuer will comply with the applicable laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Change of Control purchase feature is a result of negotiations between the Issuer and the initial purchasers. The Parent Guarantor has no present plans to engage in a transaction involving a Change of Control, although it is possible that the Parent Guarantor could decide to do so in the future. Subject to the limitations discussed below, the Parent Guarantor could, in the future, enter into certain transactions, including acquisitions, refinancings or recapitalisations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect the Parent Guarantor's capital structure or credit ratings. Except as described above with respect to a Change of Control, the Indenture will not contain any covenants or provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalisation 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 Parent Guarantor in a transaction that would constitute a Change of Control.

The occurrence of certain of the events that would constitute a Change of Control would require prepayment of Indebtedness under the Revolving Credit Facility Agreement. Agreements governing Indebtedness of the Parent Guarantor and the Restricted 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. Agreements governing future Indebtedness of the Parent

Guarantor or any of its Subsidiaries may prohibit the Issuer from repurchasing the Notes upon a Change of Control or restrict the ability of the Parent Guarantor's Subsidiaries to provide funds to the Issuer necessary to enable it to repurchase the Notes. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require repayment of Indebtedness under, such agreements, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Parent Guarantor and its Subsidiaries. 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. As described above under the caption "*—Optional Redemption*", the Issuer also has the right to redeem the Notes at specified prices, in whole or in part, upon a Change of Control or otherwise.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes.

The definition of Change of Control includes a phrase relating to the sale or other transfer of "all or substantially all" of the assets of the Parent Guarantor and its Restricted Subsidiaries. Although there is a developing body of case law interpreting the phrase "substantially all", there is no precise definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Parent Guarantor and its Restricted Subsidiaries, and therefore it may be unclear as to whether a Change of Control has occurred and whether the holders of the Notes have the right to require the Issuer to repurchase such Notes.

If and for so long as the Notes are listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any Change of Control Offer in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the Luxembourg Stock Exchange, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu) (the information contained on that website is not part of this Offering Circular).

Certain Covenants

The Indenture will contain, among others, the covenants as described below.

Suspension of Covenants on Achievement of Investment Grade Status

If on any day following the Issue Date (a)(x) the Notes have an Investment Grade Rating from either of the Rating Agencies or (y) following a Public Offering with respect to the Parent Guarantor or any Parent thereof which does not constitute a Change of Control (as described above under the caption "*—Change of Control*"), at or following completion of such Public Offering, the Consolidated Secured Leverage Ratio (after giving pro forma effect to the completion of such Public Offering and the application of proceeds therefrom) is less than 3.00:1.00 and, (b) no Default has occurred and is continuing under the Indenture, then, beginning on that day subject to the provisions of the following paragraph, the covenants specifically listed under the following captions under the caption "*—Certain Covenants*" in this "*Description of the Notes*" section of this Offering Circular (collectively, the ***Suspended Covenants***) will be suspended:

- (i) "*—Limitation on Indebtedness*";
- (ii) "*—Limitation on Restricted Payments*";
- (iii) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";
- (iv) "*—Limitation on Sales of Assets and Subsidiary Stock*";
- (v) "*—Limitation on Transactions with Affiliates*";
- (vi) "*—Future Guarantors*";
- (vii) clauses (a)(iii), (a)(iv) and (b)(iii) of "*—Merger and Consolidation*"; and

(viii) clauses (3) and (4) of “—*Issuer Substitution*”.

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries unless such designation would have complied with the covenant described under the caption “—*Limitation on Restricted Payments*” as if such covenant would have been in effect during such period.

If on any subsequent date, in case of a suspension of the foregoing covenants pursuant to (a)(x) of the first paragraph above, both of the Rating Agencies have assigned ratings to the Notes below an Investment Grade Rating, the foregoing covenants will be reinstated as of and from the time at which the Parent Guarantor obtains actual knowledge of such rating decline, unless at such time the condition set forth in (a)(y) of the first paragraph above is satisfied (in which case the foregoing covenants will thereafter be deemed suspended pursuant to (a)(y) of the first paragraph above) (any such date, a **Ratings Downgrade Reversion Date**). If on any subsequent date, in case of a suspension of the foregoing covenants pursuant to (a)(y) of the first paragraph above on the last day of any fiscal quarter ended after the date of such suspension, the Consolidated Secured Leverage Ratio calculated on such date (taking into account Consolidated EBITDA for the period of four consecutive fiscal quarters ended on such date) is equal or more than 3.00:1.00, the foregoing covenants will be reinstated as of and from the time at which the Parent Guarantor obtains actual knowledge of such increase, unless the Notes have an Investment Grade Rating from either of the Rating Agencies at such time (in which case the foregoing covenants will thereafter be deemed suspended pursuant to (a)(x) of the first paragraph above) (any such date, a **Leverage Ratio Reversion Date**, and together with a Ratings Downgrade Reversion Date, a **Reversion Date**). The period of time between the suspension of covenants as set forth above and the Reversion Date is referred to as the **Suspension Period**. On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be classified, at the Parent Guarantor’s option, as having been Incurred pursuant to the first paragraph of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” or one or more of the clauses set for 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 Period 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 covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”, such Indebtedness will be deemed to have been Incurred under the exception provided by clause (b)(iii) of “—*Certain Covenants—Limitation on Indebtedness*”. With respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as if the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*” had been in effect prior to, but not during, the Suspension Period. For purposes of the covenant described under the caption “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”, upon the occurrence of a Reversion Date the amount of Excess Proceeds not applied in accordance with such covenant will be deemed to be reset to zero. In addition, for purposes of the covenant described under the caption “—*Limitation on Transactions with Affiliates*”, all agreements and arrangements entered into by the Parent Guarantor and any Restricted Subsidiary with an Affiliate of the Parent Guarantor during the Suspension Period prior to such Reversion Date will be deemed to have been entered into on or prior to the Issue Date, and for purposes of the covenant described under the caption “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*”, all contracts entered into during the Suspension Period prior to such Reversion Time that contain any of the encumbrances or restrictions subject to such covenant will be deemed to have been existing on the Issue Date.

During the Suspension Period, any reference in the definitions of “Permitted Liens” and “Unrestricted Subsidiary” to the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” or any provision thereof shall be construed as if such covenant was in effect during the Suspension Period.

Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of any actions taken by the Parent Guarantor or any Subsidiary (including, for the avoidance of doubt, any failure to comply with the Suspended Covenants) or other events that occurred during any Suspension Period (or upon termination of the Suspension Period or after that time arising out of events that occurred or actions taken during the Suspension Period) and the Parent Guarantor and any Subsidiary will be permitted, without causing a Default or Event of Default or breach of any kind under the Indenture, to honour, comply with or otherwise perform any contractual commitments or obligations entered into during a Suspension Period following a Reversion Date and to consummate the transactions contemplated thereby.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Ratings.

Limitation on Indebtedness

- (a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Parent Guarantor or any Restricted Subsidiary may Incur

Indebtedness (including Acquired Indebtedness) if on the date of the Incurrence of such Indebtedness, after giving effect to the Incurrence thereof (or, at the Parent Guarantor's option, on the date of the initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness after giving *pro forma* effect to the Incurrence of the entire committed amount of such Indebtedness (such committed amount, a **Coverage Ratio Tested Committed Amount**), in which case such Coverage Ratio Tested Committed Amount may thereafter be borrowed and reborrowed in whole or in part, from time to time without further compliance with this proviso), the Consolidated Coverage Ratio would be equal to or greater than 2.00:1.00 provided that the aggregate principal amount of Indebtedness that may be Incurred pursuant to the foregoing and pursuant to clause (xvi) of paragraph (b) of this covenant by Restricted Subsidiaries that are not the Issuer or Guarantors shall not exceed the greater of €150.0 million and 100% of LTM EBITDA at the time of Incurrence, at any one time outstanding.

- (b) Notwithstanding the foregoing paragraph (a), the Parent Guarantor and its Restricted Subsidiaries may Incur the following Indebtedness:
- (i) Indebtedness Incurred pursuant to any Credit Facility (including, but not limited to, in respect of letters of credit or bankers' acceptances issued or created thereunder) and Indebtedness Incurred other than pursuant to any Credit Facility, and (without limiting the foregoing), in each case, any Refinancing Indebtedness in respect thereof, either (I) in a maximum principal amount at any time outstanding not exceeding in the aggregate the Bank Basket Euro Amount at the time of incurrence or (II) in an unlimited amount, if on the date of the Incurrence of such Indebtedness (other than any such Refinancing Indebtedness), after giving effect to such Incurrence (or, at the Parent Guarantor's option, on the date of the initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness after giving *pro forma* effect to the Incurrence of the entire committed amount of such or any previously committed Indebtedness (such committed amount, a **Secured Leverage Ratio Tested Committed Amount**), in which case such Secured Leverage Ratio Tested Committed Amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this clause) the Consolidated Secured Leverage Ratio would be equal to or less than 4.00:1.00; and (in the case of this sub-clause (II)) any Refinancing Indebtedness with respect to any such Indebtedness (or Secured Leverage Ratio Tested Committed Amount);
 - (ii) Indebtedness (A) of any Restricted Subsidiary to the Parent Guarantor or (B) of the Parent Guarantor or any Restricted Subsidiary to any Restricted Subsidiary; provided, that (a) except in the case of intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Parent Guarantor and its Restricted Subsidiaries, any such Indebtedness with an outstanding amount greater than €10 million owed by the Parent Guarantor or a Guarantor to a Restricted Subsidiary that is not the Parent Guarantor or a Guarantor shall, to the extent legally permitted, be subordinated in right of payment to, in the case of Indebtedness of the Issuer, the Notes or, in the case of Indebtedness of a Guarantor, its Note Guarantee and (b) any subsequent issuance or transfer of any Capital Stock of such Restricted Subsidiary to which such Indebtedness is owed, or other event, that results in such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of such Indebtedness (except to the Parent Guarantor or a Restricted Subsidiary) will be deemed, in each case, an Incurrence of such Indebtedness by the issuer thereof not permitted by this clause (ii);
 - (iii) Indebtedness represented by the Notes (other than any Additional Notes), the Note Guarantees, the Security Documents (including "parallel debt" obligations created under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents), and any Indebtedness (other than the Indebtedness described in clauses (i) or (ii) of this paragraph (b)) outstanding (or Incurred pursuant to any commitment outstanding) on the Issue Date and any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (iii) or paragraph (a) above;
 - (iv) Purchase Money Obligations and any Refinancing Indebtedness with respect thereto;
 - (v) Indebtedness consisting of accommodation guarantees incurred in the ordinary course of business for the benefit of trade creditors of the Parent Guarantor or any of its Restricted Subsidiaries;
 - (vi) (A) guarantees by the Parent Guarantor or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Parent Guarantor or any Restricted Subsidiary (other than any Indebtedness Incurred by the Parent Guarantor or such Restricted Subsidiary, as the case may be, in violation of this

covenant), or (B) without limiting the covenant described under the caption “—*Limitation on Liens*”, Indebtedness of the Parent Guarantor or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary (other than any Indebtedness Incurred by the Parent Guarantor or such Restricted Subsidiary, as the case may be, in violation of this covenant);

- (vii) Indebtedness of the Parent Guarantor or any Restricted Subsidiary (A) arising from the honouring of a check, draft or similar instrument of such Person drawn against insufficient funds in the ordinary course of business, or (B) consisting of guarantees, indemnities, obligations in respect of earn-outs or other purchase price adjustments, or similar obligations, Incurred in connection with the acquisition or disposition of any business, assets or Person;
- (viii) Indebtedness of the Parent Guarantor or any Restricted Subsidiary, in respect of (A) letters of credit, bankers’ acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to governmental entities in connection with self-insurance under applicable workers’ compensation statutes), or (B) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business, including in respect of liabilities or obligations of franchises, or (C) Hedging Obligations, entered into not for speculative purposes, or (D) Management Guarantees or Management Indebtedness, or (E) the financing of insurance premiums, in the ordinary course of business, or (F) take or pay obligations under supply arrangements, incurred in the ordinary course of business, or (G) netting, overdraft protection and other arrangements arising under standard business terms of any bank at which the Parent Guarantor or any Restricted Subsidiary maintains an overdraft, cash pooling or other similar facility arrangement, or (H) Junior Capital, or (I) Bank Products Obligations;
- (ix) Indebtedness (A) of a Special Purpose Subsidiary secured by a Lien on all or part of the assets disposed of in, or otherwise Incurred in connection with, a Financing Disposition or (B) otherwise Incurred in connection with a Special Purpose Financing; *provided* that (1) such Indebtedness is not recourse to the Parent Guarantor or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings); (2) in the event such Indebtedness shall become recourse to the Parent Guarantor or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings), such Indebtedness will be deemed to be, and must be classified by the Parent Guarantor as, Incurred at such time (or at the time initially Incurred) under one or more of the other provisions of this covenant for so long as such Indebtedness shall be so recourse; and (3) in the event that at any time thereafter such Indebtedness shall comply with the provisions of the preceding subclause (1), the Parent Guarantor may classify such Indebtedness in whole or in part as Incurred under this clause (ix);
- (x) Indebtedness of (A) the Parent Guarantor or any Restricted Subsidiary Incurred to finance or refinance, or otherwise Incurred in connection with, any acquisition of assets (including Capital Stock), business or Person, or any merger or consolidation of any Person with or into the Parent Guarantor or any Restricted Subsidiary, or (B) any Person that is acquired by or merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary (including Indebtedness thereof Incurred in connection with any such acquisition, merger or consolidation), *provided* that on the date of such acquisition, merger or consolidation, after giving effect thereto, either (1) (a) the Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) above or, (b) if the Indebtedness Incurred is of a type described in clause (i)(x) of the definition of Consolidated Net Secured Indebtedness, the Parent Guarantor would have been able to incur at least €1.00 of additional Indebtedness pursuant to clause (b)(i)(II) above, or (2) (a) the Consolidated Coverage Ratio of the Parent Guarantor would equal or be greater than the Consolidated Coverage Ratio of the Parent Guarantor or (b) if the Indebtedness Incurred is of a type described in clause (i)(x) of the definition of Consolidated Net Secured Indebtedness, the Consolidated Secured Leverage Ratio would not exceed the Consolidated Secured Leverage Ratio, in each case immediately prior to giving effect thereto, *provided further*, that if, at the Parent Guarantor’s option, on the date of the initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness, *pro forma* effect is given to the Incurrence of the entire committed amount of such Indebtedness (any such committed amount pursuant to (x) clause (1)(b) or (2)(b) of this proviso, an **Acquisition Leverage Ratio Tested Committed Amount** and (y) pursuant to clause (1)(a) or (2)(a) of this proviso, an **Acquisition Coverage Ratio Tested Committed Amount**), then such Acquisition

Leverage Ratio Tested Committed Amount or Acquisition Coverage Ratio Tested Committed Amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this clause (x); and any Refinancing Indebtedness with respect to any such Indebtedness (or Acquisition Leverage Ratio Tested Committed Amount or Acquisition Coverage Ratio Tested Committed Amount);

- (xi) Contribution Indebtedness and any Refinancing Indebtedness with respect thereto;
 - (xii) Indebtedness Incurred in connection with a Qualified CICE Securitisation Financing;
 - (xiii) Indebtedness issuable upon the conversion or exchange of shares of Disqualified Stock issued in accordance with paragraph (a) above, and any Refinancing Indebtedness with respect thereto;
 - (xiv) Indebtedness of the Parent Guarantor or any Restricted Subsidiary Incurred as consideration in connection with or otherwise to finance any acquisition of assets (including Capital Stock), business or Person, or any merger or consolidation of any Person with or into the Parent Guarantor or any Restricted Subsidiary, and any Refinancing Indebtedness with respect thereto, in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of €45.0 million and 30% of LTM EBITDA;
 - (xv) Indebtedness of any Restricted Subsidiary incorporated or otherwise organised outside of France consisting of local lines of credit, bilateral facilities, working capital facilities and/or any other Indebtedness in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of €37.5 million and 25% of LTM EBITDA; and
 - (xvi) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of €75.0 million and 50% of LTM EBITDA; provided, that the aggregate principal amount of Indebtedness that may be Incurred pursuant to the foregoing and pursuant to paragraph (a) of this covenant by Restricted Subsidiaries that are not the Issuer or Guarantors shall not exceed the greater of €150.0 million and 100% of LTM EBITDA at the time of Incurrence, at any one time outstanding.
- (c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with this covenant, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this covenant) arising under any guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness Incurred pursuant to paragraph (b) above meets the criteria of more than one of the types of Indebtedness described in paragraph (b) above, the Parent Guarantor, in its sole discretion, shall classify such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of the clauses or sub-clauses of paragraph (b) above (including in part under one such clause or subclause and in part under another such clause or subclause); provided that (if the Parent Guarantor shall so determine) any Indebtedness Incurred pursuant to clause (b) of this covenant shall cease to be deemed Incurred or outstanding for purposes of such clause or subclause but shall be deemed Incurred for the purposes of paragraph (a) of this covenant from and after the first date on which the Parent Guarantor or any Restricted Subsidiary could have Incurred such Indebtedness under paragraph (a) of this covenant without reliance on such clause or sub-clause; (iii) in the event that Indebtedness could be Incurred in part under paragraph (a) above, the Parent Guarantor, in its sole discretion, may classify a portion of such Indebtedness as having been Incurred under paragraph (a) above and the remainder of such Indebtedness as having been Incurred under paragraph (b) above; (iv) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with GAAP; (v) the principal amount of Indebtedness outstanding under any clause or subclause of this covenant shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness; (vi) if any commitments in respect of revolving or deferred draw Indebtedness are established in reliance on any provision of paragraph (b) above measured by reference to LTM EBITDA (or a percentage thereof), at the Parent Guarantor's option, on the date of the initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness after giving *pro forma* effect to the Incurrence of the entire committed amount of such Indebtedness (such committed amount, a ***Grower Tested Committed Amount***), such Grower Tested Committed Amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, irrespective of whether or not such Incurrence

would cause such LTM EBITDA (or a percentage thereof) to be exceeded and such Grower Tested Committed Amount shall be deemed outstanding pursuant to such basket so long as such commitments are in effect; (vii) if any Indebtedness is Incurred to refinance Indebtedness (or unutilised commitments in respect of Indebtedness) initially Incurred (or established) (or, to refinance Indebtedness Incurred (or commitments established)) to refinance Indebtedness initially Incurred (or commitments initially established) in reliance on any provision of paragraph (b) above measured by reference to LTM EBITDA (or a percentage thereof) at the time of Incurrence, and such refinancing would cause such LTM EBITDA (or a percentage thereof) to be exceeded if calculated based on LTM EBITDA (or a percentage thereof) on the date of such refinancing, such LTM EBITDA (or a percentage thereof) shall not be deemed to be exceeded (and such refinancing Indebtedness shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing; and (viii) if any Indebtedness is Incurred to refinance Indebtedness initially Incurred (or, Indebtedness Incurred to refinance Indebtedness initially Incurred) in reliance on any provision of paragraph (b) above measured by an amount in euros, such amount in euros shall not be deemed to be exceeded (and such refinancing Indebtedness shall be deemed permitted) to the extent the principal amount of such newly Incurred Indebtedness does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing. Notwithstanding anything herein to the contrary, Indebtedness outstanding on the Issue Date under the Revolving Credit Facilities shall be classified as Incurred under paragraph (b)(i)(I) of this covenant, and may not later be reclassified.

- (d) For purposes of determining compliance with any provision of paragraph (b) above (or any category of Permitted Liens described in the definition thereof) measured by an amount in euro or by reference to LTM EBITDA (or a percentage thereof), in each case, for the Incurrence of Indebtedness or Liens securing Indebtedness denominated in a currency other than euros, the Euro Equivalent principal amount of such Indebtedness Incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving or deferred draw Indebtedness; *provided that* (i) if such Indebtedness or Lien denominated in currency other than euro is subject to a Currency Agreement with respect to euro the amount of such Indebtedness or Lien expressed in euro will be calculated so as to take account of the effects of such Currency Agreement, (ii) the Euro Equivalent 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, (iii) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency (or in a different currency from such Indebtedness so being Incurred), and such refinancing would cause the applicable provision of paragraph (b) above (or category of Permitted Liens) measured by an amount in euro or by reference to LTM EBITDA (or a percentage thereof), to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such provision of paragraph (b) above (or category of Permitted Liens) measured by an amount in euro or by reference to LTM EBITDA (or a percentage thereof), shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (A) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced plus (B) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing and (iv) the Euro Equivalent principal amount of Indebtedness denominated in a currency other than euros and Incurred pursuant to a Revolving Credit Facility shall be calculated based on the relevant currency exchange rate in effect on, at the Parent Guarantor's option, (A) the Issue Date, (B) any date on which any of the respective commitments under such Revolving Credit Facility shall be reallocated between or among facilities or subfacilities thereunder, or on which such rate is otherwise calculated for any purpose thereunder, (C) the date of such Incurrence, or (D) the date on which such Indebtedness is allocated or priced, as applicable. 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 respective Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

- (a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:
- (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any such payment in connection with any merger or consolidation involving the Parent Guarantor) except (x) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and (y)

dividends or distributions payable to the Parent Guarantor or any Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to other holders of its Capital Stock on no more than a *pro rata* basis measured by value);

- (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Parent Guarantor held by Persons other than the Parent Guarantor or a Restricted Subsidiary (other than any acquisition of Capital Stock deemed to occur upon the exercise of options if such Capital Stock represents a portion of the exercise price thereof);
- (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations of the Issuer or any Guarantor Subordinated Obligations of any Guarantor (other than a purchase, repurchase, redemption, defeasance or other acquisition or retirement for value in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement); or
- (iv) make any Investment (other than a Permitted Investment) in any Person,

(any such dividend, distribution, purchase, repurchase, redemption, defeasance, other acquisition or retirement or Investment being herein referred to as a ***Restricted Payment***), if at the time the Parent Guarantor or such Restricted Subsidiary makes such Restricted Payment after giving effect thereto:

- (1) an Event of Default shall have occurred and be continuing (or would result therefrom);
- (2) [reserved]; or
- (3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be as determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Issue Date and then outstanding would exceed, without duplication, the sum of:
 - (A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) beginning on the first date of the fiscal quarter of the Parent Guarantor in which the Issue Date occurred to the end of the most recent fiscal quarter of the Parent Guarantor ending prior to the date of such Restricted Payment for which consolidated financial statements of the Parent Guarantor are available (or, in case such Consolidated Net Income will be a negative number, 100% of such negative number);
 - (B) the aggregate Net Cash Proceeds and the Fair Market Value of property or assets received without duplication (x) by the Parent Guarantor as capital contributions to the Parent Guarantor after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding or Management Proceeds Funding after the Issue Date (in each case, other than Excluded Contributions or Contribution Amounts) or (y) by the Parent Guarantor or any Restricted Subsidiary from the Incurrence by the Parent Guarantor or any Restricted Subsidiary after the Issue Date of Indebtedness that is converted into or exchanged for Capital Stock of the Parent Guarantor (other than Disqualified Stock) or Subordinated Shareholder Funding or Management Proceeds Funding, plus the amount of any cash and the Fair Market Value of any property or assets received by the Parent Guarantor or any Restricted Subsidiary upon such conversion or exchange;
 - (C) (i) the aggregate amount of cash and the Fair Market Value of any property or assets received after the Issue Date from dividends, distributions, interest payments, return of capital, repayments of Investments or other transfers of assets to the Parent Guarantor or any Restricted Subsidiary from any Unrestricted Subsidiary after the Issue Date, plus (ii) the aggregate amount resulting from the redesignation after the Issue Date of any Unrestricted Subsidiary as a Restricted Subsidiary (valued in each case as provided in the definition of “Investment”);

- (D) in the case of any disposition or repayment of any Investment constituting a Restricted Payment after the Issue Date (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), the aggregate amount of cash and the Fair Market Value of any property or assets received by the Parent Guarantor or a Restricted Subsidiary after the Issue Date with respect to all such dispositions and repayments; and
- (E) the amount available as of the Issue Date for making Restricted Payments pursuant to clause (a)(C) of Section 4.07 of the Existing Indenture.

(b) The provisions of paragraph (a) of this covenant do not prohibit any of the following (each, a ***Permitted Payment***):

- (i) (x) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Capital Stock of the Parent Guarantor (***Treasury Capital Stock***) or Subordinated Obligations 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 issuance or sale of, Capital Stock of the Parent Guarantor (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary) (***Refunding Capital Stock***) or a capital contribution to the Parent Guarantor, in each case other than Excluded Contributions and Contribution Amounts; provided, that the Net Cash Proceeds from such issuance, sale or capital contribution shall be excluded in subsequent calculations under clause (3)(B) of the preceding paragraph (a) and (y) if immediately prior to such acquisition or retirement of such Treasury Capital Stock, dividends thereon were permitted pursuant to clause (xi) of this paragraph (b), dividends on such Refunding Capital Stock in an aggregate amount per annum not exceeding the aggregate amount per annum of dividends so permitted on such Treasury Capital Stock;
- (ii) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations of any Guarantor (w) made by exchange for, or out of the proceeds of the substantially concurrent Incurrence of, Indebtedness of the Issuer or of such Guarantor or Refinancing Indebtedness Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”, (x) from Net Available Cash to the extent permitted by the covenant described under the caption “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”, (y) following the occurrence of a Change of Control (or other similar event described therein as a “change of control”), but only if the Issuer will have complied with the provisions described under the caption “—*Change of Control*” and, if required, caused the repurchase of all Notes tendered pursuant to the offer to repurchase required thereby prior to purchasing or repaying such Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations of any Guarantor or (z) constituting Acquired Indebtedness;
- (iii) any dividend paid or redemption made within 60 days after the date of declaration thereof or of the giving of notice thereof, as applicable, if at such date of declaration or the giving of such notice such dividend or redemption would have complied with this covenant;
- (iv) Investments or other Restricted Payments (x) in an aggregate amount outstanding at any time not to exceed the amount of Excluded Contributions, or (y) without duplication of clause (x), in an aggregate amount outstanding at any time not to exceed an amount equal to the product of (i) the Net Available Cash from an Asset Disposition in respect of property or assets acquired after the Issue Date, if the acquisition of such property or assets was financed with Excluded Contributions, multiplied by (ii) a fraction the numerator of which is the aggregate amount of Excluded Contributions used to finance the acquisition of such property or assets and the denominator of which is the aggregate cash consideration for the acquisition of such property or assets;
- (v) payments, repayments, loans, advances, dividends or distributions by the Parent Guarantor or any Restricted Subsidiary to any Parent or any entity formed for the purpose of investing in Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary to permit any Parent, the Parent Guarantor or any Restricted Subsidiary or any such entity to repurchase or otherwise acquire Capital Stock or other debt or equity securities (including but not limited to repayment of Management Proceeds Funding) of any Parent, the Parent Guarantor or any Restricted Subsidiary or Capital Stock or other debt or equity securities (including but not limited to repayment of Management Proceeds Funding) of any entity formed for the purpose of investing in Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary

(including in each case any options, warrants or other rights in respect thereof), or payments by the Parent Guarantor or any Restricted Subsidiary to repurchase or otherwise acquire Capital Stock or other debt or equity securities (including but not limited to repayment of Management Proceeds Funding) of any Parent, the Parent Guarantor or any Restricted Subsidiary or Capital Stock or other debt or equity securities (including but not limited to repayment of Management Proceeds Funding) of any entity formed for the purpose of investing in Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary (including in each case any options, warrants or other rights in respect thereof), in each case from current or former Management Investors (including any repurchase or acquisition by reason of any Parent, the Parent Guarantor or any Restricted Subsidiary retaining any Capital Stock, option, warrant or other right in respect of tax withholding obligations, and any related payment in respect of any such obligation), such payments, repayments, loans, advances, dividends or distributions not to exceed an amount (net of repayments of any such loans or advances) equal to (1) €20.0 million, plus (2) €3.0 million multiplied by the number of calendar years that have commenced since 17 November 2016 (and have commenced prior to the Issue Date), plus (3) €4.5 million multiplied by the number of calendar years that have commenced since the Issue Date, plus (x) the Net Cash Proceeds received by the Parent Guarantor or any Restricted Subsidiary since 17 November 2016 (including through receipt of proceeds from the issuance or sale of its Capital Stock to a Parent or a Management Investor or the Incurrence of any Management Proceeds Funding) from, or as a capital contribution from, the issuance or sale to Management Investors of Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (3)(B)(x) of the preceding paragraph (a), plus (y) the cash proceeds of key man life insurance policies received by the Parent Guarantor or any Restricted Subsidiary (or by any Parent and contributed to the Parent Guarantor) since 17 November 2016 to the extent such cash proceeds are not included in any calculation under clause (3)(B) of the preceding paragraph (a) *provided* that the cancellation of Indebtedness owing to the Parent Guarantor or any Restricted Subsidiary by any current or former Management Investor in connection with any repurchase or other acquisition of Capital Stock (including any options, warrants or other rights in respect thereof) from any Management Investor shall not constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

- (vi) the payment by the Parent Guarantor of, or loans, advances, dividends or distributions by the Parent Guarantor to any Parent to pay, dividends on the common stock or equity of the Parent Guarantor or any Parent following a Public Offering of such common stock or equity in an amount not to exceed in any fiscal year of the Parent Guarantor the greater of (x) 6% of the aggregate gross cash proceeds received by the Parent Guarantor (whether directly or indirectly through a contribution to common equity capital) in or from such Public Offering and (y) 6% of the Market Capitalisation;
- (vii) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed an amount (net of repayments of any such loans or advances) equal to the greater of €75.0 million and 50% of LTM EBITDA;
- (viii) loans, advances, dividends or distributions to any Parent or other payments by the Parent Guarantor or any Restricted Subsidiary (A) to satisfy or permit any Parent to satisfy obligations under the Management Agreements, (B) pursuant to a Tax Sharing Agreement, provided that payments made pursuant to a Tax Sharing Agreement shall not duplicate payments made pursuant to the following clause (C), or (C) to pay or permit any Parent to pay any Parent Expenses or any Related Taxes or permit the payment of any Taxes payable by the Parent Guarantor or any of its subsidiaries to any taxing authority;
- (ix) payments by the Parent Guarantor, or loans, advances, dividends or distributions by the Parent Guarantor to any Parent to make payments, to holders of Capital Stock of the Parent Guarantor or any Parent in lieu of issuance of fractional shares of such Capital Stock;
- (x) dividends or other distributions of or Investments paid for or made with Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;
- (xi) (A) dividends on any Designated Preferred Stock of the Parent Guarantor issued after the Issue Date; provided, that at the time of such issuance and after giving effect thereto on a *pro forma* basis, the Consolidated Coverage Ratio would be equal to or greater than 2.00:1.00, (B) loans, advances, dividends or

distributions to any Parent to permit dividends on any Designated Preferred Stock of any Parent issued after the Issue Date if the net proceeds of the issuance of such Designated Preferred Stock have been contributed to the Parent Guarantor or any of its Restricted Subsidiaries; provided, that the aggregate amount of all loans, advances, dividends or distributions paid pursuant to this sub-clause (B) shall not exceed the net proceeds of such issuance of Designated Preferred Stock received by or contributed to the Parent Guarantor or any of its Restricted Subsidiaries, or (C) any dividend on Refunding Capital Stock that is Preferred Stock; provided, that at the time of the declaration of such dividend and after giving effect thereto on a *pro forma* basis, the Consolidated Coverage Ratio would be at least 2.00:1.00;

- (xii) Investments in Unrestricted Subsidiaries in an aggregate amount outstanding at any time not exceeding an amount equal to the greater of €37.5 million and 25% of LTM EBITDA;
- (xiii) distributions or payments of Special Purpose Financing Fees, and payment of any Receivable Fees in connection with a Qualified CICE Securitisation Financing;
- (xiv) 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 covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;
- (xv) Investments or other Restricted Payments in an aggregate amount outstanding at any time not to exceed an amount equal to Declined Excess Proceeds;
- (xvi) any Restricted Payment; provided, that on a *pro forma* basis after giving effect to such Restricted Payment the Consolidated Leverage Ratio would be equal to or less than 3.00:1.00;
- (xvii) Restricted Payments in cash to pay or permit any Parent to pay any amounts payable in respect of guarantees, indemnities, obligations in respect of earn-outs or other purchase price adjustments, or similar obligations, incurred in connection with the acquisition or disposition of any business, assets or Person, as long as such business, assets or Person have been acquired by or disposed of by the Parent Guarantor or a Restricted Subsidiary, or such business, assets or Person (or in the case of a disposition, the Net Available Cash thereof) have been contributed to the Parent Guarantor or a Restricted Subsidiary;
- (xviii) any Restricted Payment pursuant to or in connection with the Transactions; and
- (xix) payments or distributions to satisfy dissenters’ or appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, pursuant to or in connection with any acquisition of assets (including Capital Stock), business or Person, or any merger or consolidation of any Person with or into the Parent Issuer or any Restricted Subsidiary, or any other Investment,

provided that (A) in the case of clauses (iii), (vi) and (ix), the net amount of any such Permitted Payment shall be included in subsequent calculations of the amount of Restricted Payments, (B) in all cases other than pursuant to clause (A) immediately above, the net amount of any such Permitted Payment shall be excluded in subsequent calculations of the amount of Restricted Payments (C) solely with respect to clauses (vi), and (vii), no Event of Default shall have occurred and be continuing at the time of any such Permitted Payment after giving effect thereto and (D) solely with respect to clause (xvi), no Event of Default shall have occurred and be continuing at the times of any Restricted Payment of the type described in clause (i) or (ii) of the definition thereof after giving effect thereto. The amount of any Investment or other Restricted Payment, if other than in cash, shall be determined in good faith by the Parent Guarantor, which determination shall be conclusive. The Parent Guarantor, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the provisions of this covenant (or, in the case of any Investment, the clauses or sub-clauses of Permitted Investments) and in part under one or more other such provisions (or, as applicable, such clauses or sub-clauses).

Notwithstanding any other provision of the Indenture, the Indenture shall not restrict any redemption or other payment by the Parent Guarantor or any Restricted Subsidiary made as a mandatory principal redemption or other payment in respect of Subordinated Obligations pursuant to an “AHYDO saver” provision of any agreement or instrument in respect of Subordinated Obligations, and the Parent Guarantor’s determination in good faith (which determination shall be conclusive) of the amount of any such “AHYDO saver” mandatory principal redemption or other payment shall be conclusive and binding for all purposes under the Indenture.

The amount available as of the Issue Date for making Restricted Payments pursuant to clause (a)(C) of Section 4.07 of the Existing Indenture equals approximately €168 million.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer, (ii) make any loans or advances to the Issuer or (iii) transfer any of its property or assets to the Issuer (provided that dividend or liquidation priority between classes of Capital Stock, or subordination of any obligation (including the application of any remedy bars thereto) to any other obligation, or agreements to share profits pursuant to *sociétés en participation* or equivalent arrangements will not be deemed to constitute such an encumbrance or restriction), except for any encumbrance or restriction:

- (1) pursuant to an agreement or instrument in effect at or entered into on the Issue Date (including the Revolving Credit Facility Agreement, the Intercreditor Agreement, the Notes, the Indenture and the Security Documents);
- (2) pursuant to any agreement or instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, which Person is acquired by or merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, or which agreement or instrument is assumed by the Parent Guarantor or any Restricted Subsidiary in connection with an acquisition of assets from such Person, or any other transaction entered into in connection with any such acquisition, merger or consolidation, as in effect at the time of such acquisition, merger, consolidation or transaction (except to the extent that such Indebtedness was Incurred to finance, or otherwise Incurred in connection with, such acquisition, merger, consolidation or transaction); *provided* that for purposes of this clause (2), if a Person other than the Parent Guarantor is the Successor Parent Guarantor with respect thereto, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed, as the case may be, by the Parent Guarantor or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Parent Guarantor;
- (3) pursuant to an agreement or instrument (a ***Refinancing Agreement***) effecting a refinancing of Indebtedness Incurred or outstanding pursuant or relating to, or that otherwise extends, renews, refunds, refinances or replaces, any agreement or instrument referred to in clause (1) or (2) of this covenant or this clause (3) (an ***Initial Agreement***) or that is, or is contained in, any amendment, supplement or other modification to an Initial Agreement or Refinancing Agreement (an ***Amendment***); *provided, however*, that the encumbrances and restrictions contained in any such Refinancing Agreement or Amendment, taken as a whole, are not materially less favourable to the Holders of the Notes than encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such Refinancing Agreement or Amendment relates (as determined in good faith by the Parent Guarantor, which determination shall be conclusive);
- (4) (A) pursuant to any agreement or instrument that restricts in a customary manner (as determined by the Parent Guarantor in good faith, which determination shall be conclusive) the assignment or transfer thereof, or the subletting, assignment or transfer of any property or asset subject thereto, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Parent Guarantor or any Restricted Subsidiary not otherwise prohibited by the Indenture, (C) contained in mortgages, pledges or other security agreements securing Indebtedness or other obligations of the Parent Guarantor or a Restricted Subsidiary to the extent restricting the transfer of the property or assets subject thereto, (D) pursuant to customary provisions (as determined by the Parent Guarantor in good faith, which determination shall be conclusive) restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Parent Guarantor or any Restricted Subsidiary, (E) pursuant to Purchase Money Obligations that impose encumbrances or restrictions on the property or assets so acquired, (F) on cash or other deposits or net worth or inventory imposed by customers or suppliers under agreements entered into in the ordinary course of business, (G) pursuant to customary provisions (as determined by the Parent Guarantor in good faith, which determination shall be conclusive) contained in agreements and instruments entered into in the ordinary course of business (including but not limited to leases and licenses) or in joint venture and other similar agreements or in shareholder, partnership, limited liability company and other similar agreements in respect of non-wholly owned Restricted Subsidiaries, (H) that arises or is agreed to in the ordinary course of business and does not detract from the value of property or assets of the Parent Guarantor or any Restricted Subsidiary in any manner material to the Parent Guarantor or such Restricted Subsidiary, (I) pursuant to Hedging Obligations or Bank Products Obligations or (J) that arises under the terms of documentation governing any factoring agreement or any similar arrangements that in the good faith determination of the Parent Guarantor, which

determination shall be conclusive, are necessary or appropriate to effect such factoring agreement or similar arrangements;

- (5) with respect to any agreement for the direct or indirect sale or other disposition of Capital Stock, property or assets of any Person, imposing restrictions with respect to such Person, Capital Stock, property or assets pending the closing of such sale or other disposition;
- (6) by reason of any applicable law, rule, regulation or order, or required by any regulatory authority having jurisdiction over the Parent Guarantor or any Restricted Subsidiary or any of their businesses, including any such law, rule, regulation, order or requirement applicable in connection with such Restricted Subsidiary's status (or the status of any Subsidiary of such Restricted Subsidiary) as a Captive Insurance Subsidiary; or
- (7) 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 covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favourable to the Holders of the Notes than the encumbrances and restrictions contained in the Initial Agreements (as determined in good faith by the Parent Guarantor, which determination shall be conclusive), or (ii) if such encumbrance or restriction is not materially more disadvantageous to the Holders of the Notes than is customary in comparable financings (as determined in good faith by the Parent Guarantor, which determination shall be conclusive) and either (x) the Parent Guarantor determines in good faith, which determination shall be conclusive, that such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the Notes or (y) such encumbrance or restriction applies only if a default occurs under a circumstance described in clause (vi) under "*—Events of Default*" below or in respect of a payment or financial covenant relating to such Indebtedness, (B) relating to any sale of receivables by or Indebtedness of a Foreign Subsidiary, (C) relating to Indebtedness of or a Financing Disposition by or to or in favour of any Special Purpose Entity or (D) relating to any loan or advance by the Parent Guarantor to a Restricted Subsidiary subsequent to the Issue Date, including of proceeds of any Capital Stock or Indebtedness issued or Incurred by the Parent Guarantor; provided, that, in the case of this clause (D), the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favourable to the Holders than the encumbrances and restrictions contained in the Intercreditor Agreement (as determined in good faith by the Parent Guarantor).

Limitation on Sales of Assets and Subsidiary Stock

- (a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless:
 - (i) the Parent Guarantor or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value (as of the date on which a legally binding commitment for such Asset Disposition was entered into) of the shares and assets subject to such Asset Disposition, as such Fair Market Value may be determined in good faith by the Parent Guarantor, whose determination shall be conclusive (including as to the value of all non-cash consideration);
 - (ii) in the case of any Asset Disposition (or series of related Asset Dispositions), having a Fair Market Value (on the date on which a legally binding commitment for such Asset Disposition was entered into) of €35.0 million or more, at least 75% of the consideration therefor (excluding, in the case of an Asset Disposition (or series of related Asset Dispositions), any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, that are not Indebtedness) received by the Parent Guarantor or such Restricted Subsidiary, is in the form of cash; and
 - (iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer (or the Parent Guarantor or any Restricted Subsidiary, as the case may be) as follows:
 - (A) first, either (x) to the extent the Parent Guarantor or such Restricted Subsidiary elects (or is required by the terms of any Senior Indebtedness of the Issuer or any Guarantor Incurred under clause (b)(i) of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" which is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Note Guarantee or any Indebtedness of a Restricted Subsidiary that is not a Guarantor), to prepay, repay or purchase any such Indebtedness or Obligations in respect thereof or (in the case of letters of credit, bankers' acceptances or other similar instruments) cash

collateralise any such Indebtedness or Obligations in respect thereof (in each case other than Indebtedness owed to the Parent Guarantor or a Restricted Subsidiary) within 545 days after the later of the date of such Asset Disposition and the date of receipt of such Net Available Cash, or (y) to the extent the Parent Guarantor or such Restricted Subsidiary elects, to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with an amount equal to Net Available Cash received by the Parent Guarantor or another Restricted Subsidiary) within 545 days after the later of the date of such Asset Disposition and the date of receipt of such Net Available Cash, or, if such investment in Additional Assets is a project authorised by the Board of Directors that will take longer than such 545 days to complete, the period of time necessary to complete such project;

- (B) second, to the extent of the balance of such Net Available Cash after application in accordance with clause (A) above (such balance, the **Excess Proceeds**) exceeds €40.0 million, to make an offer to purchase the Notes and (to the extent the Parent Guarantor or such Restricted Subsidiary elects, or is required by the terms thereof) to make an offer to purchase, redeem or repay and/or to purchase, redeem or repay any other *Pari Passu* Indebtedness of the Parent Guarantor or a Restricted Subsidiary, pursuant and subject to the conditions of the Indenture and the agreements or instruments governing such other Indebtedness; and
- (C) third, to the extent of the balance of such Net Available Cash after application, if required, in accordance with clauses (A) and (B) above (including, an amount equal to the amount of any purchase, redemption or repayment contemplated by clause (B) above that is declined or not accepted by any applicable Holder) (the amount of such balance, **Declined Excess Proceeds**), to fund (to the extent consistent with any other applicable provision of the Indenture) any general corporate purpose (including, but not limited to, the repurchase, repayment or other acquisition or retirement of any Subordinated Obligations or the making of other Restricted Payments),

provided, however, that (1) in connection with any prepayment, repayment, purchase or redemption of Indebtedness pursuant to clause (A)(x) or (B) above, the Issuer, the Parent Guarantor or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased or redeemed; and (2) the Parent Guarantor (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (provided that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive agreement for the relevant Asset Disposition, and consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (A)(y) above with respect to such Asset Disposition.

Notwithstanding the foregoing clause (iii) of the first paragraph of this covenant, to the extent that repatriating any or all of the Net Available Cash from any Asset Disposition by a Foreign Subsidiary (x) would result in material adverse tax consequences to the Parent Guarantor or any of its Subsidiaries or (y) (1) could reasonably be expected to be prohibited or delayed by or violate or conflict with applicable local law, (2) is restricted by applicable organisational documents or any agreement, (3) subject to other organisational or administrative impediments from being repatriated to France or (4) conflicts with the fiduciary duties of the applicable directors, or results in, or could reasonably be expected to result in, a material risk of personal or criminal liability for any applicable officer, director or manager (in the case of the foregoing clauses (x) and (y), as determined in good faith by the Parent Guarantor, which determination shall be conclusive), the portion of such Net Available Cash so affected will not be required to be applied in compliance with clause (iii) of the first paragraph of this covenant, and such amounts may be retained by the applicable Foreign Subsidiary; *provided* that, in the case of this clause (y), the Parent Guarantor shall take commercially reasonable efforts to cause the applicable Foreign Subsidiary to take all actions reasonably required by the applicable local law, the applicable organisational documents or agreements, the applicable organisational impediments or other impediment to permit such repatriation, and if such repatriation of any of such affected Net Available Cash can be achieved without any such prohibition, delay, violation, conflict, restriction, impediment or risk, such repatriation will be promptly effected and such repatriated Net Available Cash will be applied (whether or not repatriation actually occurs) in compliance with clause (iii) of the first paragraph of this covenant. The time periods set forth in this covenant shall not start until such time as the Net Available Cash may be repatriated whether or not such repatriation actually occurs.

Notwithstanding the foregoing provisions of this covenant, the Parent Guarantor and the Restricted Subsidiaries shall not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this covenant exceeds €15.0 million, in which case the Parent Guarantor and the Restricted Subsidiaries shall apply all such Net Available Cash or equivalent amount from such Asset Dispositions in excess of this €15.0 million threshold in accordance with this covenant. If the aggregate principal amount of Notes and/or other Indebtedness of the Parent Guarantor or a Restricted Subsidiary validly tendered and not withdrawn (or otherwise subject to purchase, redemption or repayment) in connection with an offer pursuant to clause (iii)(B) above exceeds the Excess Proceeds, the Excess Proceeds will be apportioned between such Notes and such other Indebtedness of the Parent Guarantor or a Restricted Subsidiary, with the portion of the Excess Proceeds payable in respect of such Notes to equal the lesser of (x) the Excess Proceeds amount multiplied by a fraction, the numerator of which is the outstanding principal amount of such Notes and the denominator of which is the sum of the outstanding principal amount of the Notes and the outstanding principal amount of the relevant other Indebtedness of the Parent Guarantor or a Restricted Subsidiary, and (y) the aggregate principal amount of Notes validly tendered and not withdrawn.

For the purposes of clause (ii) of this paragraph (a), the following are deemed to be cash: (1) Temporary Cash Investments and Cash Equivalents; (2) the assumption of Indebtedness of the Parent Guarantor (other than Disqualified Stock of the Parent Guarantor) or any Restricted Subsidiary and the release of the Parent Guarantor or such Restricted Subsidiary from all liability on payment of the principal amount of such Indebtedness in connection with 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 Parent Guarantor and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition; (4) securities received by the Parent Guarantor or any Restricted Subsidiary from the transferee that are converted by the Parent Guarantor or such Restricted Subsidiary into cash within 180 days; (5) consideration consisting of Indebtedness of the Parent Guarantor or any Restricted Subsidiary received from Persons who are not the Parent Guarantor or any Restricted Subsidiary; (6) Additional Assets; and (7) any Designated Noncash Consideration received by the Parent Guarantor or any of its Restricted Subsidiaries in an Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (7), not to exceed an aggregate amount at any time outstanding equal to the greater of €30.0 million and 20% of LTM EBITDA (with the Fair Market Value of each item of Designated Non-cash Consideration being measured on the date a legally binding commitment for such Asset Disposition (or, if later, for the payment of such item) was entered into and without giving effect to subsequent changes in value).

- (b) In the event of an Asset Disposition that requires the purchase of Notes pursuant to clause (iii)(B) of paragraph (a) above, the Issuer will be required to purchase Notes tendered pursuant to an offer by the Issuer for the Notes (the *Asset Offer*) at a purchase price of 100% of their principal amount plus accrued and unpaid interest to but not including the date of purchase in accordance with the procedures (including prorating in the event of oversubscription) set forth in the Indenture. If the aggregate purchase price of the Notes tendered pursuant to the Asset Offer is less than the Net Available Cash allotted to the purchase of Notes, the remaining Net Available Cash will be available to the Parent Guarantor and the Restricted Subsidiaries for use in accordance with clause (iii)(B) of paragraph (a) above (to repay other Indebtedness of the Parent Guarantor or a Restricted Subsidiary) or clause (iii)(C) of paragraph (a) above. The Issuer shall not be required to make an Asset Offer for Notes pursuant to this covenant if the Net Available Cash available therefor (after application of the proceeds as provided in clause (iii)(A) of paragraph (a) above) is less than €15.0 million for any particular Asset Disposition (which lesser amounts shall be carried forward for purposes of determining whether an Asset Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition). No Note will be repurchased in part if less than the Minimum Denomination in original principal amount of such Note would be left outstanding. The provisions under the Indenture relating to the Issuer's obligation to make an Asset Offer for Notes pursuant to this covenant may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes.
- (c) The Issuer will, not later than 45 days after the Issuer becomes obligated to make an Asset Offer pursuant to this covenant (it being understood that the Issuer may satisfy its obligations pursuant to this covenant by making an Asset Offer with respect to all or part of the Net Available Cash from an Asset Disposition in advance of being required to do so by the Indenture), mail a notice to each Holder with a copy to the Trustee and the Paying Agents stating (1) that an Asset Disposition that requires the purchase of a portion of the Notes has occurred and that such Holder has the right (subject to the prorating described below) to require the Issuer to repurchase a portion of such Holder's Notes in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant Interest Payment Date); (2) the repayment date (which will be no earlier than 10 days nor later than 60 days from the date

such notice is mailed); (3) the instructions determined by the Issuer, consistent with this covenant, that a Holder must follow in order to have its Notes purchased; and (4) the amount of the Asset Offer. If, upon the expiration of the period for which the Asset Offer remains open, the aggregate principal amount of Notes surrendered by Holders exceeds the amount of the Asset Offer, the Issuer will select the Notes to be repaid on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in minimum denominations of €100,000 or integral multiples of €1,000 in excess thereof will be repaid).

- (d) To the extent that the provision of any applicable laws or regulations, including securities laws, conflict with provisions of this covenant, the Parent Guarantor and the Restricted Subsidiaries will comply with the applicable laws and regulations and will not be deemed to have breached their respective obligations under this covenant by virtue thereof.
- (e) The sale, lease, conveyance or other disposition of all or substantially all of the assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption “—*Change of Control*” and/or the provisions described above under the caption “—*Certain Covenants—Merger and Consolidation*” and not by the provisions described in this covenant.

Limitation on Transactions with Affiliates

- (a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary 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 Parent Guarantor (an ***Affiliate Transaction***) involving aggregate payments or consideration in excess of €15.0 million unless (i) the terms of such Affiliate Transaction are not materially less favourable to the Parent Guarantor or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time in a transaction with a Person who is not such an Affiliate and (ii) if such Affiliate Transaction involves aggregate consideration in excess of €15.0 million, the terms of such Affiliate Transaction have been approved by a majority of the Board of Directors. For purposes of this paragraph (a), any Affiliate Transaction will be deemed to have satisfied the requirements set forth in this paragraph (a) if (x) such Affiliate Transaction is approved by a majority of the Disinterested Directors or (y) in the event there are no Disinterested Directors, a fairness opinion is provided by an internationally recognised appraisal or investment banking firm with respect to such Affiliate Transaction.
- (b) The provisions of the preceding paragraph (a) will not apply to:
 - (i) any Restricted Payment Transaction;
 - (ii) (1) the entering into, maintaining or performance of any employment or consulting contract, collective bargaining agreement, benefit plan, programme or arrangement, related trust agreement or any other similar arrangement for or with any current or former management member, employee, officer or director or consultant of or to the Parent Guarantor, any Restricted Subsidiary or any Parent heretofore or hereafter entered into in the ordinary course of business, including vacation, health, insurance, deferred compensation, severance, retirement, savings or other similar plans, programmes or arrangements, (2) payments, compensation, performance of indemnification or contribution obligations, or the making or cancellation of loans in the ordinary course of business to any such management members, employees, officers, directors or consultants, (3) any issuance, grant or award of stock, options, other equity related interests or other securities, to any such management members, employees, officers, directors or consultants, (4) the payment of reasonable fees to directors of the Parent Guarantor, any of its Subsidiaries or any Parent (as determined in good faith by the Parent Guarantor, such Subsidiary or any Parent, which determination shall be conclusive), (5) Management Advances or Management Proceeds Funding and payments in respect thereof (or in reimbursement of any expenses referred to in the definition of such term) or (6) any transaction with an officer or director of the Parent Guarantor or any of its Subsidiaries or any Parent in the ordinary course of business not including more than €100,000 in any one case;
 - (iii) any transaction between or among any of the Parent Guarantor, one or more Restricted Subsidiaries, or one or more Special Purpose Entities;
 - (iv) any transaction arising out of agreements or instruments in existence on the Issue Date, or any amendment, supplement, waiver or other modification thereto (so long as such amendment, supplement, waiver or other modification is not disadvantageous in any material respect in the good faith judgment of the Parent

Guarantor, whose determination shall be conclusive, to the Holders when taken as a whole as compared to the applicable agreement or instrument as in effect on the Issue Date), and any payments made pursuant thereto;

- (v) any transaction in the ordinary course of business and otherwise in compliance with the terms of the Indenture on terms that are fair to the Parent Guarantor and its Restricted Subsidiaries in the reasonable determination of the Board of Directors or senior management of the Parent Guarantor, or are not materially less favourable to the Parent Guarantor or the relevant Restricted Subsidiary than those that could be obtained at the time in a transaction with a Person who is not an Affiliate of the Parent Guarantor;
- (vi) any transaction in the ordinary course of business, or approved by a majority of the Board of Directors, between the Parent Guarantor or any Restricted Subsidiary and any Affiliate of the Parent Guarantor controlled by the Parent Guarantor that is a joint venture or similar entity;
- (vii) (1) the execution, delivery and performance of any Tax Sharing Agreement and any Management Agreements, and (2) payments to CD&R, any of the CD&R Investors, any of the WM Investors or any of their respective Affiliates (x) for any management consulting, financial advisory, financing, underwriting or placement services or in respect of other investment banking activities pursuant to the Management Agreements which payments are approved by the Board of Directors or a member of the senior management of the Parent Guarantor, (y) in connection with any acquisition, disposition, merger, recapitalisation or similar transactions, as provided in any such Management Agreement (in the form as at the Issue Date) or are approved by a majority of the Board of Directors in good faith, and (z) of all out-of-pocket expenses incurred in connection with such services or activities;
- (viii) the Transactions, all transactions in connection therewith (including but not limited to the financing thereof), and Transaction Costs;
- (ix) (A) issuances or sales of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding or Junior Capital of the Parent Guarantor or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding or Junior Capital 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, if applicable, any Additional Intercreditor Agreement;
- (x) (i) any investments by any Permitted Holder in securities of the Parent Guarantor or any of its Restricted Subsidiaries (and payment of out of pocket expenses incurred by any Permitted Holder in connection therewith) so long as such securities are being offered generally to investors (other than the Permitted Holders) on the same or more favourable terms and (ii) payments to any Permitted Holder in respect of securities or loans of the Parent Guarantor or any of its Restricted Subsidiaries contemplated in the foregoing sub-clause (i) or that were acquired from Persons other than the Parent Guarantor and its Restricted Subsidiaries, in each case, in accordance with the terms of such securities or loans;
- (xi) any transaction effected as part of a Qualified CICE Securitisation Financing;
- (xii) the pledge of Capital Stock, Indebtedness or other securities of any Unrestricted Subsidiary or joint venture to lenders to support the Indebtedness or other obligations of such Unrestricted Subsidiary or joint venture, respectively, owed to such lenders; and
- (xiii) the disposition by a Restricted Subsidiary of real estate acquired by a Restricted Subsidiary from a third party by exercising a preemption right, right of first refusal, right of first offer, call option or any other right to acquire such asset in its capacity as tenant, *provided* that the consideration received by the Parent Guarantor and its Restricted Subsidiaries for such disposition is equal to or greater than the sum of the consideration paid by the Restricted Subsidiary to acquire this asset and related costs and expenses directly related to such acquisition.

Limitation on Liens

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist any Lien on any of its property or assets (including Capital Stock of any other Person), whether owned on the date of the Indenture or thereafter acquired, securing any Indebtedness of the Issuer or any Guarantor (the ***Initial Lien***), unless (a) in the case of any property or assets that does not constitute Collateral, (i) such Lien is a Permitted Lien or (ii) contemporaneously therewith effective provision is made to secure the Notes and the Indenture or, in respect of Liens on property or assets of any Guarantor, any Note Guarantee thereof, equally and ratably with (or, in the case of Subordinated Obligations and Guarantor Subordinated Obligations on a senior basis to) such obligation for so long as such obligation is so secured by such Initial Lien and (b) in the case of any property or assets that constitute Collateral, such Lien is a Permitted Collateral Lien.

Any such Lien thereby created in favour of the Notes or any such Note Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) as set forth under the caption “—Security”.

Future Guarantors

The Parent Guarantor will cause each Restricted Subsidiary that enters into any guarantee of payment by the Issuer or by any Guarantor of any Indebtedness of the Issuer or any such Guarantor (any such guarantee, the ***Triggering Indebtedness***), to guarantee payment of the Notes on a senior or *pari passu* basis with such Restricted Subsidiary’s guarantee of such other Indebtedness. In addition, the Parent Guarantor may cause any Restricted Subsidiary that is not a Guarantor to guarantee payment of the Notes and become a Guarantor.

The Parent Guarantor will not be obligated to cause any Restricted Subsidiary to become a Guarantor if (x) such Subsidiary is not a Significant Subsidiary or the Indebtedness guaranteed thereby referred to above is not the Revolving Credit Facility Agreement or Public Indebtedness in an aggregate principal amount exceeding €10.0 million or (y), in the good faith determination of the Parent Guarantor (which determination shall be conclusive), the provision by such Restricted Subsidiary of a Note Guarantee would not be required pursuant to the Agreed Security Principles or could reasonably be expected to give rise to or result in:

- any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Parent Guarantor (including any reasonably available “whitewash” procedures or similar procedures that would be required in order to enable such Note Guarantee to be provided in accordance with applicable law);
- any liability (criminal, civil, administrative or other) for any of the officers, directors or shareholders of the Parent Guarantor, any Subsidiary thereof (including such Guarantor) or any Parent;
- any violation of the provisions of any joint venture or other material agreement, in each case in effect on the Issue Date, governing or binding upon the Parent Guarantor or any Restricted Subsidiary;
- any material risk of any such violation or liability; or
- any cost, expense, liability or obligation (including, without limitation, any Tax or any obligation to pay any Additional Amount) other than routine and immaterial out-of-pocket expenses incurred in connection with (x) any governmental or regulatory filings required as a result of such Note Guarantee or (y) any “whitewash” procedures (or similar procedures that would be required in order to enable such Note Guarantee to be provided in accordance with applicable law) undertaken in connection with such Note Guarantee.

Subject to the Intercreditor Agreement, each Guarantor, as primary obligor and not merely as surety, will jointly and severally, irrevocably and fully and unconditionally guarantee, on a *pari passu* basis with the Revolving Credit Facility Agreement, the punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all monetary obligations of the Issuer under the Indenture and the Notes, whether for principal of or interest on the Notes, expenses, indemnification or otherwise (all such obligations guaranteed by such Guarantors being herein called the ***Guaranteed Obligations***).

The obligations of each Guarantor will be subject to the limitations provided in the Agreed Security Principles and will be further limited to the maximum amount that can, after giving effect to all other contingent and fixed liabilities of such Guarantor (including, but not limited to, any Bank Indebtedness thereof or any guarantee by it of any Bank Indebtedness), be

guaranteed by such Guarantor without rendering its Note Guarantee void, voidable or unenforceable under applicable law relating to fraudulent conveyance or fraudulent transfer or any other law affecting the rights of creditors generally or otherwise relating to the insolvency of debtors. Notwithstanding any other provisions of the Indenture, each Note Guarantee shall be in such form and substance, and subject to such terms, conditions, limitations, qualifications and restrictions as may be necessary or appropriate (in the good faith determination of the Parent Guarantor, which determination shall be conclusive) by reason of or to comply with any applicable law, rule or regulation, including the law of any jurisdiction where the relevant Guarantor is organised or conducts business.

Each Note Guarantee shall be a continuing guarantee and shall (i) subject to the paragraphs below, remain in full force and effect until payment in full of the principal amount of all outstanding Notes (whether by payment at maturity, purchase, redemption, defeasance, retirement or other acquisition) and all other Guaranteed Obligations of the Guarantor then due and owing, (ii) be binding upon such Guarantor and (iii) inure to the benefit of and be enforceable by the Trustee, the Holders and their permitted successors, transferees and assigns.

The Guaranteed Obligations of each Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced or terminated the obligations of any Guarantor hereunder and under its Note Guarantee (whether such payment shall have been made by or on behalf of the issuer or by or on behalf of a Guarantor) is rescinded or reclaimed from any of the Holders upon the insolvency, bankruptcy, liquidation or reorganisation of the Issuer, any Guarantor or otherwise, all as though such payment had not been made.

Each Note Guarantee shall be released in accordance with the provisions described under the caption “—*Releases of the Note Guarantees*”.

Upon any such occurrence, the Trustee and the Security Agent, if applicable, shall execute any documents reasonably requested by the Issuer at the Issuer’s expense in order to evidence such release, discharge and termination in respect of the applicable Note Guarantee.

Neither the Issuer, nor the Parent Guarantor nor any such Guarantor will be required to make a notation on the Notes to reflect any such Note Guarantee or any such release, termination or discharge.

Reports

So long as any Notes are outstanding, the Parent Guarantor will provide to the Trustee:

- (a) within 120 days after the end of each fiscal year of the Parent Guarantor beginning with the fiscal year ending 30 June 2021, annual reports containing the following information with a level of detail that is substantially comparable to this Offering Circular: (a) audited consolidated balance sheet of the Parent Guarantor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements (in each case, or such shorter period as the Parent Guarantor has been in existence); (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalisations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Parent Guarantor on a *pro forma* basis (unless such *pro forma* information has been provided in a previous report pursuant to clause (b) or (c) below (provided that such *pro forma* financial information will be provided only to the extent it can be prepared without the Parent Guarantor incurring unreasonable expense, in which case, the Parent Guarantor will provide, in the case of a material acquisition, any available audited financial statements for the most recently audited fiscal year of the acquired entity)); (c) an operating and financial review of the audited financial statements (in a scope that is substantially comparable to the information contained in the “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” of this Offering Circular); and (d) a description of the business, management and shareholders of the Parent Guarantor, material affiliate transactions and material debt instruments;
- (b) within 60 days after the end of each of the first three fiscal quarters in each fiscal year of the Parent Guarantor commencing with the fiscal quarter ending 30 September 2021 (*provided* that for the first fiscal quarter ending after a Substitution of the Parent Guarantor, such information shall be provided within 90 days after the end of such fiscal quarter), quarterly reports 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 quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year

periods for the Parent Guarantor, together with condensed footnote disclosure (in each case, or such shorter period as the Parent Guarantor has been in existence); (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalisations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Parent Guarantor on a *pro forma* basis (*provided* that such *pro forma* financial information will be provided only to the extent it can be prepared without the Parent Guarantor incurring unreasonable expense and, if unreasonable expense would be incurred by the Parent Guarantor in such preparation, in the case of a material acquisition, only provide any actually available financial information for the most recent interim or annual period for the acquired entity); (c) an operating and financial review of the unaudited financial statements (in a scope that is substantially comparable to the information contained in the “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” of this Offering Circular); and (d) material recent developments; and

- (c) as soon as reasonably practicable after the occurrence of any material acquisition, disposition or restructuring of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Parent Guarantor on a *pro forma* basis or any change in the Chief Financial Officer or Chief Executive Officer of the Parent Guarantor or change in auditors of the Parent Guarantor, a report containing a description of such event;

provided, however, that the reports set forth in clauses (a), (b) and (c) above will not be required to (1) contain any reconciliation to U.S. generally accepted accounting principles, (2) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Parent Guarantor or (3) include any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Circular. All financial statements shall be prepared in accordance with GAAP.

Substantially concurrently with the issuance to the Trustee after the Issue Date of the reports specified in paragraph (a), (b) or (c) above, the Parent Guarantor will also (1) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Parent Guarantor and its subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Parent Guarantor in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another private electronic information service will constitute substantially comparable public availability), or (2) to the extent the Parent Guarantor determines in good faith that it cannot make such reports available in the manner described in the preceding clause (1) after the use of its commercially reasonable efforts, furnish such reports to the Holders and prospective purchasers of the Notes, upon their request.

In the event the Parent Guarantor becomes an SEC registrant and subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, the Parent Guarantor will, for so long as it continues to file the reports required by Section 13(a) with the SEC, make available to the Trustee the annual reports, information, documents and other reports that the Parent Guarantor 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 Parent Guarantor will be deemed to have complied with the provisions contained in this covenant.

In addition, so long as the Notes remain outstanding and during any period during which the Parent Guarantor is not subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Parent Guarantor shall furnish to the Holders and prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Parent Guarantor will also make available copies of all reports required by clauses (a) through (c) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, at the offices of the Paying Agent in Luxembourg.

The Parent Guarantor will be deemed to have satisfied the requirements of this covenant if any Parent, following a Public Offering of such Parent on any regulated stock exchange, furnishes or makes available such applicable reporting information regarding the Parent of the type required by the applicable competent stock exchange authority with respect to the Parent, in each case provided that the same is accompanied by information describing the non-equity differences between the financial information relating to such Parent and its Subsidiaries, on the one hand, and the financial information relating to the Parent Guarantor and its Subsidiaries, on the other hand.

Impairment of Security Interest

The Parent Guarantor shall not, and the Parent Guarantor shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would or is reasonably likely to, in each case, in the good faith determination of the Parent Guarantor, 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 shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Parent Guarantor shall not, and the Parent Guarantor shall not permit any Restricted Subsidiary to, grant to any Person other than the Trustee and the holders of the Notes (other than of any Additional Notes), the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the Collateral (other than pursuant to a sale, lease, transfer, disposition, merger or conveyance not otherwise prohibited by the Indenture), provided that (a) nothing in this provision will restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) subject to the second paragraph of this covenant, the Parent Guarantor and its Restricted Subsidiaries may incur Permitted Collateral Liens.

The Indenture will provide that, at the direction of the Parent Guarantor and without the consent of the holders of the Notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments, extensions, renewals, restatements, supplements, modifications or replacements to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) provide for Permitted Collateral Liens to the extent permitted under the Indenture (including by way of release and retaking of Security Documents), (iii) comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to the Parent Guarantor, a Guarantor or any security provider, as applicable, and the assumption by such successor of the obligations under the Indenture, the Notes, the Note Guarantee, the Intercreditor Agreement and the Security Documents, as applicable, in each case, in accordance with the caption “—*Certain Covenants—Merger and Consolidation*”, (vi) provide for the release of property and assets constituting Collateral from the Liens created under the Security Documents and/or the release of the Note Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of the Indenture, (vii) conform the Security Documents to this Description of the Notes, (viii) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, (ix) provide for Additional Notes to also benefit from the Collateral, or (x) make any other change thereto that does not adversely affect the holders of the Notes in any material respect; provided, however, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced (otherwise than for reasons specified in clauses (i), (iii) (in connection with any enforcement action) and (iv) through (x)), unless contemporaneously with such amendment, extension, renewal, restatement, supplement, modification or renewal, the Parent Guarantor delivers to the Trustee, either:

- (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Adviser confirming the solvency of the grantor of the security and the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or
- (2) a certificate from the Board of Directors or responsible accounting or financial officer of the Parent Guarantor (acting in good faith) substantially in the form attached to the Indenture that confirms the solvency of the grantor of the security and the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or
- (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the security interest or security interests created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid security interests not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such security interest or security interests were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that this covenant is complied with, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to and enter into all necessary documentation to implement such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the Holders.

Merger and Consolidation

The Issuer

- (a) The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its properties and assets taken as a whole in one or more related transactions, to any Person, unless:
 - (i) the resulting, surviving or transferee Person (the ***Successor Issuer***) is a Person organised and existing under the laws of France or any other member state of the European Union, or the United Kingdom, or the United States of America, any State thereof or the District of Columbia, and the Successor Issuer (if not the Issuer) expressly assumes all the obligations of the Issuer under the Notes, the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments in form reasonably satisfactory to the Trustee;
 - (ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer at the time of such transaction), no Default or Event of Default will have occurred and be continuing;
 - (iii) immediately after giving *pro forma* effect to such transaction and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, either (A) the Parent Guarantor or, if applicable, the Successor Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” or (B) the Consolidated Coverage Ratio of the Parent Guarantor (or, if applicable, the Successor Parent Guarantor with respect thereto) would equal or exceed the Consolidated Coverage Ratio of the Parent Guarantor immediately prior to giving effect to such transaction or (C) the Consolidated Leverage Ratio of the Parent Guarantor (or, if applicable, the Successor Parent Guarantor with respect thereto) would equal or be less than the Consolidated Leverage Ratio of the Parent Guarantor immediately prior to giving effect to such transaction;
 - (iv) each Guarantor (other than (x) any Guarantor that will be released from its obligations under its Note Guarantee in connection with such transaction and (y) any party to any such consolidation or merger) shall have delivered a supplemental indenture or other document or instrument in form reasonably satisfactory to the Trustee, confirming its Note Guarantee (other than any Note Guarantee that will be discharged or terminated in connection with such transaction); and
 - (v) the Issuer will have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer complies with the provisions described in this paragraph; *provided* that in giving such opinion such counsel may rely on an Officer’s Certificate as to compliance with the foregoing clauses (ii) and (iii) and as to any matters of fact.

The Parent Guarantor

- (b) The Parent Guarantor will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its properties and assets taken as a whole in one or more related transactions, to any Person, unless:
 - (i) the resulting, surviving or transferee Person (the ***Successor Parent Guarantor***) is a Person organised and existing under the laws of France or any other member state of the European Union, or the United Kingdom or the United States of America, any State thereof or the District of Columbia, and the Successor Parent Guarantor (if not the Parent Guarantor) expressly assumes all the obligations of the Parent Guarantor under the Notes, the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments in form reasonably satisfactory to the Trustee;
 - (ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Parent Guarantor or any Restricted Subsidiary as a result of such transaction as

having been Incurred by the Successor Parent Guarantor or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

- (iii) immediately after giving *pro forma* effect to such transaction and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, either (A) the Parent Guarantor or, if applicable, the Successor Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” or (B) the Consolidated Coverage Ratio of the Parent Guarantor (or, if applicable, the Successor Parent Guarantor with respect thereto) would equal or exceed the Consolidated Coverage Ratio of the Parent Guarantor immediately prior to giving effect to such transaction or (C) the Consolidated Leverage Ratio of the Parent Guarantor (or, if applicable, the Successor Parent Guarantor with respect thereto) would equal or be less than the Consolidated Leverage Ratio of the Parent Guarantor immediately prior to giving effect to such transaction; and
- (iv) the Parent Guarantor will have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer complies with the provisions described in this paragraph; *provided* that in giving such opinion such counsel may rely on an Officer’s Certificate as to compliance with the foregoing clauses (ii) and (iii) and as to any matters of fact.

Clauses (ii) and (iii) of paragraph (a) and (ii) and (iii) of paragraph (b) of this covenant will not apply to (1) any consolidation or merger among the Issuer and any Guarantor or (2) any consolidation or merger among the Parent Guarantor and any Guarantor or (3) any transaction in which any Restricted Subsidiary consolidates with, merges into or transfers all or part of its assets to the Issuer or the Parent Guarantor or (4) a transaction in which the Issuer or the Parent Guarantor consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate solely for the purpose of reincorporating or reorganising the Issuer or the Parent Guarantor or a Guarantor in another jurisdiction or changing its legal structure to a corporation or other entity or (y) the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor so long as all assets of the Parent Guarantor and the Restricted Subsidiaries of the Parent Guarantor immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by the Parent Guarantor and its Restricted Subsidiaries immediately after the consummation thereof.

Any Indebtedness that becomes an obligation of the Parent Guarantor (or, if applicable, the Successor Parent Guarantor with respect thereto) or any Restricted Subsidiary (or that is deemed 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 covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

Upon any transaction involving the Issuer in accordance with this covenant, in which the Issuer is not the Successor Issuer, the Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, and thereafter the predecessor Issuer will be relieved of all obligations and covenants under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, except that the predecessor Issuer in the case of a lease of all or substantially all its assets will not be released from its obligation to pay the principal of and interest on the Notes.

Parent Guarantor and Issuer Substitution

The Parent Guarantor in its sole discretion, without the consent of any Holder of the Notes, may select a Person to substitute itself (the ***Succeeding Parent Guarantor***) and/or a Person to substitute the Issuer (the ***Succeeding Issuer***) (in each case a ***Substitution***), *provided* that the following conditions are met:

- (1) the Succeeding Parent Guarantor and/or the Succeeding Issuer, as applicable, is organized under the laws of France or Luxembourg;
- (2) the Succeeding Parent Guarantor and/or Succeeding Issuer, as applicable, is a Subsidiary of Mobilux S.à r.l;
- (3) no Management Investor directly holds interests in (a) the Succeeding Parent Guarantor or any Subsidiary of the Succeeding Parent Guarantor of which the Parent Guarantor (prior to giving effect to the Substitution) is a also

Subsidiary or (b) the Succeeding Issuer or any Subsidiary of the Succeeding Issuer of which the Parent Guarantor (prior to giving effect to the Substitution) is also a Subsidiary, as applicable;

- (4) in the case of a Substitution of the Parent Guarantor, all of the Capital Stock of the Parent Guarantor is owned directly or indirectly by the Succeeding Parent Guarantor;
- (5) in the case of a Substitution of the Issuer, all of the Capital Stock of the Succeeding Issuer is owned directly or indirectly by the Parent Guarantor or the Succeeding Parent Guarantor (unless the Succeeding Issuer shall be (a) the Parent Guarantor (if there has not been a Substitution of the Parent Guarantor) or (b) the Succeeding Parent Guarantor (if there has been a Substitution of the Parent Guarantor));
- (6) in the case of a Substitution of the Parent Guarantor, the Succeeding Parent Guarantor is a holding company with, prior to the Substitution, no direct or indirect ownership interests in any Capital Stock other than any interest, directly or indirectly, in the Parent Guarantor, a Succeeding Issuer, if applicable, intermediary holding companies, and Capital Stock owned directly or indirectly by the Parent Guarantor;
- (7) in the case of a Substitution of the Parent Guarantor, the Succeeding Parent Guarantor shall have assumed all the obligations of the Parent Guarantor under the Notes, the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments as may be necessary to give full effect to such substitution in form reasonably satisfactory to the Trustee;
- (8) in the case of a Substitution of the Issuer, the Succeeding Issuer shall have assumed all the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments as may be necessary to give full effect to such substitution in form reasonably satisfactory to the Trustee;
- (9) immediately prior to and after giving effect to the Substitution, no Default or Event of Default will have occurred and be continuing;
- (10) immediately after giving pro forma effect to the Substitution as if the same had occurred at the beginning of the applicable four-quarter period, either (A) the Parent Guarantor or Succeeding Parent Guarantor (as applicable) could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under the caption “—Certain Covenants—Limitation on Indebtedness” or (B) the Consolidated Coverage Ratio would equal or exceed the Consolidated Coverage Ratio immediately prior to giving effect to such transaction or (C) the Consolidated Leverage Ratio would equal or be less than the Consolidated Leverage Ratio immediately prior to giving effect to such transaction;
- (11) each Guarantor shall have delivered a supplemental indenture or other document or instrument in form reasonably satisfactory to the Trustee, confirming its Note Guarantee;
- (12) the following Persons shall have provided a guarantee of the Notes on or prior to the date of the Substitution pursuant to a supplemental indenture on a pari passu basis with the existing Note Guarantees (a) in the case of a Substitution of the Parent Guarantor, the Succeeding Parent Guarantor and any Subsidiary of the Succeeding Parent Guarantor of which the Parent Guarantor prior to giving effect to the Substitution is also a Subsidiary, if any and (b) in the case of a Substitution of the Issuer, the Issuer;
- (13) the following Capital Stock shall be pledged on or prior to the date of the Substitution (subject only to Permitted Collateral Liens) to secure the obligations of the Succeeding Parent Guarantor and the Succeeding Issuer (as applicable) under the Notes and the Indenture or the Note Guarantee (as applicable): all of the issued Capital Stock in the Succeeding Parent Guarantor, if any, the Succeeding Issuer, if any, and each Subsidiary of the Succeeding Parent Guarantor, if any, of which the Parent Guarantor (prior to giving effect to the Substitution) is also a Subsidiary;
- (14) the Parent Guarantor will have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, in each case, stating that any such Substitution and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture, the

Notes and the Note Guarantees (including the Note Guarantee provided by the Issuer) constitute legal, valid and binding obligations of the Succeeding Entity and the Notes Guarantors enforceable in accordance with their terms; provided that in giving such opinion such counsel may rely on an Officer's Certificate as to compliance with the foregoing clauses (9) and (10) and as to any matters of fact; and

- (15) a Substitution of the Parent Guarantor or Issuer, in each case, may only occur once.

Notwithstanding any other provision or covenant in the Indenture, a Substitution shall be permitted by the Indenture, *provided* such Substitution complies with the terms of this covenant and following such Substitution, the Trustee will join the Issuer in doing all such things that are required to be done to effect such Substitution in the clearing systems or pursuant to the Indenture without the consent of Holders of the Notes. Following (x) a Substitution of the Issuer, references to "Issuer" shall be to the Succeeding Issuer in the Indenture and the Notes in all respects, and the Succeeding Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer as issuer under the Indenture and the Notes, and upon such Substitution, the Issuer will be released from its obligations as issuer under the Indenture and the Notes and (y) a Substitution of the Parent Guarantor, references to "Parent Guarantor" shall be to the Succeeding Parent Guarantor or, if the Succeeding Issuer is also the Parent Guarantor, to the Succeeding Issuer in the Indenture and the Notes in all respects and the Succeeding Parent Guarantor or the Succeeding Issuer, as applicable, may exercise every right and power of the Parent Guarantor under the Indenture and the Notes. In the case of a Substitution of the Parent Guarantor, the Subsidiaries of the Succeeding Parent Guarantor that are not Subsidiaries of the Parent Guarantor (prior to giving effect to the Substitution) will be treated as having become Restricted Subsidiaries from the date of the Substitution for the purposes of the Indenture.

Financial Calculations for Limited Condition Transactions

The Indenture will provide that, in connection with any Limited Condition Transaction and any related transactions (including any financing thereof), at the Parent Guarantor's election, (a) compliance with any requirement relating to the absence of a Default, an Event of Default or a specified Default or Event of Default, as applicable, may be determined as of the date (x) a definitive agreement for such Limited Condition Transaction is entered into, (y) in connection with an acquisition to which the United Kingdom City Code on Takeovers and Mergers (or any equivalent thereof under laws, rules or regulations in any other applicable jurisdiction) applies, on which a "Rule 2.7 announcement" of a firm intention to make an offer in respect of a target of a Limited Condition Transaction is made (or the equivalent notice under such equivalent laws, rules or regulations in such other applicable jurisdiction) or (z) notice of redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock is given (the *effective date*) and not as of any later date as would otherwise be required under the Indenture, and (b) any calculation of the Consolidated Coverage Ratio, the Consolidated Leverage Ratio, the Consolidated Secured Leverage Ratio or any other financial measure, or any amount based on Consolidated Total Assets, LTM EBITDA or a percentage of Consolidated Total Assets or LTM EBITDA, or any other determination under any basket or ratio under the Indenture, or any other determination as to whether any such Limited Condition Transaction and any related transactions (including any financing thereof) complies with the covenants or agreements contained in the Indenture, may be made as of such effective date and, to the extent so made, will not be required to be made at any later date as would otherwise be required under the Indenture, giving *pro forma* effect to such Limited Condition Transaction and any related transactions (including any Incurrence or Discharge of Indebtedness and Liens and the use of proceeds thereof); *provided* that (1) if financial statements for one or more subsequent fiscal quarters or fiscal years shall have been delivered pursuant to the Parent Guarantor's reporting obligations under "*Certain Covenants—Reports*", the Parent Guarantor may elect, in its sole discretion, to re-determine all such ratios, baskets or amounts on the basis of such financial statements, in which case, such date of redetermination shall thereafter be deemed to be the applicable effective date for purposes of such ratios, baskets or amounts and (2) except as contemplated in the foregoing clause (1), compliance with such ratios, baskets or amounts (and any related requirements and conditions) shall not be determined or tested at any time after the applicable effective date for such Limited Condition Transaction and any actions or transactions related thereto (including any Incurrence or Discharge of Indebtedness and Liens and the use of proceeds thereof). For purposes of determining compliance with any ratio, basket or amount on the applicable effective date, Consolidated Interest Expense for purposes of the Consolidated Coverage Ratio will be calculated using an assumed interest rate based on the indicative interest margin contained in any financing commitment documentation with respect to such Indebtedness or, if no such indicative interest margin exists, as determined by the Parent Guarantor in good faith, which determination shall be conclusive. For the avoidance of doubt, if the Parent Guarantor makes such an election and any of the ratios, baskets or amounts for which compliance was determined or tested as of the effective date are exceeded as a result of fluctuations in any such ratio, basket or amount, including due to fluctuations in exchange rates, in Consolidated EBITDA of the Parent Guarantor or the Person subject to such Limited Condition Transaction or any applicable currency exchange rate, at or prior to the consummation of the relevant transaction or action, such ratios, baskets or amounts will not be deemed to have been exceeded as a result of such fluctuations. The Indenture will also provide that, if the Parent Guarantor makes such an election, any subsequent calculation of any such ratio, basket or amount (unless the definitive agreement for, or firm offer in respect

of, such Limited Condition Transaction (in the case of an acquisition or Investment) is terminated or expires without its consummation or such notice of redemption, repurchase, defeasance, satisfaction and discharge or repayment is revoked or expires without consummation) shall be calculated on an equivalent pro forma basis. As used herein, the term **Limited Condition Transaction** means (i) any acquisition, including by way of merger, amalgamation, consolidation or other business combination or the acquisition of Capital Stock or otherwise, of any assets, business or Person, or any other Investment by one or more of the Parent Guarantor and its Subsidiaries permitted by the Indenture, in each case, whose consummation is not conditioned on the availability of, or on obtaining, third party financing or (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock requiring notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

Listing

The Issuer shall use its commercially reasonable efforts to obtain and, for so long as the Notes are outstanding, maintain thereafter the listing of such Notes on the Official List of the Luxembourg Stock Exchange or, if at any time the Issuer determines that it shall not obtain or maintain such listing on the Official List of the Luxembourg Stock Exchange, or if maintenance of such listing becomes unduly onerous, it shall, prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange's Euro MTF Market, use all commercially reasonable efforts to list and maintain thereafter a listing of such Notes on another internationally recognised stock exchange.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Parent Guarantor, in connection with the Incurrence by the Parent Guarantor, the Issuer or any Guarantor of any Indebtedness permitted pursuant to the covenant described under the caption "*Certain Covenants—Limitation on Indebtedness*" (and, in each case, such Indebtedness shall be (x) the Senior Indebtedness of the Parent Guarantor, the Issuer or a Guarantor or (y) Subordinated Obligations of the Parent Guarantor or the Issuer or Guarantor Subordinated Obligations of a Guarantor), the Parent Guarantor, the Issuer, the relevant Guarantors, the Trustee and, if applicable, the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorised Representatives) an amended and/or restated Intercreditor Agreement or an additional intercreditor agreement (an **Additional Intercreditor Agreement**) containing substantially the same terms as the Intercreditor Agreement (or terms more favourable to the Holders) including with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees (or such other terms or with such changes as are necessary to facilitate compliance with the covenant described under the caption "*Certain Covenants—Future Guarantors*"), priority and release of the Security Documents (or such other terms or with such changes as the Parent Guarantor may in good faith determine to be necessary or appropriate relating to the Security Documents, in connection with the Incurrence of such Indebtedness, provided, that such other terms are not materially more adverse to the Holders taken as a whole than the terms contained in the Intercreditor Agreement); *provided* that, such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement without the consent of the Trustee. Pursuant to any such Additional Intercreditor Agreements, such other Indebtedness may constitute Senior Indebtedness or Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations. If more than one such intercreditor agreement is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict in any material respect.

The Indenture also will provide that, at the direction of the Parent Guarantor and without the consent of Holders, the Trustee shall from time to time enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure any ambiguity, manifest error, omission, defect or inconsistency of any Intercreditor Agreement or any Additional Intercreditor Agreement, (2) increase the amount of Indebtedness of the types covered by any Intercreditor Agreement or any Additional Intercreditor Agreement that may be Incurred by the Parent Guarantor or any of its Subsidiaries that is subject to any Intercreditor Agreement or any Additional Intercreditor Agreement (including the addition of provisions relating to new Indebtedness that is contractually subordinated in right of payment to the Notes or the Note Guarantees, as applicable), (3) add Guarantors to any Intercreditor Agreement or an Additional Intercreditor Agreement, (4) add security to or for the benefit of the Notes (including Additional Notes), or confirm and evidence the release, termination or discharge of any Note Guarantee or Lien (including Liens on the Collateral and the Security Documents) when such release, termination or discharge is provided for or permitted under the Indenture, any Intercreditor Agreement or any Additional Intercreditor Agreement, (5) make provision for pledges of the Collateral securing Additional Notes to rank *pari passu* with the Security Documents or to implement any Permitted Collateral Liens, (6) provide for the assumption by a successor of the obligations of the Parent Guarantor under any Intercreditor Agreement or any Additional Intercreditor Agreement, (7) make any change in the subordination provisions of any Intercreditor Agreement or any Additional Intercreditor Agreement that would limit or terminate the benefits available to any holder of Senior Indebtedness of a Guarantor (or any Representative thereof) under such subordination provisions or as otherwise permitted by any Intercreditor Agreement or Additional Intercreditor

Agreement, (8) conform the text of any Intercreditor Agreement or Additional Intercreditor Agreement to any provision of this “*Description of the Notes*”, (9) give effect to a Substitution or (10) make any other change to any Intercreditor Agreement or Additional Intercreditor Agreement that does not materially adversely affect the Holders. The Parent Guarantor shall not otherwise direct the Trustee to enter into any amendment to any Intercreditor Agreement or Additional Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under “—*Amendments and Waivers*”, and the Parent Guarantor may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or any Intercreditor Agreement or an Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or an Additional Intercreditor Agreement, the Trustee 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 covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”.

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 each Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of such Intercreditor Agreement or Additional Intercreditor Agreement.

A copy of each Intercreditor Agreement or an Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Trustee and, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules and regulations of the Luxembourg Stock Exchange so require, at the offices of the Paying Agent in Luxembourg.

Events of Default

An “Event of Default” means the occurrence of the following:

- (i) a default in any payment of interest on any Note when due, continued for a period of 30 days;
- (ii) a default in the payment of principal of any Note when due, whether at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration of acceleration or otherwise;
- (iii) the failure by the Issuer to comply with its obligations under paragraph (a) of the covenant described under the caption “—*Certain Covenants—Merger and Consolidation*”;
- (iv) the failure by the Parent Guarantor or the Issuer to comply for (x) 120 days after notice with any of its obligations under the covenant described under the caption “—*Certain Covenants—Reports*” or (y) 60 days after notice with its other agreements contained in the Notes, the Indenture, any of the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement to which the Trustee or the Security Agent (in its capacity as Security Agent for the Trustee and the Holders) is a party;
- (v) the failure by the Parent Guarantor or any Restricted Subsidiary to pay any Indebtedness for borrowed money (other than any Indebtedness owed to the Parent Guarantor or any Restricted Subsidiary) within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default, if the total amount of such Indebtedness so unpaid or accelerated exceeds €45.0 million or its equivalent in a currency other than euro, provided that no Default or Event of Default will be deemed to occur with respect to any such accelerated Indebtedness that is paid or otherwise acquired or retired (or for which failure to pay or acceleration is waived or rescinded) within 20 Business Days after such failure to pay or such acceleration (the ***cross acceleration provision***);
- (vi) certain events of bankruptcy, insolvency or reorganisation of the Parent Guarantor or a Significant Subsidiary, or of other Restricted Subsidiaries that are not Significant Subsidiaries but would, in the aggregate, constitute a Significant Subsidiary if considered as a single Person, pursuant to or within the meaning of any Bankruptcy Law (the ***bankruptcy provisions***);

- (vii) the rendering of any final non-appealable judgment for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof will be unsuccessful or that the Parent Guarantor has determined there exists reasonable evidence that such amount will be reimbursed by the insurer or indemnifying party and such amount is not denied by the applicable insurer or indemnifying party in writing within 180 days and is reimbursed within 365 days of the date of such evidence) in excess of €45.0 million or its equivalent in a currency other than euros against the Parent Guarantor or a Significant Subsidiary, or jointly and severally against other Restricted Subsidiaries that are not Significant Subsidiaries but would in aggregate constitute a Significant Subsidiary if considered as a single Person, that is not discharged, or bonded or insured by a third Person, if such judgment is not subject to appeal and remains outstanding for a period of 90 days following its notification to the judgment debtor and is not discharged, waived or stayed (the *judgment default provision*);
- (viii) the failure of any applicable Note Guarantee by the Parent Guarantor or a Guarantor that is a Significant Subsidiary to be in full force and effect (except as contemplated by the terms thereof or of the Notes or the Indenture) or the denial or disaffirmation in writing by the Parent Guarantor or any applicable Guarantor that is a Significant Subsidiary of its obligations under the Notes and the Indenture or its Note Guarantee (other than by reason of the termination of the Indenture or such Guarantee or the release of such Note Guarantee in accordance with such Note Guarantee and the Indenture), if such Default continues for 10 days (the *guarantee default provision*); or
- (ix) the Parent Guarantor or any of its Subsidiaries shall assert in writing that any of the Security Documents are invalid or unenforceable (the *security default provision*).

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a Default under clause (iv) will not constitute an Event of Default until the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes notify the Issuer, Parent Guarantor and the Trustee of the Default and the Issuer, the Parent Guarantor or a Guarantor, as applicable, does not cure such Default within the time specified in such clauses after receipt of such notice.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganisation of the Issuer) occurs and is continuing, the Trustee, if so given notice by the Holders, or the Holders of at least 30% in principal amount of the outstanding Notes by notice to the Issuer, the Parent Guarantor and the Trustee in either case specifying in such notice the respective Event of Default and that such notice is a “notice of acceleration”, may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon the effectiveness of such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganisation of the Issuer occurs and is continuing, the principal of and accrued but unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Notwithstanding the foregoing, in the event of a declaration of acceleration in respect of the Notes because an Event of Default specified in clause (v) above shall have occurred and be continuing, such declaration of acceleration of the Notes and such Event of Default and all consequences thereof (including any acceleration or resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, and be of no further effect, if within 60 days after such Event of Default arose (x) the Indebtedness that is the basis for such Event of Default has been discharged, or (y) the holders thereof have rescinded or waived the acceleration, notice, action or other event or condition (as the case may be) giving rise to such Event of Default, or (z) the default in respect of such Indebtedness that is the basis for such Event of Default has been cured.

Any time period in the Indenture to cure any actual or alleged Default or Event of Default may be extended or stayed by a court of competent jurisdiction to the extent such actual or alleged Default or Event of Default is the subject of litigation.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case 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 if so requested by the Trustee, have provided to the Trustee indemnity or security, which may include pre-funding, satisfactory to the Trustee against any loss,

liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due against the Issuer or any Guarantor, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy;
- (3) such Holders have offered the Trustee security or indemnity 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 or indemnity; and
- (5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

For the avoidance of doubt, this provision may be enforced against any Holder by the Holders of a majority in principal amount of the outstanding Notes, the Trustee or the Issuer (or any of its Affiliates) and each Holder expressly acknowledges that this provision shall be available as a defence of the Issuer (or any of its Affiliates) in any action, proceeding, cause of action or remedial procedure.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes will be 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 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 indemnification or security, which may include pre-funding, satisfactory to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action.

If a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each Holder notice of the Default within 90 days after a Trust Officer of the Trustee has obtained actual knowledge thereof. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any Note, the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Holders. In addition, the Parent Guarantor will be required to deliver to the Trustee, within 120 days after the end of each fiscal year an Officer's Certificate indicating whether the signer thereof knows of any Default that is continuing that occurred during the previous year. The Parent Guarantor will also be required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Events of Default, their status and what action the Parent Guarantor is taking or proposes to take in respect thereof. The Trustee will not be deemed to have knowledge of any Defaults or Events of Default unless a Trust Officer of the Trustee shall have obtained actual knowledge thereof and a written notice of such an event has been received by the Trustee at its corporate trust office specified in the Indenture and such notice references the Notes and the Indenture and states that it is a "Notice of Default."

The Trustee shall not be charged with knowledge of any Default or Event of Default with respect to the Notes unless either (1) with respect to any payment default a responsible officer of the Trustee has actual knowledge of such Default or Event of Default or (2) a written notice of such Default or Event of Default shall have been given to a responsible officer of the Trustee.

Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes or any Security Document may be amended with the written consent of the Holders of not less than a majority in principal amount of the Notes (including Additional Notes, if any) then outstanding and any past default or compliance with any provisions may be waived with the consent of the Holders of not less than a majority in principal amount of the Notes (including Additional Notes, if any) then outstanding voting as a single class and any past default or compliance with any provisions may be waived with the consent of the Holders of not less than a majority in principal amount of the Notes (including Additional Notes, if any) then outstanding voting as a single class (including in each case, consents obtained in connection with a tender offer or exchange offer for Notes); *provided* that (x) if any such amendment or waiver will only affect one series of Notes (or less than all series of Notes) then outstanding under the Indenture, then only the consent of the Holders of a majority in principal amount of the Notes of such series then outstanding

(including, in each case, consents obtained in connection with a tender offer or exchange offer for Notes) shall be required and (y) if any such amendment or waiver by its terms will affect a series of Notes in a manner different and materially adverse relative to the manner such amendment or waiver affects other series of Notes, then the consent of the Holders of a majority in principal amount of the Notes of such series then outstanding (including, in each case, consents obtained in connection with a tender offer or exchange offer for Notes) shall be required. However, without the consent of Holders of at least 90% of the principal amount of the Notes affected, no amendment or waiver may:

- (i) reduce the principal amount of Notes whose Holders must consent to an amendment or waiver;
- (ii) reduce the rate of or extend the time for payment of interest on any Note;
- (iii) reduce the principal of or extend the Stated Maturity of any Note;
- (iv) reduce the premium payable upon the redemption of any Note, or change the time on which any Note may be redeemed as described under the caption “—*Optional Redemption*” above;
- (v) make any Note payable in money other than that stated in such Note;
- (vi) amend or waive the legal right of any Holder of any Note to receive payment of principal of and interest on such Note on or after the respective Stated Maturity for such principal or interest payment date for such interest expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective Stated Maturity or interest payment date;
- (vii) make any change to the subordination provisions of the Indenture that adversely affects the rights of any Holder in any material respect;
- (viii) waive a Default or Event of Default in the payment of principal of, or interest, or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);
- (ix) waive a required redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the captions “—*Change of Control*” or “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”);
- (x) release any Guarantor from any of its obligations under its Note Guarantee, except in accordance with the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement);
- (xi) release any Lien on Collateral granted for the benefit of the Holders, except in accordance with the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement); or
- (xii) make any change in the amendment or waiver provisions described in this sentence.

Any amendment, supplement or waiver consented to by Holders of at least 90% of the principal amount of the Notes affected will be binding on any non-consenting Holder of the Notes affected.

Without the consent of any Holder, the Issuer, any Guarantor, the Trustee and the Security Agent, as applicable, may amend or supplement the Indenture, any Note or any Security Document to (i) cure any ambiguity, mistake, omission, defect or inconsistency, (ii) provide for the assumption by a successor of the obligations of the Issuer or any Guarantor under the Indenture, the Notes or any Security Document, (iii) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided, however*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code), (iv) add any Note Guarantees with respect to the Notes, add security to or for the benefit of the Notes, or confirm and evidence the release, termination or discharge of any Note Guarantee, Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination or discharge is provided for or permitted under the Indenture and the Intercreditor Agreement or the Security Documents, (v) add to the covenants of the Issuer for the benefit of the Holders or to surrender any right or power conferred upon the Issuer, (vi) provide for or confirm the issuance of initial Notes or Additional Notes in accordance with the limitations set forth in the Indenture (including the establishment of parallel debt in respect thereof or amendment of the parallel debt to allow such Additional Notes to be secured), (vii) provide that any Indebtedness that becomes or will become an obligation of a Successor Issuer pursuant to a transaction governed by

the provisions described under the caption “—*Certain Covenants—Merger and Consolidation*” (and that is not a Subordinated Obligation or a Guarantor Subordinated Obligation) is Senior Indebtedness for purposes of the Indenture, (viii) conform the text of the Indenture (including any supplemental indenture or other instrument pursuant to which Additional Notes are issued), the Notes (including any Additional Notes), any Note Guarantee or the Security Documents to any provision of this “*Description of the Notes*”, or, with respect to any Additional Notes and any supplemental indenture or other instrument pursuant to which such Additional Notes are issued, to the “*Description of the Notes*” relating to the issuance of such Additional Notes solely to the extent that such “*Description of the Notes*” provides for terms of such Additional Notes that differ from the terms of the Notes (ix) make any change that does not materially adversely affect the rights of any Holder or (x) make any change to comply with any requirement of the SEC in connection with any qualification of the Indenture under the TIA, or otherwise.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver. Until an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by such Holder and every subsequent Holder of all or part of the related Note. Any such Holder or subsequent Holder may revoke such consent as to its Note by written notice to the Trustee or the Parent Guarantor, received thereby before the date on which the Issuer certifies to the Trustee that the Holders of the requisite principal amount of Notes have consented to such amendment or waiver. After an amendment or waiver under the Indenture becomes effective, the Issuer is required to mail to Holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all Holders, or any defect therein, will not impair or affect the validity of the amendment or waiver.

For the avoidance of doubt, no amendment to, or deletion of any of the covenants described under “—*Certain Covenants*” or any related defined terms, shall be deemed to impair or affect any rights of Holders of the Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Net Short Holders

Each request, demand, authorisation, direction, notice, consent or waiver under the Indenture relating to a Default or Event of Default (each, a ***Default Direction***), shall be binding and effective as to each Net Short Holder. By acceptance of a beneficial ownership interest in the Notes, each Notes Beneficial Owner shall be deemed to have agreed to not take any action, whether consenting, affirmatively not consenting or otherwise, for any Default Direction, if it is a Net Short Holder (in each case unless otherwise agreed to by the Issuer). In connection with any Default Direction, each Notes Beneficial Owner shall promptly notify the Trustee and the Issuer in writing that it is a Net Short Holder, or shall otherwise be deemed to have represented and warranted to the Issuer and the Trustee that it is not a Net Short Holder, and such representation or deemed representation shall be deemed repeated at all times until the resulting Default or Event of Default is cured or ceases to exist or the Notes hereunder are accelerated. In connection with, and as a condition to, taking any action requiring a Default Direction by the Holders of the requisite principal amount of Notes, each Notes Beneficial Owner taking such action shall (A) certify to the Trustee and the Issuer that it is not a Net Short Holder (in each case unless otherwise agreed to by the Issuer) and (B) covenant to provide the Issuer with such other information as the Issuer may reasonably request from time to time in order to verify the accuracy of such Notes Beneficial Owner’s representation or warranty, deemed representation or warranty or certification with respect to not being a Net Short Holder, within five Business Days of request therefor (the ***Net Short Holder Verification Covenant***). Notwithstanding the foregoing, these provisions shall in no way limit the right of any Notes Beneficial Owner or Holder to institute suit for the enforcement of payment of principal and interest of any Note of such Holder on or after the Final Maturity Date for such principal or scheduled interest payment dates for such interest expressed in such Note. If any Notes Beneficial Owner has made an incorrect representation or warranty, deemed representation or warranty or certification with respect to not being a Net Short Holder, or has otherwise breached its covenant to not take any action, whether consenting, affirmatively not consenting or otherwise, for any Default Direction, if it is a Net Short Holder (in each case unless otherwise agreed to by the Issuer), the Issuer shall have the right at the sole expense of any such Person to cause such Person to (and such Person shall be obligated to) transfer any or all of its Notes to one or more transferees (which may, at the Issuer’s sole option, be or include the Parent Guarantor or any Restricted Subsidiary); *provided* that (1) the Trustee shall not have any obligation to the Issuer or to such Notes Beneficial Owner to find such a transferee, (2) the Issuer shall not have any obligation to such Notes Beneficial Owner to find such a transferee or accept or consent to any such transfer to itself or any other Person and (3) the transferee (or, at its option, the Issuer) shall pay to such Notes Beneficial Owner concurrently with such transfer an amount (which payment shall be deemed payment in full) equal to the lesser of (x) the face principal amount of the Notes so assigned and (y) the most recently available quoted price for such Notes (as determined by the Issuer in good faith, which determination shall be conclusive), in each case without interest thereon. The rights and remedies of the Issuer provided herein are cumulative and are not exclusive of any other rights and remedies provided to the Issuer at law or in equity, and the Issuer shall be entitled to pursue any remedy available to it against any Net Short Holder (or any Notes Beneficial Owner that the Issuer in good faith believes is a Net Short Holder). In no event shall

the Trustee have any liability or obligation to ascertain, monitor or inquire as to whether any Person is a Net Short Holder and/or whether such Net Short Holder has delivered any related certifications under the Indenture or in connection with the Notes. It is understood and agreed that the Issuer and the Trustee shall be entitled to rely on each representation, deemed representation and certification made by, and covenant of, each Notes Beneficial Owner provided for in this paragraph. Notwithstanding any other provision of the Indenture, the Notes or any other document, the provisions of this paragraph shall apply and survive with respect to each Notes Beneficial Owner notwithstanding that any such Person may have ceased to be a Notes Beneficial Owner, the Indenture may have been terminated or the Notes may have been redeemed in full.

If, in connection with the giving of a Default Direction, but prior to the acceleration of the Notes, the Issuer determines in good faith that there is a reasonable basis to believe a Notes Beneficial Owner that took such action made an incorrect representation or warranty, deemed representation or warranty or certification with respect to not being a Net Short Holder, or otherwise at any relevant time on or following such action was a Net Short Holder (a **Net Short Holder Default Breach**), the Issuer delivers an Officer's Certificate to the Trustee certifying that (i) the Issuer believes in good faith that there is a reasonable basis to believe a Notes Beneficial Owner that gave a Default Direction (x) made an incorrect representation or warranty, deemed representation or warranty or certification with respect to not being a Net Short Holder, or otherwise at any relevant time on or following such action was a Net Short Holder or (y) breached the Net Short Holder Verification Covenant and (ii) the Issuer and/or one of its Affiliates has filed papers with a court of competent jurisdiction seeking a determination that such Notes Beneficial Owner made an incorrect representation or warranty, deemed representation or warranty or certification with respect to not being a Net Short Holder, or otherwise at any relevant time on or following such action was a Net Short Holder or breached the Net Short Holder Verification Covenant, and seeking to invalidate any Default or Event of Default that resulted from such action, the cure period with respect to such Default or Event of Default shall be automatically stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter. If such Officer's Certificate has been delivered to the Trustee, the Trustee shall refrain from acting in accordance with such any such Default Direction until such time as the Issuer provides to the Trustee an Officer's Certificate stating that such Notes Beneficial Owner has satisfied its Net Short Holder Verification Covenant. If such Notes Beneficial Owner has satisfied its Net Short Holder Verification Covenant, then the Trustee shall be permitted to act in accordance with such Default Direction.

If any Default Direction is effected in violation of the immediately preceding paragraph (including, without limitation, as a result of such Default Direction having been given by a Net Short Holder), and assuming all Net Short Holders complied with the preceding paragraph and Notes owned by all Net Short Holders were disregarded and deemed not to be Outstanding (in each case unless otherwise agreed to by the Issuer), (1) if such Default Direction shall have received the requisite percentage of Holders under the Indenture and the Notes without taking into account any action, whether consenting, affirmatively not consenting or otherwise, of any Net Short Holder (in each case unless otherwise agreed to by the Issuer), then such Default Direction shall nonetheless be binding and effective, and shall not be null or void, as to each Holder and (2) in all other cases, such Default Direction shall be null and void (in each case unless otherwise agreed to by the Issuer).

The Issuer and each Holder by accepting a note acknowledges and agrees that the Trustee (and any paying agent) shall not be liable to any party howsoever arising for acting or refraining to act in accordance with (i) the foregoing provisions, (ii) any Default Direction, (iii) any Officer's Certificate or (iv) its duties under this Indenture, as the Trustee may determine in its sole discretion. The Trustee shall be entitled to rely on its rights and benefits under the Indenture at all times and shall have no obligations (i) to monitor, investigate, verify or otherwise determine if a Notes Beneficial Owner has Net Short Position, (ii) investigate the merits, validity, accuracy or authenticity of any position representation or Officer's Certificate, as the case may be, (iii) inquire if the Issuer will seek action to determine if a Notes Beneficial Owner has breached its position representation, (iv) enforce any Net Short Holder Verification Covenant, (v) monitor or be party to any court proceedings undertaken in connection therewith, (vi) monitor or investigate whether any Default or Event of Default has been publicly reported or (vii) otherwise make any calculations, investigations or determinations with respect to any derivative instruments, net short position, long derivative instrument, short derivative instrument or otherwise. The Trustee shall be entitled to rely on its rights, protections and benefits under the Indenture at all times, including without limitation for actions that are taken and subsequently stayed or annulled.

Defeasance

The Issuer may, at its option at any time, terminate all its obligations under the Notes and the Indenture (**legal defeasance**), except for certain obligations, including those relating to the Trustee, the defeasance and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes. In addition, the Issuer may, at its option at any time, terminate its obligations under certain covenants under the Indenture, including the covenants described under the caption "*—Certain Covenants*" (other than clauses (i) and (ii) of paragraph (a) under the caption "*—Certain Covenants—Merger and Consolidation*") and the caption "*—Change of Control*", the operation of the default provisions relating to such covenants described under the caption "*—Events of Default*"

above, and the operation of the cross acceleration provision, the bankruptcy provisions with respect to Subsidiaries, the judgment default provision, the guarantee default provision and the security default provision, described under the caption “—*Events of Default*” above (*covenant defeasance*).

The Issuer 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 thereto. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (iv), (as it relates to the covenants described under the caption “—*Certain Covenants*” above), (v), (vi) (in the case of clause (vi) with respect to Restricted Subsidiaries of the Parent Guarantor other than the Issuer), (vii) or (ix) under the caption “—*Events of Default*” above or because of the failure of the Issuer to comply with clause (a)(ii) or (iii) or (iv) under the covenant described under the caption “—*Certain Covenants—Merger and Consolidation*” above.

Either defeasance option may be exercised to any redemption date or to the maturity date for the Notes. In order to exercise either defeasance option, the Issuer must irrevocably deposit with the Trustee or with a person designated by the Trustee and approved by the Issuer for the benefit of the Holders money, European Government Obligations, or a combination thereof, the principal of and interest on which will be sufficient (without reinvestment) to pay principal of, and premium (if any) and interest on, the Notes to redemption or maturity, as the case may be, (*provided* that if such redemption is made pursuant to the provisions described in the third paragraph under “—*Optional Redemption*”, (x) the amount of money or European Government Obligations, or a combination thereof, that the Issuer must irrevocably deposit or cause to be deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit, as calculated by the Issuer in good faith, and (y) the Issuer must irrevocably deposit or cause to be deposited additional money in trust on or prior to the redemption date as necessary to pay the Applicable Premium as determined on such redemption date), and must comply with certain other conditions, including delivery to the Trustee of, among other things, an Opinion of Counsel to the effect that holders of the applicable Notes will not recognise 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 (x) must be based on a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law since the Issue Date and (y) need not be delivered if all Notes not theretofore delivered to the Registrar for cancellation have become due and payable, will become due and payable at their Stated Maturity within one year, or have been called for redemption, or are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer).

Satisfaction and Discharge

The Indenture, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement will be discharged and cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (i) either (a) all 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 Registrar for cancellation or (b) all Notes not previously cancelled or delivered to the Registrar for cancellation (x) have become due and payable, (y) will become due and payable at their Stated Maturity within one year or (z) have been called for redemption or are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (ii) the Issuer has irrevocably deposited or caused to be deposited with the Trustee or with a person designated by the Trustee and approved by the Issuer money, European Government Obligations or a combination thereof, sufficient (without reinvestment) to pay and discharge the entire Indebtedness on the Notes not previously cancelled or delivered to the Registrar for cancellation, for principal, premium, if any, and interest to the date of such deposit (in the case of Notes that have become due and payable), redemption or their Stated Maturity, as the case may be, provided that if such redemption is made pursuant to the provisions described in the third paragraph under the caption “—*Optional Redemption*”, (x) the amount of money or European Government Obligations, or a combination thereof, that the Issuer must irrevocably deposit or cause to be deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit or calculated by the Parent Guarantor in good faith and (y) the Issuer must irrevocably deposit or cause to be deposited additional money in trust on the redemption date as necessary to pay the Applicable Premium as determined on such date; (iii) the Issuer has paid or caused to be paid all other sums then payable under the Indenture by the Issuer; and (iv) the Issuer has delivered to the Registrar and 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 (i), (ii) and (iii)).

Concerning the Trustee and Certain Agents

Deutsche Trustee Company Limited is to be appointed as Trustee under the Indenture. The Indenture provides that, except during the continuance of an Event of Default, of which written notice is given to a responsible officer of the Trustee in accordance with the notice provisions of the Indenture, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee will be permitted to engage in transactions with the Issuer and the Guarantors; provided, however, that if it acquires any conflicting interest, it must either eliminate such conflict or resign.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for the removal of the Trustee and the appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture provides for the indemnification of the Trustee in connection with its actions under the Indenture.

BNP Paribas will initially act as Security Agent under the Security Documents on behalf of the Trustee and the Holders. The Security Agent, acting in its capacity as such, shall have such duties with respect to the Collateral as are set forth in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. Under certain circumstances, the Security Agent may have obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents that are in conflict with the interests of the Holders. In addition, BNP Paribas also acts as security agent under the initial Revolving Credit Facility Agreement. The Security Agent will be under no obligation to exercise any rights or powers conferred under the Indenture or any of the Security Documents for the benefit of the Holders unless such Holders have offered to the Security Agent indemnity or security reasonably satisfactory to the Security Agent against any loss, liability or expense. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Security Agent, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Security Documents and has not relied on or will not at any time rely on the Security Agent in respect of such risks.

No personal liability of directors, officers, employees, incorporators and stockholders

No director, officer, employee, incorporator or stockholder of the Parent Guarantor or any Subsidiary thereof will have any liability for any obligation of the Issuer or any Guarantor under the Indenture, the Notes, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Issuer, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes or other governmental charges payable in connection with the transfer or exchange. The Issuer will not be required to transfer or exchange any Note selected for redemption or repurchase or to transfer or exchange any Note for a period of 15 Business Days prior to the day of the mailing of the notice of redemption or purchase. The Notes will be issued in registered form and the Holder will be treated as the owner of such Note for all purposes. For further information about transfer and exchange procedures, see the section titled "*Book-entry; Delivery and Form*".

Notices

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of such Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding. For Notes which are represented by global certificates held on behalf of Euroclear and Clearstream, notices may be given by delivery of the relevant notices to Euroclear and Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

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 him 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.

Currency Indemnity and Calculation of Euro-denominated Restrictions

The euro is the sole currency of account with respect to the Notes and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than the 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 or any Guarantor or otherwise by any Holder of a Note, as the case may be, or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any Guarantor shall only constitute a discharge to the Issuer or any Guarantor 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 will indemnify them 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 reasonable detail in a manner satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities, to the extent permitted by law, constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee (other than a waiver of the indemnities set out under this caption) 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 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 most of the managers and executive officers of the Parent Guarantor and its Subsidiaries are not residents of the United States, and most of the assets of the Parent Guarantor and its Subsidiaries are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States. See the section titled "*Enforcement of Civil Liabilities*".

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, premium or Additional Amounts, if any, on the Notes or any Notes Guarantees will be prescribed ten years after the applicable due dates for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest will be prescribed five years after the applicable due date for the payment of interest.

Governing Law

The Indenture will provide that it, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement will be governed by, and construed in accordance with, English law. The Revolving Credit Facility Agreement will be governed by, and construed in accordance with, English law, provided that certain provisions thereof will be interpreted in accordance with the laws of the State of New York without prejudice to the fact that the Revolving Credit Facility Agreement is governed by, and will be enforced in accordance with, English law. The Collateral will be governed by French law. The Proceeds Loans will be governed by French law.

The Parent Guarantor has not qualified and does not expect to qualify the Indenture under the TIA. The Indenture will accordingly not be subject to the TIA, and will not contain any provision corresponding or similar to certain provisions of the TIA that would otherwise apply if the Indenture were so qualified, including TIA §316(b).

Consent to Jurisdiction and Service

The Issuer and Guarantors will appoint Law Debenture Corporate Services Inc. as agent for actions relating to the Notes or the Indenture brought in any U.S. federal or state court located in the Borough of Manhattan in The City of New York and will submit to such jurisdiction.

Certain Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalised terms used in this “*Description of the Notes*” for which no definition is provided.

Acquired Indebtedness means Indebtedness of a Person (i) existing at the time such Person is merged with or into or becomes a Subsidiary or (ii) assumed in connection with the acquisition of properties or assets from such Person, in each case other than Indebtedness Incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be Incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

Additional Assets means (i) any property or assets that replace the property or assets that are the subject of an Asset Disposition; (ii) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Parent Guarantor or a Restricted Subsidiary or otherwise useful in a Related Business and any capital expenditures in respect of any property or assets already so used; (iii) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Parent Guarantor or another Restricted Subsidiary; or (iv) the Capital Stock of any Person that at such time is a Restricted Subsidiary acquired from a third party.

Additional Proceeds Loan means any loan agreement entered into between the Issuer and one or more Restricted Subsidiaries (or between Restricted Subsidiaries) pursuant to which the Issuer lends (or such Restricted Subsidiary lends or on lends), on terms substantially similar to those contained in the Proceeds Loans (other than with respect to interest and principal), the proceeds of an issuance of Additional Notes to such Restricted Subsidiary, as amended from time to time.

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 as set out in an annex to the Revolving Credit Facility Agreement as amended from time to time, as applied *mutatis mutandis* with respect to the Notes in good faith by the Parent Guarantor.

Applicable Premium means, with respect to a Note on any redemption date, the greater of (A) 1% of the principal amount of such Note and (B) the excess (to the extent positive) of:

- (1) the present value at such redemption date of (i) the redemption price of such Note at 15 July 2024 (such redemption price (expressed in a percentage of the principal amount) being set forth in the table under the second paragraph in the caption “—*Optional Redemption*”), plus (ii) all required remaining scheduled interest payments due on such Note to and including 15 July 2024 (excluding accrued and unpaid interest), computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over
- (2) the outstanding principal amount of such Note on such redemption date, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, such calculation shall not be a duty or obligation of the Trustee or any Paying Agent.

Asset Disposition means any sale, lease, transfer or other disposition of Capital Stock of a Restricted Subsidiary (other than directors’ qualifying shares, or shares to be held by third parties to meet applicable legal requirements), property or other assets (each referred to for the purposes of this definition as a **disposition**) by the Parent Guarantor or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction), other than:

- (i) a disposition to the Parent Guarantor or a Restricted Subsidiary;
- (ii) a disposition in the ordinary course of business (including in connection with any factoring agreement or similar arrangements);
- (iii) a disposition of Cash Equivalents or Temporary Cash Investments;
- (iv) the sale or discount (with or without recourse, and on customary or commercially reasonable terms, as determined by the Parent Guarantor in good faith, which determination shall be conclusive) of accounts receivable or notes receivable which have arisen in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (v) any Restricted Payment Transaction;
- (vi) a disposition that is governed by the provisions described under the captions “—*Certain Covenants—Merger and Consolidation*” or “—*Change of Control*”;
- (vii) any Financing Disposition;
- (viii) any “fee in lieu” or other disposition of assets to any governmental authority or agency that continue in use by the Parent Guarantor or any Restricted Subsidiary, so long as the Parent Guarantor or any Restricted Subsidiary may obtain title to such assets upon reasonable notice by paying a nominal fee;
- (ix) any exchange of property pursuant to or intended to qualify under Section 1031 (or any successor section) of the Code, or any exchange of equipment to be leased, rented or otherwise used in a Related Business;
- (x) any financing transaction with respect to property built or acquired by the Parent Guarantor or any Restricted Subsidiary after 17 November 2016, including, without limitation, any sale/ leaseback transaction or asset securitisation;
- (xi) any disposition arising from foreclosure, condemnation or similar action with respect to any property or other assets or exercise of termination rights under any lease, licenses, concession, or other agreement or necessary or advisable (as determined by the Parent Guarantor in good faith, which determination shall be conclusive) in order to consummate any acquisition of any Person, business or assets, or pursuant to buy/sell arrangements under any joint venture or similar agreement or arrangement, or of non-core assets acquired in connection with any acquisition of any Person, business or assets or any Investment;
- (xii) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

- (xiii) a disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Parent Guarantor 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), entered into in connection with such acquisition;
- (xiv) a disposition of Capital Stock which are directors' qualifying shares or which are *de minimis* holdings of Capital Stock to comply with legal or regulatory requirements;
- (xv) any Exempt Sale and Leaseback Transaction;
- (xvi) the abandonment or other disposition of patents, trademarks or other intellectual property that are, in the reasonable opinion of the Parent Guarantor, no longer economically reasonable to maintain or useful in the conduct of the business of the Parent Guarantor and its Subsidiaries taken as a whole;
- (xvii) any disposition or series of related dispositions for aggregate consideration not to exceed €15.0 million;
- (xviii) any license, sub-license or other grant of rights in or to any trademark, copyright, patent or other intellectual property;
- (xix) the creation or granting of any Lien permitted under the Indenture;
- (xx) any disposition in connection with a Tax Sharing Agreement;
- (xxi) any sale of property or assets, if the acquisition of such property or assets was financed with Excluded Contributions;
- (xxii) any exchange of assets (including a combination of assets and Cash Equivalents, Investment Grade Securities and Temporary Cash Investments) for assets used or useful in a Related Business (or Capital Stock of a Person that will be a Restricted Subsidiary following such transaction) of comparable or greater fair market value (as determined by the Parent Guarantor in good faith, which determination shall be conclusive);
- (xxiii) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Parent Guarantor or any Restricted Subsidiary to such Person) related to such assets; or
- (xxiv) the disposition by a Restricted Subsidiary of real estate acquired by a Restricted Subsidiary from a third party by exercising a preemption right, right of first refusal, right of first offer, call option or any other right to acquire such asset in its capacity as tenant, *provided* that the consideration received by the Parent Guarantor and its Restricted Subsidiaries for such disposition is equal to or greater than the sum of the consideration paid by the Restricted Subsidiary to acquire this asset and related costs and expenses directly related to such acquisition.

Bank Basket Euro Amount means an amount equal to the greater of (A) €290.0 million and (B) the sum of €140.0 million and 100% of LTM EBITDA *plus* (C) in the event of any refinancing of any Indebtedness Incurred under the basket permitting Indebtedness up to the Bank Basket Euro Amount, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing.

Bank Indebtedness means any and all amounts, whether outstanding on the Issue Date or thereafter incurred, payable under or in respect of any Credit Facility, including, without limitation, principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganisation relating to the Parent Guarantor or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

Bank Products Agreement means any agreement pursuant to which a bank or other financial institution or other Person agrees to provide (a) treasury services, (b) credit card, debit card, merchant card, purchasing card, stored value card, non-card electronic payable or other similar services (including, without limitation, the processing of payments and other administrative services with respect thereto), (c) cash management or related services (including, without limitation, controlled disbursements, automated clearinghouse transactions, return items, netting, overdrafts, depository, lockbox, stop

payment, electronic funds transfer, information reporting, wire transfer and interstate depository network services) and (d) other banking, financial or treasury products or services as may be requested by the Parent Guarantor or any Restricted Subsidiary (other than letters of credit and other than loans and advances except indebtedness arising from services described in clauses (a) through (c) of this definition), including, for the avoidance of doubt, bank guarantees.

Bank Products Obligations of any Person means the obligations of such Person pursuant to any Bank Products Agreement.

Bankruptcy Law means Title 11, U.S. Code, or any similar U.S. federal, state or non-U.S. law for the relief of debtors (but excluding, for the avoidance of doubt, any solvent winding up or other solvent process) or any amendment to, succession to or change in such law, including any “*cession totale de l’entreprise*” or “*liquidation judiciaire*” under articles L.620-1 et seq. of the French Code de Commerce.

Bloomberg means any private electronic information service provided by Bloomberg L.P. or any of its Affiliates, or any of their respective successors.

Board of Directors means, for any Person, the board of directors, supervisory board (*conseil de surveillance*) or other governing body (including in relation to a French *société par actions simplifiée*, its *président*) of such Person or, if such Person does not have such board of directors, supervising board or other governing body, and is owned or managed by a single entity, the Board of Directors of such entity, or, in either case, any committee thereof duly authorized to act on behalf of such Board of Directors. Unless otherwise provided, **Board of Directors** means the Board of Directors of the Company.

Bund Rate means, with respect to a redemption date, the yield to maturity at the time of computation of direct obligations of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Parent Guarantor in good faith)) most nearly equal to the period from the redemption date to 15 July 2024; *provided, however*, that if the period from the redemption date to 15 July 2024 is not equal to the constant maturity of a direct obligation of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of Germany for which such yields are given, except that if the period from such redemption date to 15 July 2024 is less than one year, the weekly average yield on actually traded direct obligations of Germany adjusted to a constant maturity of one year shall be used; *provided*, that if the Bund Rate determined in accordance with the foregoing shall be less than zero, the Bund Rate shall be deemed to be zero for all purposes of the Indenture.

Business Day means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorised or required by law to close in Luxembourg, London, Paris or New York City, and (in relation to any date for payment or purchase of euros) other than any other day on which Trans European Automated Real-Time Gross settlement Express Transfer payment system is closed for settlement of payments in euros.

BUT means BUT SAS, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €34,689,348 as at the Issue Date and its registered office as at the Issue Date at 1 avenue Spinoza Malnoue, 77184 Emerainville, registered under number 358 500 411 R.C.S. Meaux and any successor in interest thereto.

BUT International means BUT International SAS, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €131,772,276.25 as at the Issue Date and its registered office as at the Issue Date at 1 avenue Spinoza Malnoue, 77184 Emerainville, registered under number 722 041 860 R.C.S. Meaux and any successor in interest thereto.

Capital Stock of any Person means any and all shares of, partnership interest in, membership in, rights to purchase, warrants or options for, or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

Capitalised Lease Obligation means an obligation that is required to be classified and accounted for as a lease obligation in accordance with GAAP.

Captive Insurance Subsidiary means any Subsidiary of the Parent Guarantor that is subject to regulation as an insurance company (or any Subsidiary thereof).

Cash Equivalents means any of the following: (a) securities issued or fully guaranteed or insured by the United States of America or a member state of the European Union, the United Kingdom, Switzerland or Canada or any agency or instrumentality of any thereof, (b) overnight bank deposits, time deposits, certificates of deposit or bankers' acceptances or money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition of (i) any bank or institutional lender under the Revolving Credit Facility Agreement or any affiliate thereof or (ii) any commercial bank or trust company having capital and surplus in excess of €250,000,000 and the commercial paper of the holding company of which 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 such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (c) repurchase obligations with a term of not less than thirty days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above, (d) money market instruments, commercial paper or other short-term obligations 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 such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (e) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act, (f) investments similar to any of the foregoing denominated in currencies other than euros, sterling or U.S. dollars approved by the Board of Directors, (g) money market funds at least 90% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (f) of this definition, and (h) solely with respect to any Captive Insurance Subsidiary, any investment that Person is permitted to make in accordance with applicable law.

CD&R means Clayton, Dubilier & Rice, LLC and any successor in interest thereto, or any successor to CD&R's investment management business.

CD&R Cayman means CD&R Balloon Holdings L.P., a Cayman Islands exempted limited partnership and any successor in interest thereto.

CD&R Fund IX means Clayton, Dubilier & Rice Fund IX, L.P., a Cayman Islands exempted limited partnership, and any successor in interest thereto.

CD&R Investors means, collectively, (1) CD&R Fund IX, (2) CD&R Advisor Fund IX, L.P., a Cayman Islands exempted limited partnership and any successor in interest thereto, (3) Clayton, Dubilier & Rice Fund IX-A, L.P., a Cayman Islands exempted limited partnership and any successor in interest thereto, (4) CD&R Cayman, (5) CD&R Mobilux S.à r.l., a Luxembourg *société à responsabilité limitée* and any successor in interest thereto, (6) CD&R Associates IX, L.P., a Cayman Islands exempted limited partnership and any successor in interest thereto, (7) CD&R Investment Associates IX, Ltd., a Cayman Islands exempted limited company, (8) any trust, fund, vehicle, managed account company or partnership owned, managed or advised by CD&R or any Affiliate or Related Person of CD&R and any successor in interest thereto or (9) any Affiliate or Related Person of any CD&R Investor identified in clauses (1) through (8) of this definition.

Cetelem means Cetelem S.A., a subsidiary of BNP Paribas through which the Parent Guarantor and its Subsidiaries provide consumer financing.

Change of Control Event means an event constituting a Change of Control.

CICE means the competitive and employment tax credit pursuant to the French 3rd Amended Finance Law for 2012 (*3ème loi de finances rectificative pour 2012*) No.2012-1510, dated 29 December 2012.

Clearstream means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency.

Code means the U.S. Internal Revenue Code of 1986, as amended from time to time.

Cogesem means Compagnie Générale de Services Pour L'Équipement de la Maison-COGESEM, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €22,228,735.5 as at the Issue Date and its registered office as at the Issue Date at 1 avenue Spinoza Malnoue, 77184 Emerainville, registered under number 331 691 287 R.C.S. Meaux and any successor in interest thereto.

Collateral means the rights, property and assets securing or otherwise benefitting the Notes and/or the Note Guarantees as described under the caption "—Security" and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Issuer and the Guarantors under the Notes, the Note Guarantees or the Indenture.

Commodities Agreements means, in respect of a Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

Consolidated Coverage Ratio as of any date of determination means the ratio of (i) LTM EBITDA to (ii) Consolidated Interest Expense for such four fiscal quarters; *provided* that:

- (1) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation shall be computed based on (A) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (B) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation);
- (2) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary has repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Indebtedness that is no longer outstanding on such date of determination (each, a **Discharge**) or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a Discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such Discharge had occurred on the first day of such period;
- (3) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business including any such disposition occurring in connection with a transaction causing a calculation to be made hereunder or designation of a Restricted Subsidiary or an Unrestricted Subsidiary (any such disposition or designation, a **Sale**), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that 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 and Consolidated Interest Expense for such period shall be reduced by an amount equal to (A) the Consolidated Interest Expense attributable to any Indebtedness of the Parent Guarantor or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Parent Guarantor and its continuing Restricted Subsidiaries in connection with such Sale for such period (including, but not limited to, through the assumption of such Indebtedness by another Person) *plus* (B) if the Capital Stock of any Restricted Subsidiary is sold or any Restricted Subsidiary is designated as an Unrestricted Subsidiary, the Consolidated Interest Expense for such period attributable to the Indebtedness of such Restricted Subsidiary to the extent the Parent Guarantor and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale;
- (4) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder or designated any Unrestricted Subsidiary as a Restricted Subsidiary (any such Investment, acquisition or designation, a **Purchase**), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period; and
- (5) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, and since the beginning of such period such Person shall have Discharged any Indebtedness or made any Sale or Purchase that would have required an adjustment pursuant to clause (2), (3) or (4) above if made by the Parent Guarantor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto as if such Discharge, Sale or Purchase occurred on the first day of such period,

provided, that (A) (in the event that the Parent Guarantor shall classify Indebtedness Incurred on the date of determination as Incurred in part under paragraph (a) of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and in part under paragraph (b) of such covenant, as provided in paragraph (c)(iii) of such covenant) any such *pro forma* calculation of Consolidated Interest Expense shall not give effect to any such Incurrence of Indebtedness on the date of determination pursuant to such paragraph (b) or to any Discharge of Indebtedness from the proceeds of any such Incurrence pursuant to such paragraph (b), and (B) (at the Parent Guarantor’s election) no *pro forma* effect shall be given to the Purchase of the business or company of a franchisee of the Group whose annual turnover for the most recent period prior to the Purchase for which such figure is available did not exceed €15.0 million.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Parent Guarantor or an authorised responsible financial or accounting Officer of the Parent Guarantor. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness). If any Indebtedness bears, at the option of the Parent Guarantor or a Restricted Subsidiary, a rate of interest based on a prime or similar rate, a euro currency interbank offered rate or other fixed or floating rate, and such Indebtedness is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated by applying such optional rate as the Parent Guarantor or such Restricted Subsidiary may designate. If any Indebtedness that is being given *pro forma* effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

Consolidated EBITDA means, for any period, the Consolidated Net Income for such period, *plus* the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

- (1) provision for all taxes (whether or not paid, estimated or accrued) based on income, profits or capital (including penalties and interest, if any) including without limitation, CVAE and any charge for such taxes incurred by the Parent Guarantor or a Restricted Subsidiary pursuant to a Tax Sharing Agreement;
- (2) Consolidated Interest Expense and any Special Purpose Financing Fees, Receivable Fees, foreign exchange differences that are treated as interest under GAAP, fair value movements on any Indebtedness or Hedging Obligations, costs or other charges (including non-cash charges) related to the Transactions, non cash interest expense in respect of Subordinated Shareholder Funding or Management Proceeds Funding, accretion or accrual of discounted liabilities not constituting Indebtedness, expense resulting from discounting of Indebtedness in conjunction with recapitalisation or purchase accounting, and any “additional interest” in respect of registration rights arrangements for any securities and non cash interest relating to employee benefit plans or arrangements or post-retirement benefit arrangements (including in respect of Participations) and any non-cash interest expenses in relation to any guarantee, indemnity, bond, standby letter of credit or similar instruments issued in respect of commercial obligations of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business;
- (3) depreciation, amortisation or impairment (including, but not limited to, amortisation of goodwill and intangibles and amortisation and write-off of financing costs and write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Parent Guarantor and its Restricted Subsidiaries for such period and any non-cash charges for post-employment benefit scheme liabilities and other similar provisions), and any other non-cash charges, non-cash losses, or non-cash provisions for reserves for discontinued operations, other than the reversal of a reserve for cash charges in a future period in the ordinary course of business;
- (4) any expenses or charges related to any Equity Offering, Investment or Indebtedness permitted by the Indenture (whether or not consummated or incurred, and including any offering or sale of Capital Stock of a Parent to the extent the proceeds thereof were intended to be contributed to the equity capital of the Parent Guarantor or its Restricted Subsidiaries);
- (5) the amount of any loss attributable to non-controlling interests;
- (6) the amount of any deferred royalty income;

- (7) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Hedging Obligations or other derivative instruments;
- (8) any management, monitoring, consulting and advisory fees and related expenses paid or payable to any of CD&R, any of the CD&R Investors, any of the WM Investors and any of their respective Affiliates pursuant to Management Agreements;
- (9) any non-recurring fees or charges attributable to a post-employment benefit scheme or a management or employee benefit scheme, in each case other than the current service costs attributable to any such scheme; and

plus the following, without duplication:

- (10) the amount of net cost savings operating expense reductions and synergies (including revenue synergies, including those related to the modification or renegotiation of contracts and other arrangements and pricing adjustments and increases) projected by the Parent Guarantor in good faith to be realised as the result of actions taken or to be taken within 24 months of the initiation or consummation of any operational change or other initiative, or within 24 months of the consummation of any applicable acquisition or cessation of operations (in each case, calculated on a *pro forma* basis as though such cost savings, operating expense reductions and synergies had been realised on the first day of such period), net of the amount of actual benefits realised during such period from such actions (which adjustments may be incremental to *pro forma* adjustments made pursuant to the proviso to the definition of “*Consolidated Coverage Ratio*”, “*Consolidated Leverage Ratio*”, “*Consolidated Secured Leverage Ratio*” or “*Consolidated Super Senior Secured Leverage Ratio*”) plus without duplication of any item in the preceding paragraphs, additions of the type reflected in any of (i) the section hereunder entitled “—*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*”, or (ii) any quality of earnings analysis prepared by independent certified public accountants of nationally recognised standing or any other accounting firm reasonably acceptable to the Trustee (it being understood that any “Big Four” accounting firms are acceptable) and delivered to the Trustee in connection with any acquisition of assets (including Capital Stock), business or Person, or any merger or consolidation of any Person with or into the Parent Guarantor or an Restricted Subsidiary, or any other Investment, in each case that is permitted under the Indenture; and
- (11) the *pro forma* “run rate” Consolidated EBITDA attributable to any newly opened store, which shall be assumed to be the Consolidated EBITDA attributable to comparable stores opened and operating for a period of at least 24 consecutive months (in the good faith determination of the Parent Guarantor, as certified by a director of the Parent Guarantor), *minus* the actual Consolidated EBITDA for such newly opened store; *provided*, that in no event shall the aggregate amount added to Consolidated EBITDA under this clause (11) for any four consecutive fiscal quarter period exceed the greater of (i) €15.0 million and (ii) 10% of Consolidated EBITDA (determined prior to giving effect to this clause (11)); *provided, further*, that after any such newly opened store shall actually have been open and operating for a period of at least 24 consecutive months at the time of any determination, Consolidated EBITDA for such newly opened store shall be determined on an actual basis as otherwise provided in this definition without giving effect to this clause (11).

Consolidated Interest Expense means, for any period, (i) the total interest expense of the Parent Guarantor and its Restricted Subsidiaries to the extent deducted in calculating Consolidated Net Income, net of any interest income of the Parent Guarantor and its Restricted Subsidiaries and after taking into account the net payment or receipt paid or payable or received or receivable under any Interest Rate Agreement or Currency Agreement in respect of Indebtedness, and after excluding any foreign exchange differences that are treated as interest under GAAP and after excluding any fair value movements on any Indebtedness or Hedging Obligations for such period, and after excluding any costs, fees and expenses related to the Transactions (other than for the avoidance of doubt interest incurred on Indebtedness Incurred pursuant to the Transactions) that are classified as interest under GAAP, including, without limitation, any such interest expense consisting of (a) [Reserved], (b) amortisation of debt discount, (c) interest in respect of Indebtedness of any other Person that has been guaranteed by the Parent Guarantor or any Restricted Subsidiary, but only to the extent that such interest is actually paid by the Parent Guarantor or any Restricted Subsidiary, (d) non-cash interest expense on Indebtedness, (e) the interest portion of any deferred payment obligation and (f) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing, *plus* (ii) Preferred Stock dividends paid in cash in respect of Disqualified Stock of the Parent Guarantor held by Persons other than the Parent Guarantor or a Restricted Subsidiary and *minus* (iii) to the extent otherwise included in such interest expense referred to in clause (i) above, Special Purpose Financing Fees, Receivable Fees, non-cash interest expense in respect of Subordinated Shareholder Funding, non-cash interest expense in respect of Management Proceeds Funding, accretion or accrual of discounted liabilities not constituting Indebtedness, expense resulting from discounting of Indebtedness in conjunction with recapitalisation or purchase accounting, and any “additional interest” in

respect of registration rights arrangements for any securities, amortisation or write-off of financing costs, interest relating to employee benefit plans or arrangements or post-retirement benefit arrangements and interests in respect of Participations, any interest expense in relation to any guarantee, indemnity, bond, standby letter of credit or similar instrument issued in respect of commercial obligations of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business and any arrangement, underwriting and participation fees and similar issue costs, agency and fronting fees, repayment and prepayment premiums, fees or costs and any expensing of bridge, commitment or other financing fees, in each case under clauses (i) through (iii) as determined on a Consolidated basis in accordance with GAAP; *provided*, that gross interest expense shall be determined after giving effect to any net payments made or received by the Parent Guarantor and its Restricted Subsidiaries with respect to Interest Rate Agreements and Consolidated Interest Expense shall exclude interest expense attributable to Capitalised Lease Obligations.

Consolidated Leverage Ratio means, as of any date of determination, the ratio of (i) Consolidated Net Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) LTM EBITDA, *provided*, that:

- (1) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary shall have made a Sale (as defined under the definition of “*Consolidated Coverage Ratio*”), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that 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;
- (2) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (as defined under the definition of “*Consolidated Coverage Ratio*”) (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and
- (3) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Parent Guarantor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period,

provided that (at the Parent Guarantor’s election) no *pro forma* effect shall be given to the Purchase of the business or company of a franchisee of the Group whose annual turnover for the most recent period prior to the Purchase for which such figure is available did not exceed €15.0 million.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Parent Guarantor or an authorised responsible financial or accounting Officer of the Parent Guarantor.

Consolidated Net Income means, for any period, the net income (loss) of the Parent Guarantor and its Restricted Subsidiaries, determined on a Consolidated basis in accordance with GAAP and before any reduction in respect of Preferred Stock dividends; *provided*, that there shall not be included in such Consolidated Net Income:

- (i) any net income (loss) of any Person if such Person is not the Parent Guarantor or a Restricted Subsidiary, except that subject to the limitations contained in clause (iii) below, the Parent Guarantor’s or any Restricted Subsidiary’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount actually distributed by such Person during such period to the Parent Guarantor or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (ii) below);
- (ii) solely for purposes of determining the amount available for Restricted Payments under clause (a)(3)(A) of the covenant described under the caption “—*Certain Covenants— Limitation on Restricted Payments*”, any net income (loss) of any Restricted Subsidiary that is not a Guarantor if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of similar distributions by such Restricted

Subsidiary, directly or indirectly, to its parent company 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 stockholders (other than (w) restrictions that have been waived or otherwise released, (x) restrictions pursuant to the Notes or the Indenture or other Senior Indebtedness, (y) restrictions permitted pursuant to clauses (1) and (7) of the covenant described under the caption "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*", and (z) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole are not materially less favourable to the Holders than such restrictions in effect on the Issue Date as determined by the Parent Guarantor in good faith), except that the Parent Guarantor's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period to the Parent Guarantor or another Restricted Subsidiary (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause (ii));

- (iii) (x) any net gain or loss realised upon the sale or other disposition of any asset of the Parent Guarantor or any Restricted Subsidiary (including pursuant to any sale/leaseback transaction) that is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Parent Guarantor, which determination shall be conclusive), and (y) any net after-tax gain or loss realised upon the disposal, abandonment or discontinuation of operations of the Parent Guarantor or any Restricted Subsidiary;
- (iv) any extraordinary, unusual, nonrecurring, exceptional, special or infrequent gain, loss or charge and any other gain, loss or charge not in the ordinary course of business (as determined by the Parent Guarantor in good faith, which determination shall be conclusive) (including fees, expenses and charges (and amortisation thereof) associated with the Transactions (other than for the avoidance of doubt interest incurred on Indebtedness Incurred pursuant to the Transactions but including premium paid to refinance the Existing Debt) and any acquisition, merger or consolidation after the Issue Date), any severance (which, for the avoidance of doubt, shall include retention, integration or excess pension or other excess charges), relocation, consolidation, closing, integration, facilities, stores and/or warehouses opening, business optimisation, transition or restructuring costs, charges or expenses (whether or not classified as restructuring costs, charges or expenses on the consolidated financial statements of the Parent Guarantor), any signing, retention or completion bonuses, and any costs associated with curtailments or modifications to pension and post-retirement employee benefit plans;
- (v) the cumulative effect of a change in accounting principles;
- (vi) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness;
- (vii) any unrealised gains or losses in respect of Hedge Agreements or any ineffectiveness recognised in earnings related to qualifying hedge transactions or the fair value or changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;
- (viii) any unrealised 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;
- (ix) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards;
- (x) to the extent otherwise included in Consolidated Net Income, any unrealised foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Parent Guarantor or any Restricted Subsidiary owing to the Parent Guarantor or any Restricted Subsidiary;
- (xi) any non-cash charge, expense or other impact attributable to application of the purchase or recapitalisation method of accounting (including the total amount of depreciation and amortisation, cost of sales or other non-cash expense resulting from the write-up of assets to the extent resulting from such purchase or recapitalisation accounting adjustments);
- (xii) any goodwill or other intangible asset impairment charges;

- (xiii) the impact of any capitalised interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Funding or Management Proceeds Funding;
- (xiv) any expenses or charges related to the acquisition by the Parent Guarantor or a Restricted Subsidiary of the assets, liabilities or businesses of franchisees and any cost related to termination of operations and aborted acquisitions/disposals of assets;
- (xv) [reserved];
- (xvi) any one-time non-cash charges or expenses related to the conversion of various employee benefit programmes in connection with the Transactions and non-cash compensation related expenses;
- (xvii) any losses to the extent covered by business interruption or similar insurance and to the extent the proceeds are actually received;
- (xviii) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Capital Stock held by such parties;
- (xix) provision for all taxes (whether or not paid, estimated or accrued) based on income, profits or capital (including penalties and interest, if any) including without limitation, CVAE and any charge for such taxes incurred by the Parent Guarantor or a Restricted Subsidiary pursuant to a Tax Sharing Agreement, in each case to the extent in excess of cash payments made in respect of such taxes; and
- (xx) any increase in personnel costs or other charge, cost, expense, reduction in tax credit and/or increase to tax as a result of (or otherwise relating to) a change in law (or the application thereof) with respect to, or change in accounting rules applicable to, CICE (*Crédit d'impôt pour la compétitivité et l'emploi*),

provided, further, that the exclusion of any item pursuant to the foregoing clauses (i) through (xx) shall also exclude the tax impact of any such item, if applicable.

Notwithstanding the foregoing, for the purpose of clause (a)(3)(A) of the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*” only, there shall be excluded from Consolidated Net Income, without duplication, any income consisting of dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Parent Guarantor or a Restricted Subsidiary, and any income consisting of return of capital, repayment or other proceeds from dispositions or repayments of Investments consisting of Restricted Payments, in each case to the extent such income would be included in Consolidated Net Income and such related dividends, repayments, transfers, return of capital or other proceeds are applied by the Parent Guarantor to increase the amount of Restricted Payments permitted under such covenant pursuant to clause (a)(3)(C) or (D) thereof.

Consolidated Net Indebtedness means, as of any date of determination, an amount equal to (i) the aggregate principal amount of outstanding Indebtedness of the Parent Guarantor and its Restricted Subsidiaries as of such date (other than (1) Indebtedness under paragraphs (c) (save in respect of unreimbursed outstanding drawn amounts under funded letters of credit), (d), (g) and (h) (in the case of (g) and (h) to the extent the underlying Indebtedness is described in this clause (1)) of the definition of “*Indebtedness*”, (2) Hedging Obligations, (3) Management Guarantees and (4) Indebtedness of a type referred to in, or Incurred pursuant to, clause (b)(ix) or (b)(xii) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”) determined on a Consolidated basis in accordance with GAAP (but excluding items eliminated in Consolidation), *minus* (ii) cash, Cash Equivalents and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries.

Consolidated Net Secured Indebtedness means, as of any date of determination, (i) an amount equal to the sum of, without duplication, Consolidated Net Indebtedness and any Ratio Tested Committed Amount as of such date that, in each case is either (x) then secured by Liens on property or assets of the Parent Guarantor and its Restricted Subsidiaries (other than (i) Indebtedness secured by Liens ranking junior to or subordinated to the Liens securing the Notes and (ii) property or assets held in a defeasance or similar trust or arrangement for the benefit of the Indebtedness secured thereby) or (y) Incurred (or, in the case of any Ratio Tested Committed Amount, established) pursuant to clause (b)(i)(II) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”, *minus* (ii) cash, Cash Equivalents and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries.

Consolidated Net Super Secured Indebtedness means, as of any date of determination, (i) an amount equal to the sum of, without duplication, Consolidated Net Indebtedness and any Super Senior Ratio Tested Committed Amount as of such date that is then secured by Liens on property or assets of the Parent Guarantor and its Restricted Subsidiaries on a super senior priority basis in respect of proceeds from the enforcement of the Collateral, *minus* (ii) cash, Cash Equivalents and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries.

Consolidated Secured Leverage Ratio means, as of any date of determination, the ratio of (i) Consolidated Net Secured Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) LTM EBITDA, *provided* that:

- (1) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary shall have made a Sale (as defined in the definition of **Consolidated Coverage Ratio**), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that 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;
- (2) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (as defined under the definition of Consolidated Coverage Ratio) (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and
- (3) if, since the beginning of such period, any Person became a Restricted Subsidiary or was merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Parent Guarantor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

provided that, in the event that the Parent Guarantor shall classify Indebtedness Incurred on the date of determination that is secured by Liens on property or assets of the Parent Guarantor and its Restricted Subsidiaries, as Incurred in part pursuant to clause (i)(II) of paragraph (b) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” and, in part pursuant to one or more other clauses or sub-clauses of paragraph (b) and/or pursuant to paragraph (a) of such covenant (as provided in clauses (ii) and (iii) of paragraph (c) of such covenant), Consolidated Net Secured Indebtedness shall not include any such Indebtedness (and shall not give effect to any Discharge of Consolidated Net Secured Indebtedness from the proceeds thereof) to the extent Incurred pursuant to any such other clause or subclause of such paragraph (b) and/or pursuant to such paragraph (a); *provided* that (at the Parent Guarantor’s election) no *pro forma* effect shall be given to the Purchase of the business or company of a franchisee of the Group whose annual turnover for the most recent period prior to the Purchase for which such figure is available did not exceed €15.0 million.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Parent Guarantor or an authorised, responsible financial or accounting Officer of the Parent Guarantor.

Consolidated Super Senior Secured Leverage Ratio means as of any date of determination, the ratio of (i) Consolidated Net Super Secured Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) LTM EBITDA, *provided*, that:

- (1) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary shall have made a Sale (as defined in the definition of “*Consolidated Coverage Ratio*”), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that 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;
- (2) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (as defined under the definition of Consolidated Coverage Ratio) (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder),

Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

- (3) if, since the beginning of such period, any Person became a Restricted Subsidiary or was merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Parent Guarantor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period,

provided, that (at the Parent Guarantor's election) no *pro forma* effect shall be given to the Purchase of the business or company of a franchisee of the Group whose annual turnover for the most recent period prior to the Purchase for which such figure is available did not exceed €15.0 million.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Parent Guarantor or an authorised, responsible financial or accounting Officer of the Parent Guarantor.

Consolidated Total Assets means, as of any date of determination, the total assets excluding any increase or decrease in asset carrying value of Hedging Obligations, in each case shown on the consolidated balance sheet of the Parent Guarantor and its Restricted Subsidiaries as of the most recently ended fiscal quarter of the Parent Guarantor for which such a balance sheet is available plus (to the extent not included) any receivables that have been sold or transferred, determined on a Consolidated basis in accordance with GAAP (and, in the case of any determination relating to any Incurrence of Indebtedness or Liens or any Investment, on a *pro forma* basis including any property or assets being acquired in connection therewith).

Consolidation means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Parent Guarantor in accordance with GAAP; *provided* that Consolidation will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Parent Guarantor or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment. The term **Consolidated** has a correlative meaning.

Consulting and Indemnification Agreements means, collectively, (i) the consulting and indemnification agreement entered into on 16 November 2016 between the Company and CD&R, (ii) the consulting and indemnification agreement entered into on 16 November 2016 among, *inter alias*, the Company and MW Holding, (iii) the indemnification agreement entered into on 16 November 2016 between Mobilux S.à r.l and CD&R, (iv) the indemnification agreement entered into on 16 November 2016 between Mobilux S.à r.l and MW Holding, and (v) any other consulting and/or indemnification agreements entered into or to be entered into between one or more members of the Group or (to the extent relating exclusively to consulting and indemnification arrangements for the Group) any Parent, on the one hand, and CD&R and/or one or more CD&R Investors, one or more WM Investors and/or any other parties thereto, on the other hand, and in each case to which any person may accede on or after the Issue Date in accordance with the terms thereof, in each case 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 (including by the accession of any other member of the Group).

Contribution Amounts means the aggregate amount of capital contributions applied by the Parent Guarantor to permit the Incurrence of Contribution Indebtedness pursuant to clause (b)(xi) of the covenant described under the caption "*Certain Covenants—Limitation on Indebtedness*".

Contribution Indebtedness means Indebtedness of the Parent Guarantor or any Restricted Subsidiary in an aggregate principal amount, together with any Indebtedness refinancing such Indebtedness, not greater than the aggregate amount of (x) Subordinated Shareholder Funding and (y) cash contributions (other than Excluded Contributions, the proceeds from the issuance of Disqualified Stock or contributions by the Parent Guarantor or any Restricted Subsidiary) made to the equity capital of the Parent Guarantor or such Restricted Subsidiary (in each case, other than by a Subsidiary of the Parent Guarantor) (whether through the issuance or sale of Capital Stock or otherwise) in each case after the Issue Date; provided, that such Contribution Indebtedness:

- (a) is Incurred within 180 days after the making of the related cash capital contribution or Subordinated Shareholder Funding; and

- (b) is so designated as “Contribution Indebtedness” pursuant to an Officer’s Certificate no later than the date of Incurrence thereof.

Any sale of Capital Stock or capital contribution or Subordinated Shareholder Funding that forms the basis for an incurrence of Contribution Indebtedness will be disregarded for purposes of the “Restricted Payments” covenant and will not be considered to be an Equity Offering for purposes of the “Optional Redemption” provisions of the Indenture.

Credit Facilities means one or more of (i) the Revolving Credit Facilities and (ii) other facilities or commercial paper facilities or indentures or trust deeds or note purchase agreements or arrangements designated by the Parent Guarantor, in each case with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables, inventory or real estate financings (including, without limitation, through the sale of receivables, inventory or real estate to such institutions or to special purpose entities formed to borrow from such institutions against such receivables, inventory or real estate or the creation of any Liens in respect of such receivables, inventory or real estate in favour of such institutions), letters of credit, bonds, notes, debentures or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including, but not limited to, 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, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, novated, restated, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term Credit Facility shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

Credit Facility Indebtedness means any and all amounts, whether outstanding on the Issue Date or thereafter Incurred, payable under or in respect of any Credit Facility, including, without limitation, principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganisation relating to the Parent Guarantor or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

Currency Agreement means, in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangements (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

CVAE means the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE) referred to under Article 1586 ter et seq. of the French Tax Code (*Code général des impôts*).

Décomeubles Partners means Décomeubles Partners SAS, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €173,971,720 as at the Issue Date and its registered office as at the Issue Date at 1 avenue Spinoza, 77184 Emerainville, registered under number 501 586 382 R.C.S. Meaux or any successor in interest thereto.

Default means any event or condition that 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 of non-cash consideration received by the Parent Guarantor 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.

Designated Preferred Stock means Preferred Stock of the Parent Guarantor (other than Disqualified Stock) or any Parent that is issued after the Issue Date for cash (other than to a Restricted Subsidiary) and is so designated as Designated Preferred Stock, pursuant to an Officer’s Certificate of the Parent Guarantor; provided, that the cash proceeds of such issuance shall be excluded from the calculation set forth in clause (a)(3)(B) of the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”.

Disinterested Directors means, with respect to any Affiliate Transaction, one or more members of the Board of Directors, or one or more members of the Board of Directors of a Parent, having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of any such Board of Directors shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Parent Guarantor or any Parent, any Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Parent Guarantor or any Parent, or any options, warrants or other rights in respect of any of the foregoing or by reason of such member receiving any compensation from the Parent Guarantor or Parent, as applicable, on whose Board of Directors such member serves in respect of such member's role as director.

Disqualified Stock means, with respect to any Person, any Capital Stock (other than Management Stock) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (other than following the occurrence of a Change of Control or other similar event described under such terms as a "change of control", or an Asset Disposition) (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof (other than following the occurrence of a Change of Control or other similar event described under such terms as a "change of control", or an Asset Disposition), in whole or in part, in each case on or prior to the final Stated Maturity of the Notes; provided, that Capital Stock issued to any employee benefit plan, or by any such plan to any employees of the Parent Guarantor or any Subsidiary, shall not constitute Disqualified Stock solely because it may be required to be repurchased or otherwise acquired or retired in order to satisfy applicable statutory or regulatory obligations.

Equity Offering means a sale of Capital Stock (x) that is a sale of Capital Stock of the Parent Guarantor (other than Disqualified Stock) or (y) proceeds of which in an amount equal to or exceeding the Redemption Amount are contributed to the Parent Guarantor or any of its Restricted Subsidiaries (including through receipt of proceeds of Subordinated Shareholder Funding).

Ethically Screened Affiliate means any Affiliate of a Person that (i) is managed as to day-to-day matters (but excluding, for the avoidance of doubt, as to strategic direction and similar matters) independently from such Person and any other Affiliate of such Person that is not an Ethically Screened Affiliate, (ii) has in place customary information screens between it and such Person and any other Affiliate of such Person that is not an Ethically Screened Affiliate and (iii) such Person or any other Affiliate of such Person that is not an Ethically Screened Affiliate does not direct or cause the direction of the investment policies of such entity, nor does such Person's or any such other Affiliate's investment decisions influence the investment decisions of such entity.

Euroclear means Euroclear Bank S.A./N.V., as operator of the Euroclear System as currently in effect or any successor securities clearing agency.

Euro Equivalent means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Parent Guarantor or the Trustee, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published in The Financial Times in the "Currencies" 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 the Parent Guarantor) on the date of such determination.

European Government Obligations means any security that is (i) a direct obligation of Ireland, Belgium, the Netherlands, France, Germany or any other country that is a member of the European Monetary Union, for the payment of which the full faith and credit of such country is pledged or (ii) 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 (i) or (ii), is not callable or redeemable at the option of the issuer thereof.

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended as in effect on the Issue Date.

Excluded Contribution means Net Cash Proceeds, or the Fair Market Value (as of the date of contribution, issuance or sale) of property or assets, received by the Parent Guarantor as capital contributions to the Parent Guarantor after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Parent Guarantor, in each case to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Parent Guarantor and not previously included in the calculation set forth in clause (a)(3)(B)(x) of the covenant described under the caption "*Certain Covenants—Limitation on Restricted Payments*" for purposes of determining whether a Restricted Payment may be made.

Exempt Sale and Leaseback Transaction means any Sale and Leaseback Transaction (a) in which the sale or transfer of property occurs within 180 days of the acquisition of such property by the Parent Guarantor or any of its Subsidiaries or (b) that involves property with a book value equal to the greater of €40.0 million and 27% of LTM EBITDA or less and is not part of a series of related Sale and Leaseback Transactions involving property with an aggregate value in excess of such amount and entered into with a single Person or group of Persons. For purposes of the foregoing, **Sale and Leaseback Transaction** means any arrangement with any Person providing for the leasing by the Parent Guarantor or any of its Subsidiaries of real or personal property that has been or is to be sold or transferred by the Parent Guarantor or any such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Parent Guarantor or such Subsidiary.

Existing Debt means the Existing RCF, the Existing Indenture and the Existing Notes.

Existing Indenture means the indenture governing the Existing Notes dated 10 November 2016 entered into between, amongst others, Mobilux Finance as the issuer, Deutsche Trustee Company Limited as the trustee and BNP Paribas as the security agent, as amended or supplemented.

Existing Notes means the €380,000,000 5½% senior secured notes due 2024 issued by the Issuer under the Existing Indenture.

Existing RCF means the super senior revolving credit facilities agreement dated 17 November 2016 entered into between, amongst others, Mobilux 2, Mobilux Acquisition and BNP Paribas as agent.

Fair Market Value means, with respect to any asset or property, the fair market value of such asset or property as determined in good faith by senior management of the Parent Guarantor or the Board of Directors, whose determination will be conclusive.

Financing Disposition means any sale, assignment, transfer (including, without limitation, by way of trust), conveyance or other disposition of, or creation or incurrence of any Lien on, property or assets (a) by the Parent Guarantor or any Subsidiary thereof to or in favour of any Special Purpose Entity, (or in the case of a Lien, a security agent or security trustee) or by any Special Purpose Subsidiary, in each case in connection with the Incurrence by a Special Purpose Entity of Indebtedness, or obligations to make payments to the obligor on Indebtedness, which may be secured by a Lien in respect of such property or assets or (b) by the Parent Guarantor or any Subsidiary thereof to or in favour of any Special Purpose Entity that is not a Special Purpose Subsidiary.

Fixed GAAP Date means the Issue Date, *provided* that (i) at any time after the Issue Date, the Parent Guarantor may by written notice to the Trustee elect to change the Fixed GAAP Date to be the date specified in such notice, and upon the date of such notice, the Fixed GAAP Date shall be such date, and (ii) for the purpose of calculating any ratio under this Indenture, including Consolidated Coverage Ratio, Consolidated Leverage Ratio, Consolidated Secured Leverage Ratio and Consolidated Super Senior Secured Leverage Ratio and any related definitions, including Consolidated EBITDA, Consolidated Interest Expense, Consolidated Net Income, Consolidated Net Indebtedness, Consolidated Net Secured Indebtedness and Consolidated Net Super Secured Indebtedness the application of IFRS 16 (Leases) shall be excluded (which for the avoidance of doubt means that the application of IAS 17 shall also be excluded).

Fixed GAAP Terms means (a) the definitions of the terms “Consolidated Coverage Ratio”, “Consolidated EBITDA”, “Consolidated Interest Expense”, “Consolidated Leverage Ratio”, “Consolidated Net Income”, “Consolidated Net Indebtedness”, “Consolidated Net Secured Indebtedness”, “Consolidated Net Super Senior Indebtedness”, “Consolidated Secured Leverage Ratio”, “Consolidated Super Senior Secured Leveraged Ratio”, “Consolidated Total Assets”, “Consolidation” or “Receivables”, and (b) all defined terms in the Indenture to the extent used in or relating to any of the foregoing definitions, and all ratios and computations based on any of the foregoing definitions.

Foreign Subsidiary means any Subsidiary of the Parent Guarantor that is not organised under the laws of France and any Subsidiary of such Foreign Subsidiary.

France means the French Republic.

GAAP means generally accepted accounting principles in accordance with International Financial Reporting Standards (IFRS) as in effect on the Fixed GAAP Date (for purposes of the Fixed GAAP Terms) and as in effect from time to time (for all other purposes of the Indenture), including those set forth in the opinions and pronouncements of the International Accounting Standards Board and statements and pronouncements of the International Accounting Standards Board or in such

other statements by such other entity as approved by a significant segment of the accounting profession, and subject to the following sentence. All ratios and computations based on GAAP contained in the Indenture shall be computed in conformity with GAAP, except that the application of IFRS 16 (*Leases*) shall be excluded (which for the avoidance of doubt means that the application of IAS 17 shall also be excluded).

Germany means the Federal Republic of Germany.

Group means the Parent Guarantor and its Restricted Subsidiaries from time to time.

guarantee means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person (whether arising by agreements to keep-well, to take or pay or to maintain financial condition, pledges of assets or otherwise); provided, that the term **guarantee** shall not include endorsements for collection or deposit in the ordinary course of business. The term **guarantee** used as a verb has a corresponding meaning.

Guarantor means (a) the Company, the Parent Guarantor, Décomeubles Partners, BUT, BUT International and Cogesem and (b) any Restricted Subsidiary that enters into a Note Guarantee of the Notes in accordance with the terms of the Indenture, in each case, together with their respective successors and assigns.

Guarantor Subordinated Obligations means, with respect to a Guarantor, any Indebtedness of such Guarantor that is expressly subordinated in right of payment to the obligations of such Guarantor under its Note Guarantee pursuant to a written agreement.

Hedge Agreements means, collectively, Interest Rate Agreements, Currency Agreements and Commodities Agreements.

Hedging Obligations of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

Holder means a Person in whose name a Note is registered in a register maintained by the transfer agent and reflecting ownership of the Notes.

Incur means issue, assume, enter into any guarantee of, incur or otherwise become liable for; and the terms **Incurs**, **Incurred** and **Incurrence** shall have a correlative meaning; provided, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness, and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, will be deemed not to be an Incurrence of Indebtedness. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed Incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

Indebtedness means, with respect to any Person on any date of determination (without duplication):

- (a) the principal of indebtedness of such Person for borrowed money;
- (b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) 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, bankers' acceptances or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed) (except to the extent such reimbursement obligations relate to Trade Payables and such obligations are expected to be satisfied within 30 days of becoming due and payable);
- (d) 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 final service or taking final delivery and title thereto;
- (e) [Reserved];

- (f) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or (if such Person is a Subsidiary of the Parent Guarantor other than a Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the Fair Market Value of such Capital Stock, such Fair Market Value shall be as determined in good faith by senior management of the Parent Guarantor, the Board of Directors or the board of directors or other governing body of the issuer of such Capital Stock);
- (g) 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, that the amount of Indebtedness of such Person shall be the lesser of (A) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Parent Guarantor) and (B) the amount of such Indebtedness of such other Persons;
- (h) all guarantees by such Person of Indebtedness of other Persons, to the extent so guaranteed by such Person; and
- (i) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time).

The term **Indebtedness** shall not include (i) Subordinated Shareholder Funding, (ii) Management Proceeds Funding, (iii) Participation liabilities, (iv) obligations under a Tax Sharing Agreement, up to an amount not to exceed, with respect to such Taxes, the amount of such Taxes that the Parent Guarantor and its Restricted Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis if the Parent Guarantor and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Parent Guarantor and its Restricted Subsidiaries, (v) any “parallel debt” obligations created in connection with a Lien created to secure other indebtedness permitted to be incurred under the Indenture, (vi) any guarantee, indemnity, bond, standby letter of credit or similar instrument in respect of commercial obligations of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business to the extent such guarantees, indemnities, bonds or letters of credit are not drawn upon or, if and to the extent drawn upon are honoured 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 guarantee, indemnity, bond or letter of credit, (vii) amounts representing reimbursement or similar obligations relating to advances from Cetelem to a Restricted Subsidiary in respect of Cetelem’s expected commissions or (viii) Capitalised Lease Obligations.

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, or otherwise shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with GAAP.

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 Parent Guarantor.

Initial Purchasers means BNP Paribas, Barclays Bank Ireland PLC, BofA Securities Europe SA, Crédit Agricole Corporate and Investment Bank, DEUTSCHE BANK AKTIENGESELLSCHAFT, Goldman Sachs Bank Europe SE, ING Bank N.V. and RBC Capital Markets (Europe) GmbH.

Intercreditor Agreement means the intercreditor agreement entered into on the Issue Date and made among, *inter alia*, the Parent Guarantor, the Issuer (as Senior Secured Notes Issuer (as defined therein)), BNP Paribas (as RCF Agent (as defined therein)), BNP Paribas (as Security Agent), the lenders under the Revolving Credit Facility Agreement (as RCF Lenders (as defined therein)), the Trustee and the subsidiaries of the Parent Guarantor named therein as Original Intra-Group Lenders (as defined therein), as the same may be amended, waived, supplemented or otherwise modified from time to time in compliance with the Indenture.

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 (including derivative agreements or arrangements), as to which such Person is party or a beneficiary.

Investment in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, dealers, licensees, franchisees, suppliers, directors, officers or employees of any Person in the ordinary course of business) or capital contribution (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) to, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. For purposes of the definition of “*Unrestricted Subsidiary*” and the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*” only, (i) **Investment** shall include the portion (proportionate to the Parent Guarantor’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Parent Guarantor at the time that such Subsidiary is designated an Unrestricted Subsidiary, provided that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Parent Guarantor shall be deemed to continue to have a permanent **Investment** in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Parent Guarantor’s **Investment** in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Parent Guarantor’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation, (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer and (iii) for purposes of clause (3)(C) of paragraph (a) of the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”, the amount resulting from the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary shall be the Fair Market Value of the Investment in such Unrestricted Subsidiary at the time of such redesignation. Guarantees shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Parent Guarantor’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment; provided, that to the extent that the amount of Restricted Payments outstanding at any time pursuant to paragraph (a) of the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*” is so reduced by any portion of any such amount or value that would otherwise be included in the calculation of Consolidated Net Income, such portion of such amount or value shall not be so included for purposes of calculating the amount of Restricted Payments that may be made pursuant to paragraph (a) of the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”.

Investment Company Act means the U.S. Investment Company Act of 1940, as amended.

Investment Grade Rating means a rating of Baa3 or better by Moody’s and BBB- or better by S&P (or, in either case, the equivalent of such rating by such organisation), or an equivalent rating by any other Rating Agency.

Investment Grade Securities means (i) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents); (ii) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Parent Guarantor and its Subsidiaries; (iii) investments in any fund that invests exclusively in investments of the type described in clauses (i) and (ii) above, which fund may also hold cash pending investment or distribution; and (iv) corresponding instruments in countries other than the United States customarily utilised for high quality investments.

Issuer means, Mobilux Finance and any successor in interest thereto.

Issue Date means the first date on which Notes are issued.

Issue Date Distribution means the distribution from the Group by means of a dividend or other distribution (in the form of repayment of existing intercompany loans or upstream loans) in an amount up to €300,000,000.

Junior Capital means, collectively, any Indebtedness of any Parent or the Parent Guarantor; provided, that such Junior Capital (i) is not secured by any asset of the Parent Guarantor or any Restricted Subsidiary, (ii) is expressly subordinated in right of payment to the prior payment in full of the Notes in the event of any Default, bankruptcy, dissolution, reorganisation, liquidation, winding up or analogous proceeding taken in any jurisdiction in relation to the Parent Guarantor, (iii) does not mature or require any amortisation that is not earlier than, and provides for no scheduled payments of principal prior to, the date that is 91 days after the maturity of the Notes (other than through conversion or exchange of any such Indebtedness for Capital Stock (other than Disqualified Stock) of the Parent Guarantor, Capital Stock of any Parent or any other Junior Capital), (iv) has no mandatory redemption or prepayment obligations other than (x) obligations that are subject to the prior payment in full in cash of the Notes or (y) pursuant to an escrow or similar arrangement with respect to the proceeds of such Junior Capital and (v) does not require the payment of cash interest until the date that is 91 days after the maturity of the Notes.

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).

LTM EBITDA means the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters of the Parent Guarantor ending prior to the date of determination for which consolidated financial statements of the Parent Guarantor are available.

Management Advances means (1) loans or advances made to directors, officers, employees or consultants of any Parent, the Parent Guarantor or any Restricted Subsidiary (x) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business, (y) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility, or (z) for any other purpose (but in the case of this clause (z) not exceeding €7.5 million in the aggregate outstanding at any time, (2) promissory notes of, or loans to, Management Investors acquired, or made, in connection with the issuance of, or purchase of, Management Stock to, or by, such Management Investors, (3) Management Guarantees, or (4) other guarantees of borrowings by Management Investors in connection with the purchase of Management Stock, which guarantees are permitted under the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”.

Management Agreements means, collectively, (i) the Consulting and Indemnification Agreements, (ii) the partnership agreement, dated 24 June 2016, among Mobilux S.à r.l, Mobilux 1, the Parent Guarantor, the Company, WM Holding and CD&R Cayman and each other party thereto and (iii) the shareholders’ agreement entered into on or about 16 November 2016, among, *inter alia*, Mobilux S.à r.l., certain managers, certain management companies and Mobilux 1, in each case 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 (including by the accession of any other member of the Group).

Management Guarantees means guarantees (and any Indebtedness so guaranteed that is thereafter assumed by the Parent Guarantor or any Restricted Subsidiary, and any Indebtedness Incurred to refinance such Indebtedness) (x) of up to an aggregate principal amount outstanding at any time of €10.0 million of borrowings by Management Investors in connection with their purchase of Management Stock or (y) made on behalf of, or in respect of loans or advances made to, directors, officers or employees or consultants of any Parent, the Parent Guarantor or any Restricted Subsidiary (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business, (2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or (3) for any other purpose but, (in the case of this clause (3)) not exceeding €12.5 million in the aggregate outstanding at any time.

Management Indebtedness means Indebtedness Incurred to (a) any Person other than a Management Investor of up to an aggregate principal amount outstanding at any time of €10.0 million, and (b) any Management Investor, in each case, to finance the repurchase or other acquisition of Capital Stock of the Parent Guarantor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) from any Management Investor, which repurchase or other acquisition of Capital Stock is permitted by the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”.

Management Investors means the officers, directors, employees and other members of the management of, or consultants to, any Parent, the Parent Guarantor or any of their respective Subsidiaries, or family members or relatives of any of the foregoing (provided that, solely for purposes of the definition of “*Permitted Holders*”, such relatives shall include only those Persons who are or become Management Investors in connection with estate planning for or inheritance from other Management Investors, as determined in good faith by the Parent Guarantor, which determination shall be conclusive), or trusts, partnerships, limited liability companies, *fonds commun de placement d’entreprise* or other entities for the benefit of 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 Parent Guarantor or any Restricted Subsidiary or any Parent or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Parent Guarantor or any Restricted Subsidiary or any Parent.

Management Proceeds Funding means any loan made from time to time by any Parent or by any entity formed for the purpose of investing in Capital Stock of the Parent Guarantor or any Parent to the Parent Guarantor of the proceeds of any issue of Management Stock; *provided* that such Management Proceeds Funding (i) does not mature or require any amortisation or other payment of principal prior to the first anniversary of the final maturity of the Notes; (ii) does not require the payment of cash interest prior to the first anniversary of the maturity of the Notes; (iii) does not accelerate and has no right to declare a default or event of default (other than a default or event of default, the remedy for which is limited to a change to the members of the board of managers or a change of management) or take any enforcement action, in each case prior to the first anniversary of the maturity of the Notes; (iv) is not secured by any asset of the Parent Guarantor or a Restricted Subsidiary; (v) does not contain any covenant that requires the maintenance of financial ratios, or includes tests, in each case relating to the financial performance or condition of the Parent Guarantor or its Restricted Subsidiaries; (vi) is subordinated in right of payment to the prior repayment in full of the Notes or any Note Guarantee (as relevant) in the event

of any Default, bankruptcy, dissolution, reorganisation, liquidation, winding up or other disposition of assets of the Parent Guarantor or the relevant Guarantor or analogous proceeding taken in any jurisdiction in relation to the Parent Guarantor or such Guarantor and (vii) does not restrict the payment of amounts due in respect of the Notes or compliance by the Parent Guarantor and its Restricted Subsidiaries with their obligations under the Notes and the Indenture.

Management Stock means Capital Stock of the Parent Guarantor or any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the of the Parent Guarantor or any Restricted Subsidiary or any Parent held directly or indirectly by any of the Management Investors.

Market Capitalisation means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Parent Guarantor or any direct or indirect parent company on the date of 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 on the relevant regulated market for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

Mobilux 1 means Mobilux 1 SAS, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €8,671,181.34 as at the Issue Date and its registered office as at the Issue Date at 1 avenue Spinoza Malnoue, 77184 Emerainville, registered under number 820 275 949 R.C.S. Meaux and any successor in interest thereto.

Mobilux 2 means Mobilux 2 SAS, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €7,760,001 as at the Issue Date and its registered office as at the Issue Date at 1 avenue Spinoza Malnoue, 77184 Emerainville, registered under number 820 334 647 R.C.S. Meaux and any successor in interest thereto.

Mobilux Acquisition means Mobilux Acquisition SAS, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €19,400,001 as at the Issue Date and its registered office as at the Issue Date at 1 avenue Spinoza Malnoue, 77184 Emerainville, registered under number 820 302 883 R.C.S. Meaux and any successor in interest thereto.

Mobilux Finance means Mobilux Finance SAS, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €50,000 as at the Issue Date and its registered office as at the Issue Date at 1 avenue Spinoza Malnoue, 77184 Emerainville, registered under number 821 716 032 R.C.S. Meaux and any successor in interest thereto.

Mobilux S.à r.l means Mobilux S.à r.l, a *société à responsabilité limitée* incorporated under the laws of the Grand Duchy of Luxembourg having a share capital of €78,180,000 as at the Issue Date and its registered office as at the Issue Date at 37A avenue John K. Kennedy, L-1855 Luxembourg, registered under number B206633 R.C.S. Luxembourg and any successor in interest thereto.

Moody's means Moody's Investors Service, Inc., and its successors.

MW Holding means MW Holding GmbH and any successor in interest thereto.

Net Available Cash from an Asset Disposition means an amount equal to the cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise, 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 (i) all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all Taxes required to be paid or to be accrued as a liability under GAAP, in each case as a consequence of or in receipt of such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described under the caption “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”), (ii) all payments made, and all instalment payments required to be made, on any Indebtedness (x) that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or (y) that must by its terms, or in order to obtain a necessary consent to such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described under the caption “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”), or by applicable law, be repaid out of the proceeds from such Asset Disposition, including, but not limited to, any payments required to be made to increase borrowing availability under any revolving credit facility, (iii) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition, or to any other Person (other than the Parent Guarantor or a Restricted Subsidiary) owning a beneficial interest

in the assets disposed of in such Asset Disposition, (iv) any liabilities or obligations associated with the assets disposed of in such Asset Disposition and retained, indemnified or insured by the Parent Guarantor or any Restricted Subsidiary after such Asset Disposition, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters, and liabilities relating to any indemnification obligations associated with such Asset Disposition, and (v) the amount of any purchase price or similar adjustment (x) claimed by any Person to be owed by the Parent Guarantor or any Restricted Subsidiary, until such time as such claim shall have been settled or otherwise finally resolved, or (y) paid or payable by the Parent Guarantor or any Restricted Subsidiary, in either case in respect of such Asset Disposition.

Net Cash Proceeds with respect to any issuance or sale of any securities of the Parent Guarantor or any Subsidiary by the Parent Guarantor or any Subsidiary, or any capital contribution, means the cash proceeds of such issuance, sale, contribution or Incurrence net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance, sale, contribution or Incurrence and net of taxes paid or payable as a result thereof.

Net Short Holder means any Notes Beneficial Owner (alone or together with its Affiliates (but subject to clause (vi) below)) (other than (x) any Notes Beneficial Owner that is a Regulated Bank and (y) any Initial Purchaser and any Affiliate of an Initial Purchaser that is not a Regulated Bank) that, as a result of its (or its Affiliates' (but subject to clause (vi) below)) interest, whether held directly or through any intermediary, in any total return swap, total rate of return swap, credit default swap or other derivative contract (other than any such total return swap, total rate of return swap, credit default swap or other derivative contract entered into pursuant to bona fide market making activities), has a net short position with respect to either (1) the Notes or (2) any other Indebtedness and/or commitments in respect thereof of the Parent Guarantor, the Issuer or Guarantors (any such Indebtedness and/or commitments under this clause (2), the **Covered Indebtedness**). For purposes of determining whether a Notes Beneficial Owner (alone or together with its Affiliates (but subject to clause (vi) below)) has a "net short position" on any date of determination: (i) derivative contracts with respect to the Notes and/or any Covered Indebtedness and such contracts that are the functional equivalent thereof shall be counted at the notional amount thereof in euros, (ii) notional amounts in other currencies shall be converted to the euro equivalent thereof by such Notes Beneficial Owner in a commercially reasonable manner consistent with generally accepted financial practices and based on the prevailing conversion rate (determined on a mid-market basis) on the date of determination, (iii) derivative contracts in respect of an index that includes the Parent Guarantor, the Issuer or any of the Guarantors or any instrument issued or guaranteed by the Parent Guarantor, the Issuer or any of the Guarantors shall not be deemed to create a short position with respect to either (1) the Notes and/or (2) the Covered Indebtedness, so long as (x) such index is not created, designed, administered or requested by such Notes Beneficial Owner or its Affiliates (other than its Excluded Affiliates) and (y) the Parent Guarantor, the Issuer and Guarantors and any instrument issued or guaranteed by the Parent Guarantor, the Issuer or any of the Guarantors, collectively, shall represent less than 5% of the components of such index, (iv) derivative transactions that are documented using either the 2014 ISDA Credit Derivatives Definitions or the 2003 ISDA Credit Derivatives Definitions (collectively, the **ISDA CDS Definitions**) shall be deemed to create a short position with respect to either (1) the Notes and/or (2) the Covered Indebtedness if such Notes Beneficial Owner or its Affiliates (other than its Excluded Affiliates) is a protection buyer or the equivalent thereof for such derivative transaction and (x) the Notes and/or any such Covered Indebtedness are a "Reference Obligation" under the terms of such derivative transaction (whether specified by name in the related documentation, included as a "Standard Reference Obligation" on the most recent list published by Markit, if "Standard Reference Obligation" is specified as applicable in the relevant documentation or in any other manner), (y) the Notes and/or any such Covered Indebtedness would be a "Deliverable Obligation" under the terms of such derivative transaction or (z) the Parent Guarantor, the Issuer or any of the Guarantors (or any of their successors) is designated as a "Reference Entity" under the terms of such derivative transactions, (v) credit derivative transactions or other derivatives transactions not documented using the ISDA CDS Definitions shall be deemed to create a short position with respect to either (1) the Notes and/or (2) the Covered Indebtedness if such transactions are functionally equivalent to a transaction that offers such Notes Beneficial Owner or its Affiliates (other than its Excluded Affiliates) protection in respect of the Notes and/or any such Covered Indebtedness, or as to the credit quality of Parent Guarantor, the Issuer or any of the Guarantors (or any of their successors) other than, in each case, as part of an index so long as (x) such index is not created, designed, administered or requested by such Notes Beneficial Owner or its Affiliates (other than its Excluded Affiliates) and (y) the Parent Guarantor, the Issuer and Guarantors and any instrument issued or guaranteed by Parent Guarantor, the Issuer or any of the Guarantors, collectively, shall represent less than 5% of the components of such index and (vi) in connection with any amendment, supplement, waiver or modification of the Indenture or the Notes, as well as any other request, demand, authorisation, direction, notice, consent or waiver under the Indenture, each Notes Beneficial Owner shall either (A) reasonably inquire as to whether its Ethically Screened Affiliates have any interest in the Notes, any such Covered Indebtedness and/or any applicable total return swap, total rate of return swap, credit default swap or other derivative contract, and such Ethically Screened Affiliates' interests therein shall only be included in determining whether such Notes Beneficial Owner (alone or together with its Affiliates) is a Net Short Holder to the extent determined from such reasonable inquiry or (B) provide a certification or deemed certification to the Trustee and the Parent Guarantor that such Notes Beneficial Owner is not

coordinating or acting in concert with any of its Affiliates (other than any Affiliates designated in writing by such Notes Beneficial Owner whose interests in the Notes, any such Covered Indebtedness and/or any applicable total return swap, total rate of return swap, credit default swap or other derivative contract shall be included in determining whether such Notes Beneficial Owner is a Net Short Holder (each, a **Designated Affiliate**)) with respect to its interest in the Notes, any such Covered Indebtedness and/or any applicable total return swap, total rate of return swap, credit default swap or other derivative contract, in which case the interests of the Affiliates (other than any Designated Affiliates) of such Notes Beneficial Owner in any Notes, any such Covered Indebtedness and/or any applicable total return swap, total rate of return swap, credit default swap or other derivative contract shall not be included in determining whether such Notes Beneficial Owner is a Net Short Holder (any such Affiliate in clause (A) or (B) above (other than any Designated Affiliates) whose Notes, any Covered Indebtedness and/or any applicable total return swap, total rate of return swap, credit default swap or other derivative contract are not included in determining whether such Notes Beneficial Owner is a Net Short Holder, an **Excluded Affiliate**).

Notes Beneficial Owner means a Person who is a beneficial owner of interests in the Notes (including Additional Notes, if any).

Note Guarantee means any guarantee of the obligations of the Issuer under this Indenture and the Notes by any Person in accordance with the provisions of this Indenture.

Obligations means, with respect to any Indebtedness, any principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganisation relating to the Parent Guarantor or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees of such Indebtedness (or of Obligations in respect thereof), other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

Officer means (a) with respect to the Parent Guarantor or any Guarantor, the Chairman of the Board, the *Président*, the *Gérant*, the Chief Executive Officer, the Chief Financial Officer, any Vice President, the Controller, the Treasurer or the Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity, or (b) any other individual designated as an “Officer” for the purposes of the Indenture by the Board of Directors.

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 from legal counsel who is reasonably acceptable to the Trustee. The legal counsel may be an employee of or counsel to the Parent Guarantor or the Trustee.

Outstanding or **outstanding**, when used with respect to Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under the Indenture, except:

- (i) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (ii) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any paying agent in trust for the Holders of such Notes, *provided* that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor reasonably satisfactory to the Trustee has been made; and
- (iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Indenture.

A Note does not cease to be Outstanding because the Parent Guarantor, any Affiliate of the Parent Guarantor or any Net Short Holder holds the Note (and such Note shall be deemed to be Outstanding for purposes of the Indenture), *provided* that in determining whether the Holders of the requisite amount of Outstanding Notes have given any request, demand, authorisation, direction, notice, consent or waiver under the Indenture, Notes owned by the Parent Guarantor, any Affiliate of the Parent Guarantor or any Net Short Holder shall be disregarded and deemed not to be Outstanding (except in the case of a Net Short Holder if otherwise agreed to by the Parent Guarantor), except that, for the purpose of determining whether the Trustee shall be protected in relying on any such request, demand, authorisation, direction, notice, consent or waiver, only Notes which a Trust Officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the reasonable satisfaction of the Trustee the pledgee’s right to act with respect to such Notes and that the pledgee is not the Parent Guarantor, an Affiliate of the Parent Guarantor or a Net Short Holder.

Parent means any of Mobilux 1 and any Other Parent and any other Person that is a Subsidiary of Mobilux 1 or any Other Parent and of which the Parent Guarantor is a Subsidiary. As used herein, **Other Parent** means a Person of which the Parent Guarantor is or becomes a Subsidiary after the Issue Date, provided that either (x) immediately after the Parent Guarantor first becomes a Subsidiary of such Person, more than 50% of the Voting Stock of such Person shall be held by one or more Persons that held more than 50% of the Voting Stock of a Parent of the Parent Guarantor immediately prior to the Parent Guarantor first becoming such Subsidiary or (y) such Person shall be deemed not to be an Other Parent for the purpose of determining whether a Change of Control shall have occurred by reason of the Parent Guarantor first becoming a Subsidiary of such Person.

Parent Expenses means (i) costs (including all professional fees and expenses) incurred by any Parent in connection with maintaining its existence or in connection with its reporting obligations under, or in connection with compliance with, applicable laws or applicable rules of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Parent Guarantor or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, the Exchange Act or the respective rules and regulations promulgated thereunder, (ii) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with or for the benefit of any such Person (including the Consulting and Indemnification Agreements), or obligations in respect of director and officer insurance (including premiums therefor), (iii) other administrative and operational expenses of any Parent incurred in the ordinary course of business, (iv) fees and expenses incurred by any Parent in connection with maintenance and implementation of any management equity incentive plan, (v) fees and expenses incurred by any Parent in connection with any offering of Capital Stock or Indebtedness, (x) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Parent Guarantor or a Restricted Subsidiary, or (y) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned, or (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Parent Guarantor or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed, (v) costs, expenses and fees properly and reasonably incurred in relation to the establishment of any Parent and (vi) Transaction Costs incurred by any Parent.

Pari Passu Indebtedness means Indebtedness of the Parent or any Restricted Subsidiary that is a Guarantor which does not constitute Subordinated Obligations or Guarantor Subordinated Obligations, as the case may be.

Participation means any compulsory profit sharing plan (*participation des salaries*) in respect of the Parent Guarantor and its Subsidiaries from time to time required by French law.

Permitted Collateral Liens means:

- (a) Liens arising by operation of law that are described in the definition of “*Permitted Liens*”;
- (b) Liens on the Collateral to secure any Indebtedness of the Parent Guarantor or any Restricted Subsidiary that is permitted to be Incurred under clause (i), (ii) (in the case of clause (ii), that are Proceeds Loans, Additional Proceeds Loans or other loans of the proceeds of Indebtedness if such Indebtedness is permitted to be secured by Permitted Collateral Liens), (iii) (to the extent, in the case of Refinancing Indebtedness under clause (iii), such Refinancing Indebtedness is in exchange for or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge Indebtedness secured with a Permitted Collateral Lien in compliance with the Indenture but, if such Refinancing Indebtedness relates to Indebtedness incurred on the Issue Date under clause (iii), only if a Permitted Collateral Lien over such assets was in place on the Issue Date), (vi), (viii)(A), (viii)(C), (viii)(I), (x), (xiv) or (xvi) of paragraph (b) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”; provided, however, that, such Lien ranks equal to all other Liens on such Collateral securing the Notes or the Notes Guarantees (except that (A) Liens may have super senior priority status in respect of proceeds from the enforcement of the Collateral not materially less favourable to the Holders than that accorded to the Revolving Credit Facilities Agreement on the Issue Date pursuant to the Intercreditor Agreement up to (together with all other Liens then having super senior priority status) a maximum principal amount at any time outstanding not exceeding in the aggregate the greater of (I) €200.0 million, (II) €140.0 million plus 50% of LTM EBITDA and (III) 100.0% of LTM EBITDA on the date of the Incurrence of such Indebtedness (other than any such Refinancing Indebtedness), after giving effect to such Incurrence (or, at the Parent Guarantor’s option, on the date of the initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness after giving *pro forma* effect to the Incurrence of the entire committed amount of such or any previously committed Indebtedness (such committed amount, a **Super Senior Tested Committed Amount**), in which case such Super Senior Tested Committed Amount may thereafter be borrowed and reborrowed, in whole or in part, from time to

time, without further compliance with this clause), and any Refinancing Indebtedness with respect to any such Indebtedness (or Super Senior Tested Committed Amount) may also be secured by Liens having super priority status, and (B) a Lien in favour of Senior Indebtedness (***Refinancing Senior Indebtedness***) need not rank equally with Liens in favour of the Notes or the Notes Guarantees if such Refinancing Senior Indebtedness was incurred to refinance Indebtedness described in this paragraph (b) and such unequal ranking is due solely to operation of law arising as a consequence of such refinancing); and

- (c) Liens securing Indebtedness permitted to be Incurred under the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”; provided, however, that such Liens rank junior to the Liens on such Collateral securing the Notes or the Notes Guarantees; and
- (d) Liens securing Indebtedness permitted to be Incurred under clause (iv) or (viii) (G) of paragraph (b) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”.

A Lien shall be deemed to rank equally with another Lien notwithstanding (i) any different preference or hardening period applicable thereto, (ii) any other difference in priority so long as an “assignment of ranking” or other sharing arrangement has been entered into by or for the benefit of beneficiaries of each such Lien or (iii) any difference in validity or enforceability.

For purposes of determining compliance with this definition, (u) a Lien need not be incurred solely by reference to one category of Permitted Collateral Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (v) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Collateral Liens, the Parent Guarantor shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (w) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Collateral Liens shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, (x) any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness shall also be permitted to secure any increase in the amount of such Indebtedness in connection with the accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, (y) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to a percentage of LTM EBITDA at the time of incurrence of such Indebtedness or other obligations, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause the percentage of LTM EBITDA to be exceeded if calculated based on the LTM EBITDA on the date of such refinancing, such percentage of LTM EBITDA shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness or other obligation being refinanced, *plus* the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (z) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to an amount in euro, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause such euro amount to be exceeded, such euro amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, *plus* the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

Permitted Holder means any of the following: (1) any of the CD&R Investors and WM Investors; (2) any of the Management Investors, CD&R and their respective Affiliates; (3) any entity formed for the purpose of investing in Capital Stock of the Parent Guarantor or any Restricted Subsidiary or any Parent that is owned and controlled by any of the Permitted Holders or any Parent; (4) any investment fund or vehicle managed, sponsored or advised by CD&R, any WM Investor or any of their respective Affiliates, and any Affiliate of or successor to any such investment fund or vehicle; (5) any limited or general partners of, or other investors in, any CD&R Investor, any WM Investor or any of their respective Affiliates, or any such investment fund or vehicle (in the case of any such limited partner or other investor, for the purposes of the definition of “*Change of Control*”, solely to the extent of any Capital Stock of the Parent Guarantor or any Parent, or any interest therein, held by such Person, that such Person shall have received by way of a dividend or distribution from such CD&R Investor or WM Investor, Affiliate or investment fund or vehicle); and (6) any Person acting in the capacity of an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Parent Guarantor. In addition, any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) whose status as a “beneficial owner” (as defined in

Rules 13d-3 and 13d-5 under the Exchange Act) constitutes or results in (A) a Change of Control in respect of which a Change of Control offer is made in accordance with the requirements of the Indenture or (B) a Specified Change of Control Event, together with its Affiliates, shall thereafter constitute Permitted Holders.

Permitted Investment means an Investment by the Parent Guarantor or any Restricted Subsidiary in, or consisting of, any of the following:

- (a) a Restricted Subsidiary, the Parent Guarantor, or a Person that will, upon the making of such Investment, become a Restricted Subsidiary (and any Investment held by such Person that was not acquired by such Person, or made pursuant to a commitment by such Person that was not entered into, in contemplation of so becoming a Restricted Subsidiary);
- (b) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, or is liquidated into, the Parent Guarantor or a Restricted Subsidiary (and, in each case, any Investment held by such other Person that was not acquired by such Person, or made pursuant to a commitment by such Person that was not entered into, in contemplation of such merger, consolidation or transfer);
- (c) Temporary Cash Investments, Investment Grade Securities or Cash Equivalents;
- (d) receivables owing to the Parent Guarantor or any Restricted Subsidiary, if created or acquired in the ordinary course of business;
- (e) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with the covenant described under the caption “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”;
- (f) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to, or received in settlement of other claims asserted by, the Parent Guarantor or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganisation of another Person;
- (g) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date, and in each case any extension, modification, replacement, reinvestment or renewal thereof; *provided* that the amount of any such Investment may be increased in such extension, modification, replacement, reinvestment or renewal only (x) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities), or (y) as otherwise permitted by the Indenture;
- (h) Currency Agreements, Interest Rate Agreements, Commodities Agreements and related Hedging Obligations, which obligations are Incurred in compliance with the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”;
- (i) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “*Permitted Liens*” or made in connection with Liens permitted under the covenant described under the caption “—*Certain Covenants—Limitation on Liens*”;
- (j) (1) Investments in or by any Special Purpose Subsidiary, or in connection with a Financing Disposition by, to, in or in favour of any Special Purpose Entity, including Investments of funds held in accounts permitted or required by the arrangements governing a Financing Disposition or any related Indebtedness, or (2) any promissory note issued by the Parent Guarantor, or any Parent, provided that if such Parent receives cash from the relevant Special Purpose Entity in exchange for such note, an equal cash amount is contributed by any Parent to the Parent Guarantor;
- (k) bonds secured by assets leased to and operated by the Parent Guarantor or any Restricted Subsidiary that were issued in connection with the financing of such assets so long as the Parent Guarantor or any Restricted Subsidiary may obtain title to such assets at any time by paying a nominal fee, canceling such bonds and terminating the transaction;
- (l) the Notes;

- (m) any Investment to the extent made using Capital Stock of the Parent Guarantor (other than Disqualified Stock), Subordinated Shareholder Funding, Junior Capital or Capital Stock of any Parent, as consideration;
- (n) Management Advances;
- (o) Investments in Related Businesses in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of €45.0 million and 30% of LTM EBITDA;
- (p) Investments in any joint venture or similar agreement or arrangement with another Person in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of €37.5 million and 25% of LTM EBITDA;
- (q) any Investment in relation to the Transactions;
- (r) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of paragraph (b) of the covenant described under the caption “—*Certain Covenants—Limitation on Transactions with Affiliates*” (except transactions described in clauses (i), (v) and (vi) of such paragraph), including any Investment pursuant to any transaction described in clause (ii) of such paragraph (whether or not any Person party thereto is at any time an Affiliate of the Parent Guarantor);
- (s) any Investment by any Captive Insurance Subsidiary in connection with its provision of insurance to the Parent Guarantor or its Subsidiaries which Investment is made in the ordinary course of business of such Captive Insurance Subsidiary or by reason of applicable law, rule, regulation or order, or is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable; and
- (t) other Investments in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of €60.0 million and 40% of LTM EBITDA.

If any Investment pursuant to clause (o), (p) or (t) above, or paragraph (b)(vii) or (xii) of the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”, as applicable, is made in any Person that is not a Restricted Subsidiary and such Person thereafter (A) becomes a Restricted Subsidiary or (B) is merged or consolidated into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Parent Guarantor or a Restricted Subsidiary, then such Investment shall thereafter be deemed to have been made pursuant to clause (a) or (b) above, respectively, and not clause (o), (p) or (t), or paragraph (b)(vii) or (xii) of the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”, as applicable.

Permitted Liens means:

- (a) Liens for taxes, assessments or other governmental charges not yet delinquent or the non-payment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Parent Guarantor and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Parent Guarantor or a Subsidiary thereof, as the case may be, in accordance with GAAP;
- (b) carriers’, warehousemen’s, mechanics’, landlords’, materialmen’s, repairmen’s or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings or which in the aggregate would not reasonably be expected to have a material adverse effect on the Parent Guarantor and its Restricted Subsidiaries taken as a whole;
- (c) pledges, deposits or Liens in connection with workers’ compensation, professional liability insurance, insurance programmes, unemployment insurance and other social security and other similar legislation or other insurance related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);
- (d) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

- (e) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Parent Guarantor and its Subsidiaries, taken as a whole;
- (f) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or (in the case of any such Liens securing Indebtedness of the Parent Guarantor or any of its Subsidiaries existing or arising under written arrangements existing on the Issue Date, or necessary to complete the Transactions) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness 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 such written arrangements could secure) the original Indebtedness;
- (g) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Parent Guarantor or any Restricted Subsidiary of the Parent Guarantor has easement rights or on any leased property and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;
- (h) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Hedging Obligations, Bank Products Obligations, Purchase Money Obligations or Capitalised Lease Obligations Incurred in compliance with the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”;
- (i) Liens arising out of judgments, decrees, orders or awards in respect of which the Parent Guarantor or any Restricted Subsidiary shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired;
- (j) leases, subleases, licenses or sublicenses to or from third parties;
- (k) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of (1) Indebtedness Incurred in compliance with clause (b)(i), (b)(iv), b(v), b(vii), (b)(viii), (b)(x), (b)(xv) or (b)(xvi) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” or clause (b)(iii) thereof (other than Refinancing Indebtedness Incurred in respect of Indebtedness described in paragraph (a) thereof), (2) Credit Facility Indebtedness, incurred in compliance with paragraph (b) of the covenant described under the caption “—*Certain Covenants—Limitations on Indebtedness*”, (excluding, in the case of clause (b)(iii) thereof, any Refinancing Indebtedness Incurred in respect of Indebtedness described in paragraph (a) of such covenant), (3) the Notes or any Note Guarantee, (4) Indebtedness of any Restricted Subsidiary that is not a Guarantor (limited, in the case of this clause (4), to Liens on any of the property and assets of any Restricted Subsidiary that is not a Guarantor) or (5) Indebtedness or other obligations of any Special Purpose Entity; in each case including Liens securing any Guarantee thereof;
- (l) Liens existing on property or assets of a Person at, or provided for under written arrangements existing of, the time such Person becomes a Subsidiary of the Parent Guarantor (or at the time the Parent Guarantor or a Restricted Subsidiary acquires such property or assets, including any acquisition by means of a merger or consolidation with or into the Parent Guarantor or any Restricted Subsidiary); provided, however, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are 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 such Liens arose, could secure) the obligations to which such Liens relate; provided, further, that for purposes of this clause (l), if a Person other than the Parent Guarantor is the Successor Parent Guarantor with respect thereto, any Subsidiary thereof shall be deemed to become a Subsidiary of the Parent Guarantor, and any property or assets of such Person or any such Subsidiary shall be deemed acquired by the Parent Guarantor or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Parent Guarantor;
- (m) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or a joint venture that is not a Subsidiary of the Parent Guarantor that secure Indebtedness or other obligations of such Unrestricted Subsidiary or joint venture respectively;

- (n) any encumbrance or restriction (including, but not limited to, pursuant to put and call agreements or buy/sell arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (o) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness (other than Indebtedness Incurred under clause (b)(i) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” and secured under clause (k)(1) of this definition) secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens; provided, that any such new 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 obligations to which such Liens relate;
- (p) Liens (1) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, (2) on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (3) on Receivables, commissions or revenue streams from contractual arrangements (including related rights), (4) 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 that 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, (5) securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities (including in connection with purchase orders and other agreements with customers), (6) in favour of the Parent Guarantor or any Subsidiary (other than Liens on property or assets of the Parent Guarantor in favour of any Subsidiary that is not a Guarantor), (7) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business, (8) on inventory or other goods and proceeds securing obligations in respect of bankers’ acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods, (9) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft, cash pooling or similar obligations incurred in the ordinary course of business, (10) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business, (11) arising in connection with repurchase agreements permitted under the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” on assets that are the subject of such repurchase agreements, (12) in favour of any Special Purpose Entity in connection with any Financing Disposition, (13) on any amounts (including the proceeds of the applicable Indebtedness and any cash, Cash Equivalents and Temporary Cash Investments deposited to cover interest and premium in respect of such Indebtedness) held by a trustee or escrow agent under any indenture or other debt agreement governing Indebtedness issued in escrow pursuant to customary escrow arrangements (as determined by the Parent Guarantor in good faith, which determination shall be conclusive) pending the release thereof, or on the proceeds deposited to discharge, redeem or defease Indebtedness under any indenture or other debt agreement pursuant to customary discharge, redemption or defeasance provisions (as determined by the Parent Guarantor in good faith, which determination shall be conclusive), pending such discharge, redemption or defeasance and after irrevocable notice thereof has been delivered to the applicable trustee or agent, or (14) (x) on accounts receivable or notes receivable (including any ancillary rights pertaining thereto) purported to be sold or disposed of in connection with any factoring agreement or similar arrangements to secure obligations owed under such factoring agreement or similar arrangements and (y) any bank accounts used by the Parent Guarantor or any Restricted Subsidiary in connection with any factoring agreement or any similar arrangements;
- (q) other Liens securing Indebtedness or other obligations that in the aggregate at any time outstanding do not exceed an amount equal to the greater of €52.5 million and 35% of LTM EBITDA at the time of Incurrence of such Indebtedness or other obligations; and
- (r) Liens securing Indebtedness (including Liens securing obligations in respect thereof) or other obligations of, or in favour of, any Special Purpose Entity, or in connection with a Special Purpose Financing Incurred pursuant to clause (b)(ix) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”.

For purposes of determining compliance with this definition, (u) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (v) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Parent Guarantor shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (w) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Liens shall be determined

after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, (x) any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness shall also be permitted to secure any increase in the amount of such Indebtedness in connection with the accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, (y) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to a percentage of LTM EBITDA at the time of incurrence of such Indebtedness or other obligations, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause the percentage of LTM EBITDA to be exceeded if calculated based on the LTM EBITDA on the date of such refinancing, such percentage of LTM EBITDA shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness or other obligation being refinanced, *plus* the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (z) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to an amount in euros, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause such euro amount to be exceeded, such euro amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, *plus* the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

Person means any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity.

Preferred Stock as applied to the Capital Stock of any corporation means Capital Stock of any class or classes (however designated) and, including “*actions de préférence*” issued under French law, that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over Capital Stock of any other class of such corporation.

Public Indebtedness means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (x) a public offering or (y) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A under the Securities Act (or Rule 144A and Regulation S) whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. The term **Public Indebtedness** (i) shall not include the Notes and (ii) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (provided that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not underwritten), or any Bank Indebtedness, commercial bank or similar Indebtedness, Special Purpose Financing, Capitalised Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness Incurred in a manner not customarily viewed as a “securities offering”.

Public Offering means any offering of shares of common stock or other equity interests that are listed or quoted on an exchange or publicly offered (which shall include, without limitation, 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, 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 CICE Securitisation Financing means any financing arrangement through which the Parent Guarantor and/or its Subsidiaries sell, convey or otherwise transfer (or agrees to sell, convey or otherwise transfer) to any other Person any accounts receivable (whether now existing or arising in the future) of the Parent Guarantor and its Subsidiaries arising from the CICE.

Rating Agency means Moody’s or S&P or, if Moody’s or S&P or both shall not make a rating on the Notes publicly available, a recognised statistical rating agency or agencies, as the case may be, selected by the Parent Guarantor which shall be substituted for Moody’s or S&P or both, as the case may be.

Real Property means land, buildings, structures and other improvements located thereon, fixtures attached thereto, and rights, privileges, easements and appurtenances related thereto, and related property interests.

Receivable means a right to receive payment arising pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with GAAP.

Receivable 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, a Qualified CICE Securitisation Financing.

refinance means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell or extend (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 (or unutilised commitments in respect of Indebtedness) existing on the date of the Indenture or Incurred (or established) in compliance with the Indenture (including Indebtedness of the Parent Guarantor that refinances Indebtedness (or unutilised commitments in respect of Indebtedness) of the Parent Guarantor or any Restricted Subsidiary (to the extent permitted in the Indenture) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness (or unutilised commitments in respect of Indebtedness) of the Parent Guarantor or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, and Indebtedness Incurred pursuant to a commitment that refinances any Indebtedness or unutilised commitment; provided, that (1) if the Indebtedness being refinanced is Subordinated Obligations or Guarantor Subordinated Obligations, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is equivalent to or later than the final Stated Maturity of the Indebtedness being refinanced (or if shorter, 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 (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus (y) an amount equal to any unutilised commitment relating to the Indebtedness being refinanced or otherwise then outstanding under a Credit Facility or other financing arrangement being refinanced to the extent the unutilised commitment being refinanced could be drawn in compliance with the covenant described under the caption “—Certain Covenants—Limitation on Indebtedness” immediately prior to such refinancing, plus (z) fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred in connection with such Refinancing Indebtedness and (3) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Parent Guarantor or a Guarantor that could not have been initially Incurred by such Restricted Subsidiary pursuant to the covenant described under the caption “—Certain Covenants—Limitation on Indebtedness” or (y) Indebtedness of the Parent Guarantor or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Regulated Bank means (x) a banking organisation with a consolidated combined capital and surplus of at least \$5.0 billion that is (i) a U.S. depository institution the deposits of which are insured by the Federal Deposit Insurance Corporation; (ii) a corporation organised under section 25A of the U.S. Federal Reserve Act of 1913; (iii) a branch, agency or commercial lending company of a foreign bank operating pursuant to approval by and under the supervision of the Board of Governors of the Federal Reserve System under 12 CFR part 211; (iv) a non-U.S. branch of a foreign bank managed and controlled by a U.S. branch referred to in clause (iii); or (v) any other U.S. or non-U.S. depository institution or any branch, agency or similar office thereof supervised by a bank regulatory authority in any jurisdiction or (y) any Affiliate of a Person set forth in clause (x) to the extent that (1) all of the Capital Stock of such Affiliate is directly or indirectly owned by either (I) such Person set forth in clause (x) or (II) a parent entity that also owns, directly or indirectly, all of the Capital Stock of such Person set forth in clause (x) and (2) such Affiliate is a securities broker or dealer registered with the SEC under Section 15 of the Exchange Act.

Related Business means those businesses in which the Parent Guarantor or any of its Subsidiaries is engaged on the Issue Date, or that are similar, related, complementary, incidental or ancillary thereto or extensions, developments or expansions thereof.

Related Person means in relation to any specified person, 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 only, **control** (including, with correlative meanings, the terms **controlling**, **controlled by** and **under common control with**), as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise.

Related Taxes means (x) any Taxes, charges or assessments, including, but not limited to, sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, net worth, gross receipts, excise, occupancy, intangibles or similar taxes, charges or assessments (other than Taxes measured by income and withholding imposed by any government or other taxing authority on payments made by any Parent other than to another Parent), required to be paid by any Parent by virtue of its being incorporated or having Capital Stock outstanding or having made a loan (but not by virtue of directly or indirectly owning stock or other equity interests of any corporation or other entity other than the Parent Guarantor or any of its Subsidiaries), or being a holding company parent of the Parent Guarantor, any of its Subsidiaries or any Parent or receiving dividends from or other distributions in respect of the Capital Stock of the Parent Guarantor, any of its Subsidiaries or any Parent, or having guaranteed any obligations of the Parent Guarantor or any Subsidiary thereof, or having made any payment in respect of any of the items for which the Parent Guarantor or any of its Subsidiaries is permitted to make payments to any Parent pursuant to the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”, or acquiring, developing, maintaining, owning, prosecuting, protecting or defending its intellectual property and associated rights (including, but not limited to, receiving or paying royalties for the use thereof) relating to the business or businesses of the Parent Guarantor or any Subsidiary thereof, (y) any Taxes attributable to any taxable period (or portion thereof) ending on or prior to the Issue Date, or to the consummation of any of the Transactions, or to any Parent’s receipt of (or entitlement to) any payment in connection with the Transactions, including any payment received after the Issue Date pursuant to any agreement related to the Transactions or (z) any other Taxes measured by income for which any Parent is liable up to an amount not to exceed, with respect to such Taxes, the amount of any such Taxes that the Parent Guarantor and such Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis if the Parent Guarantor and such Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Parent Guarantor and such Subsidiaries (reduced by any Taxes measured by income actually paid by the Parent Guarantor and its Subsidiaries) and any Taxes imposed by way of withholding or otherwise in respect of any financing of one Parent by another Parent that is provided, directly or indirectly, in relation to the Parent Guarantor and such Subsidiaries.

Representative means any trustee, agent or representative (if any) for an issue of Indebtedness of the Parent Guarantor or any Restricted Subsidiary.

Restricted Payment Transaction means any Restricted Payment permitted pursuant to the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”, any Permitted Payment, any Permitted Investment, or any transaction specifically excluded from the definition of the term “*Restricted Payment*” (including pursuant to the exception contained in clause (i) and the parenthetical exclusions contained in clauses (ii) and (iii) of such definition).

Restricted Subsidiary means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

Revolving Credit Facility means the collective reference to the Revolving Credit Facility Agreement, any Finance Document (as defined therein), any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Revolving Facilities Agreement or one or more other credit agreements, indentures or financing agreements or otherwise), unless such agreement instrument or document expressly provides that it is not intended to be and is not a Revolving Credit Facility. Without limiting the generality of the foregoing, the term **Revolving Credit Facilities** shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Parent Guarantor as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

Revolving Credit Facility Agreement means the super senior revolving credit facilities agreement, entered into on the Issue Date and made among, *inter alia*, the Parent Guarantor, the Company, the Issuer, the borrowers, guarantors and security grantors party thereto from time to time, the Coordinating Mandated Lead Arrangers (as defined therein), the Arrangers (as defined therein), the lenders party thereto from time to time, BNP Paribas as agent, and the Security Agent, as the same may be amended, waived, supplemented or otherwise modified from time to time in compliance with the Indenture or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Revolving Credit Facility Agreement or other credit agreements or otherwise).

S&P means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., and its successors.

SEC means the U.S. Securities and Exchange Commission.

Securities Act means the U.S. Securities Act of 1933, as amended.

Security Agent means BNP Paribas in its capacity as security agent for the Trustee and the Holders or any successor thereto appointed in accordance with the Indenture and the Intercreditor Agreement.

Security Documents means the Share Pledges, the Loan Pledges, the Bank Account Pledges and any other instrument and document executed and delivered pursuant to the Indenture or any of the foregoing, and in each case pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given, in each case as the same may be amended, supplemented or otherwise modified from time to time.

Senior Indebtedness means any Indebtedness of the Parent Guarantor or any Restricted Subsidiary other than, (x) in the case of the Parent Guarantor, Subordinated Obligations and (y) in the case of any Guarantor, Guarantor Subordinated Obligations.

Significant Subsidiary means any Restricted Subsidiary that would be a "significant subsidiary" of the Parent Guarantor within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC, as in effect on the Issue Date. For purposes of the caption "*Certain Covenants—Future Guarantors*" only, such determination shall be made by substituting 5% for 10% in such Rule.

Special Purpose Entity means (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts, commissions and/or other receivables, revenue streams from contractual arrangements, and/or related assets and/or (ii) acquiring, selling, leasing, financing or refinancing Real Property and/or related rights (including under leases and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets) and/or (iii) financing or refinancing in respect of Capital Stock of any Special Purpose Subsidiary.

Special Purpose Financing means any financing or refinancing of assets consisting of or including Receivables, commissions, revenue streams from contractual arrangements and/or Real Property (the **Subject Assets**) of the Parent Guarantor or any Restricted Subsidiary that have been transferred to a Special Purpose Entity, prepaid or made subject to a Lien in a Financing Disposition (including any financing or refinancing in respect of Capital Stock of a Special Purpose Subsidiary held by another Special Purpose Subsidiary) that is non-recourse to the Parent Guarantor or any Restricted Subsidiary that is not a Special Purpose Subsidiary except for Special Purpose Financing Undertakings, and recourse against the Subject Assets and any assets related thereto including, without limitation, all collateral securing the rights deriving from the Subject Assets, all contracts and all guarantees or other obligations in respect of such Subject Assets, proceeds of such Subject Assets, Cash Equivalents and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitisation transactions involving Subject Assets and any Hedging Obligations entered into in connection with such Subject Assets or transactions.

Special Purpose Financing 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 Special Purpose Financing.

Special Purpose Financing Undertakings means representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Parent Guarantor or any of its Restricted Subsidiaries that the Parent Guarantor determines in good faith (which determination shall be conclusive) are customary or otherwise necessary or advisable in connection with a Special Purpose Financing or a Financing Disposition; provided, that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes, (ii) Hedging Obligations, or other obligations relating to Interest Rate Agreements, Currency Agreements or Commodities Agreements entered into by the Parent Guarantor or any Restricted Subsidiary, in respect of any Special Purpose Financing or Financing Disposition, or (iii) any Guarantee in respect of customary recourse obligations (as determined in good faith by the Parent Guarantor, which determination shall be conclusive) in connection with any collateralised mortgage-backed securitisation or any other Special Purpose Financing or Financing Disposition in respect of Real Property, including in respect of liabilities in the event of any involuntary case

commenced with the collusion of any Special Purpose Subsidiary or any Affiliate thereof, or any voluntary case commenced by any Special Purpose Subsidiary, under any applicable bankruptcy law, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Parent Guarantor or a Restricted Subsidiary that is not a Special Purpose Subsidiary.

Special Purpose Subsidiary means any Subsidiary of the Parent Guarantor that (a) is engaged solely in (x) the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts and receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), revenue streams from contractual arrangements, all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and/or (ii) acquiring, selling, leasing, financing or refinancing Real Property and/or related rights (including under leases and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets), all proceeds thereof and all rights (contractual and other), collateral and/or other assets relating thereto, and/or (iii) owning or holding Capital Stock of any Special Purpose Subsidiary and/or engaging in any financing or refinancing in respect thereof, and (y) any business or activities incidental or related to such business, and (b) is designated as a “Special Purpose Subsidiary” by the Parent Guarantor.

Specified Change of Control Event means any event Change of Control Event if, immediately, prior to the occurrence of such event and immediately thereafter and giving *pro forma* effect thereto, the Consolidated Leverage Ratio of the Parent Guarantor would have been less than (1) 4.00 to 1.0, if the date of such occurrence is prior to the twenty-four month anniversary of the Issue Date; or (2) 3.75 to 1.0, if the date of such occurrence is on or after the twenty-four month anniversary of the Issue Date.

Stated Maturity means, with respect to any security or indebtedness, the date specified in such security or indebtedness as the fixed date on which the payment of principal of such Indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such security or indebtedness at the option of the holder thereof upon the happening of any contingency).

Subordinated Obligations means any Indebtedness of the Issuer (whether outstanding on the date of the Indenture or thereafter Incurred) that is expressly subordinated in right of payment to Indebtedness under the Notes pursuant to a written agreement.

Subordinated Shareholder Funding means, collectively, any funds provided to the Parent Guarantor by any Parent, or any Affiliate of any Parent, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, 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 that such Subordinated Shareholder Funding (i) does not mature or require any amortisation or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Capital Stock (other than Disqualified Stock) or for any other security or instrument meeting the requirements of this definition), (ii) does not require the payment of cash interest prior to the first anniversary of the maturity of the Notes, (iii) does not accelerate and has no right to declare a default or event of default (other than a default or event of default, the remedy for which is limited to a change to the members of the board of managers or a change of management) or take any enforcement action, in each case prior to the first anniversary of the maturity of the Notes, (iv) is not secured by any asset of the Parent Guarantor or a Restricted Subsidiary, (v) does not contain any covenant that requires the maintenance of financial ratios, or include tests, in each case relating to the financial performance or condition of the Parent Guarantor or its Restricted Subsidiaries and (vi) is subordinated in right of payment to the prior payment in full of the Notes in the event of any Default, bankruptcy, dissolution, reorganisation, liquidation, winding up or analogous proceeding taken in any jurisdiction in relation to the Parent Guarantor.

Subsidiary of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other equity interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person or (ii) one or more Subsidiaries of such Person.

Substitution has the meaning assigned thereto under the caption “—Certain Covenants—Parent Guarantor and Issuer Substitution”.

Successor Issuer has the meaning assigned thereto in clause (s)(i) under the caption “—Certain Covenants—Merger and Consolidation”.

Successor Parent Guarantor has the meaning assigned thereto in clause (b)(i) under the caption “—*Certain Covenants—Merger and Consolidation*”.

Tax Sharing Agreement means any tax consolidation agreement or any similar arrangements in respect of any consolidated, combined, affiliated or unitary tax group or an arrangement relating to the surrender of group relief to which the Parent Guarantor or any of its Restricted Subsidiaries is a party.

Taxes means all taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

Temporary Cash Investments means any of the following: (i) any investment in (x) direct obligations of the United States of America, a member state of the European Union, the United Kingdom, Switzerland or Canada or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Parent Guarantor or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any thereof, or obligations guaranteed by the United States of America or a member state of the European Union, the United Kingdom, Switzerland or Canada or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Parent Guarantor or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any of the foregoing, or obligations guaranteed by any of the foregoing or (y) direct obligations of any country recognised 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 organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any nationally recognised rating organisation), (ii) 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 (x) any lender under the Revolving Credit Facility Agreement or any affiliate thereof (y) a bank or trust company that is organised under the laws of the United States of America, any state thereof or any country recognised by the United States of America having capital and surplus aggregating in excess of \$250.0 million (or the equivalent thereof in a currency other than Dollars) and whose long term debt is rated at least “A” by S&P or “A-1” by Moody’s (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any nationally recognised rating organisation) at the time such Investment is made, (iii) repurchase obligations with a term of not more than 30 days for underlying securities or instruments of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than that of the Parent Guarantor 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 organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any nationally recognised rating organisation), (v) 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 the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or “A” by Moody’s (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any nationally recognised rating organisation), (vi) Preferred Stock (other than of the Parent Guarantor or any of its Subsidiaries) having a rating of “A” or higher by S&P or “A2” or higher by Moody’s (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any nationally recognised rating organisation), (vii) investment funds investing 95% of their assets in securities of the type described in clauses (i) through (vi) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution), (viii) any money market deposit accounts issued or offered by a French commercial bank or a commercial bank organised and located in a country recognised by the United States of America, in each case, having capital and surplus in excess of \$250.0 million (or the equivalent thereof in a currency other than Dollars), or investments in money market funds subject to the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the Investment Company Act, and (ix) similar investments approved by the Board of Directors in the ordinary course of business.

TIA means the U.S. Trust Indenture Act of 1939 (15 U.S.C. §§77aaa-77bbb) as in effect on the date of the Indenture, except as otherwise provided therein.

Trade Payables means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

Transactions means, collectively, any or all of the following: (i) the entry into the Indenture, and the offer and issuance of the Notes, (ii) the entry into the Revolving Credit Facility Agreement and Incurrence of Indebtedness thereunder by one or

more of the Parent Guarantor and its Subsidiaries, (iii) the refinancing of the Existing Debt, (iv) the Issue Date Distribution, and (v) all other transactions relating to any of the foregoing (including payment of fees and expenses related to any of the foregoing).

Transaction Costs means all costs, fees and expenses (and taxes thereon) and all capital, stamp, documentary, registration or other taxes incurred by or on behalf of any Parent, the Issuer or any other member of the Group in connection with the Transactions.

Trust Officer means any officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

Trustee means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

Unrestricted Subsidiary means (i) any Subsidiary of the Parent Guarantor that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below, and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Parent Guarantor other than the Issuer (including any newly acquired or newly formed Subsidiary of the Parent Guarantor) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Parent Guarantor or any other Restricted Subsidiary of the Parent Guarantor that is not a Subsidiary of the Subsidiary to be so designated; *provided* that (A) such designation was made at or prior to the Issue Date, or (B) the Subsidiary to be so designated has total consolidated assets of €1,000 or less or (C) if such Subsidiary has consolidated assets greater than €1,000, then such designation would be permitted under the covenant described under the caption “—*Certain Covenants—Limitation on Restricted Payments*”. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation either (x) the Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*” or (y) the Consolidated Coverage Ratio would be greater than it was immediately prior to giving effect to such designation or (z) such Subsidiary shall be a Special Purpose Subsidiary with no Indebtedness outstanding other than Indebtedness that can be Incurred (and upon such designation shall be deemed to be Incurred and outstanding) pursuant to paragraph (b) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Parent Guarantor’s Board of Directors giving effect to such designation and an Officer’s Certificate of the Parent Guarantor certifying that such designation complied with the foregoing provisions.

Voting Stock of an entity means all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of members of the directors or all interests in such entity with the ability to control the management or actions of such entity.

WM Holding means WM Holding GmbH and any successor in interest thereto.

WM Investors means, collectively, (1) WM Holding, (2) MW Holding, (3) Mag. Dr. Andreas Seifert, (4) any Affiliate or Related Person of any WM Investor identified in clauses (1) through (3) of this definition or (5) any trust, fund, partnership, investment fund, vehicle or managed account company owned, managed, established by, under the influence of or advised by any such WM Investor or any Affiliate or Related Person of such WM Investor, and in each case any successor in interest thereto.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes sold within the United States to investors who the seller reasonably believes to be qualified institutional buyers pursuant to Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the **144A Global Note**). The Notes sold outside the United States pursuant to Regulation S will initially be represented by a global note in registered form without interest coupons attached (the **Regulation S Global Note**, and together with the 144A Global Note, the **Global Notes**).

The Global Notes will be deposited, on the Issue Date, with 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 144A Global Notes (**Rule 144A Book-Entry Interests**) and 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 certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the 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 be considered the owners or "holders" of the Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Issuer, the Guarantors or the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount 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 and/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 any additional interest and Additional Amounts) to, or to the order of, the common depositary or its nominee via the paying agent for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any Tax imposed or levied by or on behalf of the government of the Republic of France, except as may be required by law. If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional Amounts*", the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes after such deduction or withholding will equal the net amounts that such holder

would have otherwise received in respect of such Global Note, as the case may be, absent such withholding or deduction. 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 and the Trustee will treat the registered holder of the Global Notes (*e.g.*, the common depositary (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of its or 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 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; or
- maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant.

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 in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) 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 Notes, Euroclear and Clearstream each reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (***Definitive Registered Notes***), and to distribute Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of securities or to pledge such securities, such holder 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 have 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 and certification requirements discussed under “*Notice to Investors*”.

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 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 or Rule 144A under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest denominated in the same currency 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 Certain Investors*” and “*Notice to Investors*” and in accordance with any applicable securities laws of 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 144A Global Note.

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.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive 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 an exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the registrar or a transfer agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided*, that no Definitive Registered Note in a denomination less than €100,000 will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the registrar or at the office of a transfer agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the requirements of the Trustee and the Issuer 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 to protect themselves, the Trustee or the paying agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by it 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 Issuer pursuant to the provisions of the Indenture, the Issuer, 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 only after the transferor first delivers to the Trustee 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 Certain Investors*” and “*Notice to Investors*”.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a daily newspaper having general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*) or, to the extent and in

the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor any Initial Purchaser is responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective 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 organisations. 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 custodian 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 or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite 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 systems will receive distributions attributable to the 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 Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective 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, as the case may be, 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 Trustee or the Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective 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 or 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.

CERTAIN TAX CONSIDERATIONS

Certain French Tax Considerations

The following description is only addressed to beneficial owners of the Notes who are not French residents for French tax purposes, who do not hold their Notes in connection with a permanent establishment or a fixed base in France and who do not otherwise hold shares of the Company and are not related parties of the Issuer, as applicable, within the meaning of Article 39.12 of the FTC (for the purposes of this section the “holders” of the Notes).

The following description only represents a summary of certain provisions of French tax laws and regulations which does not cover all details and tax exemptions that may apply in specific individual cases, including consequences of the application of the provisions of any relevant tax treaty. Furthermore, it does not deal with any tax other than withholding, income and transfer taxes as described below and is based on French tax and practices in effect on the date hereof, all of which are subject to changes or changes in interpretation, possibly on a retroactive basis. Therefore, prospective investors are advised to consult their own professional advisers.

Payments of Interest and Redemption Premium

Pursuant to Article 125 A III of the FTC, payments of interest and other assimilated revenues made by a debtor which is established in France with respect to notes will not be subject to the withholding tax set forth under Article 125 A III of the FTC unless such payments are made outside France in a non-cooperative state or territory within the meaning of Article 238 A of the FTC (a **Non-Cooperative State**) other than those mentioned in Article 238-0 A 2 bis 2° of the same code. If such payments are made in a Non-Cooperative State, a 75% withholding tax will be applicable, subject to certain exceptions certain of which are set forth below and to the more favourable provisions of any applicable double tax treaty.

The 75% withholding tax is applicable irrespective of the noteholder’s tax residence or registered headquarters. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis. The provisions of the FTC referring to Article 238-0 A of the same code apply to the States or territories added to this list as from the first day of the third month following the publication of the ministerial order. Law no. 2018-898 relating to the fight against tax fraud, published in the Journal Officiel on 24 October 2018, (i) removed the specific exclusion of the Member States of the European Union, (ii) extended this list to the States and the jurisdictions mentioned on the list set out in Annex I to the conclusions adopted by the Council of the European Union on 5 December 2017, as updated from time to time, (the **EU List**) and (iii) thus extended the scope of application of the provisions of the French Tax Code (*Code général des impôts*) relating to Article 238-0 A of the same code.

Under the terms of the ministerial order of 26 February 2021 amending the ministerial order of 12 February 2010 issued pursuant to the second paragraph of 1 of Article 238-0 A of the FTC, the list of Non-Cooperative States as of the date of the Notes is composed of the following States and territories: American Samoa, Anguilla, British Virgin Islands, Dominica, Fiji, Guam, Palau, Panama, Samoa, Seychelles, the United States Virgin Islands, Trinidad and Tobago and Vanuatu.

Furthermore, according to Article 238 A of the FTC, interest and other assimilated revenues will not be deductible from the taxable income of the Issuer if they are paid or accrued to persons domiciled or established in a Non Cooperative State or paid to a bank account opened in a financial institution located in a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other assimilated revenues may be re-characterised as deemed dividends pursuant to Articles 109 et seq. of the FTC, in which case such non-deductible interest and other assimilated revenues may be subject to the withholding tax set out under Article 119 bis 2 of the FTC, at a rate of (i) 12.8% for payments benefiting individuals who are not French tax residents, (ii) 26.5% for payments benefiting to a non-French tax resident legal person (or 25% as from 1 January 2022 due to the reduction of the rate of French corporate income tax provided for by Article 219 I of the FTC) or (iii) 75% for payments made 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 FTC, in each case, subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax set forth under Article 125 A III of the FTC nor, to the extent that the relevant interest or other assimilated revenues relate to a genuine transaction and are not in an abnormal or exaggerated amount, the non-deductibility of interest and other revenues provided for by Article 238 A of the FTC and the related withholding tax set forth under Article 119 bis 2 of the FTC that may be levied as a result of such non deductibility will apply in respect of a particular issue of notes, provided that the debtor can prove that the main purpose and effect of such issue of notes is not that of allowing the payments of interest or other assimilated revenues to be made in a Non-Cooperative State (the **Exception**).

However, pursuant to the French tax authorities guidelines Bulletin Officiel des Finances Publiques Impôts referenced as BOI-INT-DG-20-50-30-20210224 §150 and 160 and BOI-INT-DG-20-50-20-20210224 §290 (the *Administrative Guidelines*), an issue of notes benefits from the Exception without the debtor having to provide any proof of the main purpose and effect of such issue of notes (the *Safe Harbour*), if such notes are on the date of their issuance or their admission to trading:

- instruments issued in a public offering within the meaning of Article L.411 1 of the French Monetary and Financial Code (*Code monétaire et financier*) or pursuant to an equivalent offer in a state other than a Non-Cooperative State (for this purpose, an “equivalent offering” means any offering requiring the registration or submission of an offering document by or with a foreign securities market authority);
- instruments admitted to trading on a French or foreign regulated market or on a multilateral financial instruments trading facility, provided that such market or facility is not located in a Non-Cooperative State and the operation of such market is carried out by a market operator, 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
- instruments admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561 2 of the French Monetary and Financial Code (*Code monétaire et financier*), or of one or more similar foreign depositories or operators, provided that such depository or operator is not located in a Non-Cooperative State.

The Notes issued by the Issuer under this Offering Circular qualify as debt securities under French commercial law. Considering that (i) as of the date of their listing and grant of their permission to trading, the Notes will be admitted to trading on the Luxembourg Stock Exchange in Luxembourg, which does not qualify as a Non-Cooperative State, and that such market will be operated by a market operator which is not located in a Non-Cooperative State, and (ii) the Notes will be admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561 2 of the French Monetary and Financial Code (*Code monétaire et financier*) which is not located in a Non-Cooperative State, payments of interest and redemption premium made by the Issuer or on behalf of the Issuer in respect of the Notes will fall under the Safe Harbour as construed by the French tax authorities under the Administrative Guidelines.

Accordingly, such payments made by or on behalf of the Issuer to the holders of the Notes will be exempt from the withholding tax set forth under Article 125 A III of the FTC. Moreover, under the same conditions, and assuming that the relevant interest and redemption premium should be considered as relating to genuine transactions and not in an abnormal or exaggerated amount, interest and redemption premium in respect of the Notes paid by or on behalf of the Issuer to the holders of the Notes will not be subject, pursuant to the Administrative Guidelines, to the related non deductibility rule set forth under Article 238 A of the FTC and, as a result, will not be subject to the withholding tax set forth under Article 119 bis 2 of the FTC solely on account of their being paid or accrued to a person domiciled or established in a Non-Cooperative State or paid on an account opened in a financial institution established in such a Non-Cooperative State.

In addition, if a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of principal under the Notes) it is possible that such payments may be subject to French withholding tax, 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.

Sale, Disposal or Redemption of the Notes

Pursuant to Article 244 *bis* C of the FTC, holders of the Notes who are not residents of France for French tax purposes will not be subject to any income or withholding taxes in France in respect of the gains realised on the sale, exchange, disposal or redemption of the Notes, unless such Notes form part of the business property of a permanent establishment or a fixed base that such holders have in France.

Stamp Duties

In addition, no stamp or registration fee or duty or similar transfer taxes will be payable in France in connection with the sale, disposal or redemption of the Notes, provided that such transfers are not recorded in a deed registered with the French tax

authorities and that the EU FTT tax does not become applicable and except in the case of filing with the French tax authorities on a voluntary basis.

Certain Other Tax Considerations; Payments by a Guarantor

If a French Guarantor makes any payments in respect of interest on 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. Holders of Notes should consult with their tax advisers regarding the tax consequences if a French Guarantor makes any payments with respect to the Notes.

FATCA

Under the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Code of 1986, as amended and related U.S. Treasury guidance (**FATCA**), a withholding tax of 30% will be imposed in certain circumstances on (i) payments of certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends (**withholdable payments**) and (ii) payments by certain foreign financial institutions (such as banks, brokers, investment funds or certain holding companies) (**FFIs**) that agree to comply with FATCA (**participating FFIs**) that are attributable to withholdable payments (**foreign passthru payments**). It is uncertain at present when payments will be treated as “attributable” to withholdable payments. FATCA withholding on foreign passthru payments generally will not apply to debt obligations that are issued on or before the date that is six months after the date on which the final U.S. Treasury regulations that define “foreign passthru payments” (**passthru payment regulations**) are filed unless such obligations are materially modified after that date or are treated as equity for U.S. federal income tax purposes.

It is possible that, in order to comply with FATCA, the Issuer (or if the Notes are held through an FFI, such FFI) may be required, pursuant to an agreement with the United States (an **FFI Agreement**) or under applicable non-U.S. law enacted in connection with an intergovernmental agreement between the United States and another jurisdiction (an **IGA**) to request certain information and documentation from the holders or beneficial owners of the Notes, which may be provided to the IRS. In addition, if the terms of the Notes are materially modified on a date more than six months after the date on which the passthru payment regulations are filed, then it is possible that the Issuer or a financial institution through which the Notes are held may be required to apply the FATCA withholding tax to any payment with respect to the Notes treated as a foreign passthru payment made after the later of (a) 31 December 2018 and (b) the date on which the passthru payment regulations are published if any required information or documentation is not provided or if payments are made to certain FFIs that have not agreed to comply with an FFI Agreement (and are not subject to similar requirements under applicable non-U.S. law enacted in connection with an IGA).

Each non-U.S. person considering an investment in the Notes should consult its own tax adviser regarding the application of FATCA to the Notes.

Certain U.S. Federal Income Tax Considerations for U.S. Holders

The following is a discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below) that purchase the Notes at their issue price (generally the first price at which a substantial amount of the Notes is sold, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) pursuant to this offering and hold such Notes as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances (including U.S. Holders that are directly or indirectly related to the Issuer, and accrual method U.S. Holders that have an “applicable financial statement” or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other U.S. Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, U.S. Holders that hold a Note as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a “functional currency” other than the U.S. dollar). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term “U.S. Holder” means a beneficial owner of a Note that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organised 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 tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity treated as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of a Note.

No ruling has been or will be sought from the U.S. Internal Revenue Service (the **IRS**) with respect to any of the U.S. federal tax considerations discussed below, and no assurance can be given that the IRS will not take a position contrary to the discussion below.

EACH PERSON CONSIDERING AN INVESTMENT IN THE NOTES SHOULD CONSULT ITS OWN TAX ADVISER REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. INCOME, ESTATE AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF ITS PARTICULAR CIRCUMSTANCES.

Issuer Substitution

As described under “*Description of Notes—Substitution of Issuer*”, we may in certain circumstances substitute a new entity as the issuer of the Notes. Such a substitution of obligor on the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Notes as in place prior to such change in obligor for (ii) new Notes as in place after such change in obligor (**New Notes**). If a Substitution resulted in such a deemed exchange, such deemed exchange could be a taxable transaction for U.S. federal income tax purposes in which gain or loss could be recognised. The amount of any gain or loss recognised upon such a deemed exchange of a Note for a New Note would be determined by reference to the “issue price” of the New Note. The issue price of a New Note will equal the fair market value of such Note or such New Note at the time of the deemed exchange if such Note or such New Note were considered “publicly traded” for U.S. federal income tax purposes. Generally, any gain or loss recognised as a result of such deemed exchange will be taxed under the rules described below under “—*Sale, Exchange, Retirement or Other Disposition of the Notes*”. If the Substitution is treated as a taxable transaction for U.S. federal income tax purposes, a U.S. Holder’s holding period in a New Note treated as received in the Substitution generally will commence on the day after the Substitution, and tax basis in such New Note would generally equal the issue price of such New Note. If the issue price of such New Note is less than its stated redemption price at maturity by more than a *de minimis* amount, such New Note will be treated as issued with original issue discount (**OID**) for U.S. federal income tax purposes. In such event, a U.S. Holder will, regardless of its regular method of accounting for U.S. federal income tax purposes, be required to accrue such OID in income in advance of the receipt of the corresponding cash under the rules described under “—*Interest on the Notes*” below.

Certain Additional Payments

In certain circumstances, the Issuer is required to make payments on the Notes other than scheduled principal and interest. For example, the Issuer is required to pay 101% of the principal amount of any Note purchased by it at the Holder’s election after a change of control, as described above under the heading “*Description of the Notes—Change of Control*”.

U.S. Treasury regulations provide special rules for contingent payment debt instruments that, if applicable, could cause the timing, amount and character of a U.S. Holder’s income, gain or loss with respect to the Notes to be different from those described below. The Issuer intends to treat the possibility of it making a payment described above as not causing the Notes to be contingent payment debt instruments. The Issuer’s treatment will be binding on all U.S. Holders, except a U.S. Holder that discloses its differing treatment in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which such U.S. Holder acquired its Notes. However, the Issuer’s treatment is not binding on the U.S. Internal Revenue Service (the **IRS**). If the IRS were to challenge the Issuer’s treatment, a U.S. Holder might be required to accrue income on the Notes in excess of stated interest and original issue discount (as described below) and to treat as ordinary income, rather than capital gain, gain recognised on the disposition of the Notes. In any event, if the Issuer actually makes any such additional payment, the timing, amount and character of a U.S. Holder’s income, gain or loss with respect to the

Notes may be affected. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Interest on the Notes

In general, interest payable on a Note (without reduction for any non-U.S. tax withheld with respect to such payment) will be taxable to a U.S. Holder as ordinary interest income when it is received or accrued, in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The Notes are not expected to be issued with more than *de minimis* original issue discount (**OID**). However, if the Notes are issued with more than *de minimis* OID, each U.S. Holder generally will be required to include OID in income (as interest) as it accrues, regardless of its regular method of accounting for U.S. federal income tax purposes, using a constant yield method, before such U.S. Holder receives any payment attributable to such income. The remainder of this discussion assumes that the Notes are not issued with more than *de minimis* OID.

The amount of interest paid with respect to a Note that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid translated at the spot rate of exchange on the date such payment is received by such U.S. Holder.

In the case of interest on a Note held by a U.S. Holder that uses the accrual method of accounting such U.S. Holder is required to include the U.S. dollar value of such interest income that accrued during the relevant accrual period. The U.S. dollar value of such accrued interest income generally is determined by translating such interest income at the average rate of exchange for such accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such interest income at the spot rate of exchange on the last day of such accrual period (and in the case of a partial accrual period, the spot rate of exchange on the last day of the taxable year). If the last day of an accrual period is within five business days of receipt of the payment in respect of the related accrued interest, a U.S. Holder that has made such election may translate such accrued interest using the spot rate of exchange on the date of receipt of such payment. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder generally will recognise foreign currency exchange gain or loss with respect to such accrued interest income on the date the payment in respect of such interest income is received, if there is any difference between the rate of exchange used to determine such interest income and the rate of exchange on the date such payment is received. Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss from sources within the United States.

Interest income on the Notes generally will be treated as income from sources outside the United States and generally will be categorized for U.S. foreign tax credit purposes as "passive category income" or, in the case of some U.S. Holders, as "general category income".

A U.S. Holder generally will have a basis in the euros received with respect to payments of interest on a Note equal to the U.S. dollar value of such euros on the date of receipt. Any gain or loss on a conversion or other disposition of such euros by such U.S. Holder generally will be treated as ordinary income or loss from sources within the United States.

Sale, Exchange, Retirement or Other Disposition of the Notes

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Holder generally will recognise gain or loss in an amount equal to the difference between the amount realised on such sale, exchange, retirement or other disposition (other than any amount attributable to accrued interest, which, if not previously included in such U.S. Holder's income, will be taxable as interest income to such U.S. Holder) and such U.S. Holder's adjusted tax basis in such Note. A U.S. Holder's adjusted tax basis in a Note generally is the amount such Non-U.S. Holder paid for such Note translated into U.S. dollars at the spot rate of exchange on the date of purchase (or if the Note is treated as traded on an established securities market for U.S. federal income tax purposes, the settlement date, in the case of a cash basis or electing accrual basis taxpayer), increased by the U.S. dollar value of the amount of any OID previously included in income (including in the year of disposition) with respect to such Note by such U.S. Holder and decreased in the event that payments (other than stated interest) on such Note were previously made to such U.S. Holder. A U.S. Holder that receives euros on the sale, exchange, retirement or other disposition of a Note generally will have an amount realised equal to the U.S. dollar value of such euros translated at the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (or, if the Note is treated as traded on an established securities market, on the settlement date in the case of a cash basis or electing accrual basis taxpayer). A U.S. Holder generally will realise foreign currency exchange gain or loss upon such sale, exchange, retirement or other disposition (as ordinary income or loss from sources within the United States) if there is any difference between (i) the spot rate of exchange on the date such U.S. Holder acquired such Note (or, if applicable, the settlement date for such acquisition) and (ii)

the spot rate of exchange on the date the payment in respect of such sale, exchange, retirement or other disposition is received or the date such Note is disposed of, as applicable. Such foreign currency exchange gain or loss, together with any foreign currency exchange gain or loss realised on such disposition in respect of accrued interest or OID, generally will be realised only to the extent of the total gain or loss realised by such U.S. Holder on the sale, exchange, retirement or other disposition of the Note. Any such total gain or loss not treated as foreign currency exchange gain or loss generally will be capital gain or loss from sources within the United States. Net long-term capital gain of certain non-corporate U.S. Holders generally is subject to preferential rates of tax. The deductibility of capital losses is subject to limitations.

A U.S. Holder that determines its amount realised in connection with the sale, exchange, retirement or other disposition of a Note by reference to the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (rather than on the settlement date) may recognise additional foreign currency exchange gain or loss upon receipt of euros from such sale, exchange, retirement or other disposition.

A U.S. Holder generally will have a basis in the euros received upon a sale, exchange, retirement or other disposition of a Note equal to the U.S. dollar value of such euros on the date of receipt. Any gain or loss on a conversion or other disposition of such euros by such U.S. Holder generally will be treated as ordinary income or loss from sources within the United States.

Medicare Tax

In addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income”, which may include all or a portion of their interest income (including accrued OID) on a Note and net gain from the sale, exchange, retirement or other disposition of a Note.

Information Reporting and Backup Withholding

Under certain circumstances, information reporting and/or backup withholding may apply to a U.S. Holder with respect to payments of interest (and accruals of OID) on, or proceeds from the sale, exchange, retirement or other disposition of, a Note, unless an applicable exemption is satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder’s U.S. federal income tax liability if the required information is furnished by such U.S. Holder on a timely basis to the IRS.

Reportable Transactions

A U.S. Holder that participates in any “reportable transaction” (as defined in U.S. Treasury regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 reporting foreign currency exchange loss arising from the Notes or any amounts received with respect to the Notes.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any “specified foreign financial asset” generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. “Specified foreign financial asset” generally includes any financial account maintained with a non-U.S. financial institution and may also include the Notes if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

Further Issues

The Issuer may from time to time, without the consent of Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, the date of issue and the amount of principal) so as to be consolidated and form a single series with the Notes. Even if such additional securities are treated for non-tax purposes as part of the same series as the Notes, such additional securities may in some cases be treated as a separate series for U.S. federal income tax purposes. In such case, such additional securities may be considered to have been issued with OID even if the Notes were not issued with OID for U.S. federal income tax purposes.

These differences may affect the market value of the Notes if such additional securities are not otherwise distinguishable from the Notes.

Certain Luxembourg Tax Considerations

The following is a discussion of certain Luxembourg tax considerations relating to the purchase, ownership and disposition of the Notes. Unless otherwise indicated, all information contained in this section is based on laws, regulations, practice and decisions in effect in Luxembourg at the date of this Offer Circular. Any changes could apply retroactively and could affect the continued validity of this summary.

This summary does not purport to be a comprehensive description of all potential Luxembourg tax considerations that may be relevant to a decision to invest in, own or dispose of the Notes and is not intended as tax advice to any particular investor. This information also does not take into account the specific circumstances of particular investors. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

This overview assumes that each transaction with respect to the Notes is at arm's length.

Where in this summary English terms and expressions are used to refer to Luxembourg concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Luxembourg concepts under Luxembourg tax law.

The summary in this Luxembourg taxation paragraph does not address the Luxembourg tax consequences for a holder of Notes who:

- (i) is a Luxembourg resident individuals;
- (ii) is an investor as defined in one of the following specific laws: the law of 11 May 2007 on family estate management companies, as amended, the law of 17 December 2010 on undertakings for collective investment, as amended, the law of 13 February 2007 on specialised investment funds, as amended, the law of 23 July 2016 on reserved alternative investment funds, the law of 22 March 2004 on securitisation, as amended, the law of 15 June 2004 on venture capital vehicles, as amended and the law of 13 July 2005 on pension saving companies and associations;
- (iii) is, although in principle subject to Luxembourg tax, in whole or in part, specifically exempt from tax;
- (iv) owns Notes in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or
- (v) has a substantial interest in the issuer or a deemed substantial interest in the issuer for Luxembourg tax purposes. Generally, a person holds a substantial interest if such person owns or is deemed to own, directly or indirectly, more than 10% of the shares or interest in an entity.

Withholding Tax

Under Luxembourg general tax laws currently in force, payments of interest (including accrued but unpaid interest) and principal made to non-residents of Luxembourg or corporations resident in Luxembourg in the context of the holding, disposal, redemption or repurchase of the Notes which are not profit-sharing and which do not entitle the Noteholder, on top of a fixed interest coupon, to a supplementary variable interest coupon based on the profits distributed by the debtor, will not be subject to any Luxembourg withholding tax.

Taxes on income and capital gains

Substitution

There is no tax legislation, case law or published administrative guideline that directly addresses the Luxembourg income tax consequences of the Substitution. The Substitution could under domestic law be assimilated to a deemed exchange for tax purposes which would be assimilated to a disposal at fair market value.

Non-Resident Noteholders

Non-resident Noteholders, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable, are not subject to Luxembourg income taxes on benefits derived or deemed to be derived from the Notes, such as interest accrued or received, any redemption premium or issue discount, as well as capital gains realised or deemed realised on the disposal or redemption of the Notes (including capital gains realised or deemed realised on the exchange or deemed exchange of the Notes).

Non-residents Noteholders who have or are deemed to have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable are subject to Luxembourg income tax on benefits derived or deemed to be derived from the Notes, such as interest accrued or received, any redemption premium or issue discount, and any gains realized or deemed realized upon the sale, disposal or deemed disposal of the Notes.

Resident Noteholders

A corporate resident Noteholder must include any benefits derived or deemed to be derived from the Notes, such as interest accrued or received, any redemption premium or issue discount, as well as any capital gains potentially realized on the exchange or deemed exchange of the Notes, in its taxable income for Luxembourg income tax purposes.

Net Wealth Taxation

Corporate Noteholders resident in Luxembourg and non-resident corporate Noteholders that maintain a permanent establishment, permanent representative, or a fixed place of business in Luxembourg to which or to whom such Notes are attributable are subject to annual net wealth tax on their unitary value (*i.e.*, non-exempt assets minus liabilities and certain provisions as valued according to valuation rules), levied at a rate of 0.5% if the unitary value does not exceed €500,000,000 and 0.05% on the portion of the unitary value that exceeds €500,000,000.

Other Taxes and Duties

It is not compulsory that the Notes be filed, recorded or enrolled with any court or other authority in Luxembourg. No registration tax, transfer tax, capital tax, stamp duty or any other similar documentary tax or duty is due in respect of or in connection with the issue of Notes, the performance by the Issuer or Succeeding Entity of its obligations under Notes, or the transfer of Notes.

A fixed or *ad valorem* registration duty in Luxembourg may however apply (i) upon voluntary registration of the Notes before the Registration and Estates Department in Luxembourg, or (ii) if the Notes are (a) enclosed to a compulsorily registrable deed under Luxembourg law or (b) deposited with the official records of a notary.

Foreign Account Tax Compliance Act

To implement FATCA in Luxembourg, Luxembourg entered into a so-called Model 1 Intergovernmental Agreement (the ***Luxembourg IGA***) with the United States, and a memorandum of understanding in respect thereof, on 28 March 2014. The Luxembourg IGA was implemented in Luxembourg domestic law by the law of 24 July 2015 (the ***Luxembourg FATCA Law***). The Luxembourg IGA and the Luxembourg FATCA Law may impose obligations on the Succeeding Entity and the Noteholders, if the Succeeding Entity is considered as a Reporting Financial Institution (such as an Investment Entity) under FATCA, so that the latter could be required to conduct due diligence and obtain (among other things) information or documentation, including self-certification forms, a global intermediary identification number, if applicable, or any other valid evidence of an investor's FATCA registration with the IRS or a corresponding exemption, in order to fulfil its own legal obligations.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF GUARANTEES AND SECURITY AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

Set out below is a summary of certain limitations on the enforceability of the rights under the Notes, the Notes and/or the Guarantees and the Security Documents in each of the jurisdictions in which the Guarantors (as of the date hereof) are organized. It is a summary only. Bankruptcy or insolvency proceedings or a similar event could be initiated in any of these jurisdictions and/or in the jurisdiction of organisation of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Notes, the Guarantees and any security.

European Union

The Issuer and the Guarantors are organised under the laws of France, which is a Member State of the European Union.

Pursuant to (EU) Regulation No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast), as amended (the **EU Insolvency Regulation**), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Article 3(1) of the EU Insolvency Regulation states that the "centre of main interests" of a debtor shall be the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties." Article 3(1) of the EU Insolvency Regulation further provides that "in the case of a company or legal person, the place of the registered office shall be presumed to be the centre of its main interests in the absence of proof to the contrary." This gives rise to a rebuttable presumption that, in the case of a company, its centre of main interests is the place of the company's registered office. That presumption shall only apply if the registered office has not been moved to another Member State within the three-month period prior to the request for the opening of insolvency proceedings. Pursuant to Preamble 30 of the EU Insolvency Regulation, in relation to a company, it also should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of 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 centre of management and supervision and of the management of its interests is located in that other Member State. The courts have taken into consideration a number of factors in determining the "centre of main interests" of a company, including in particular where board meetings and shareholders' meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's "centre of main interests" may change from time to time.

The EU Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation. If the "centre of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State or had an establishment in such EU Member State in the three-month period prior to the request for commencement of main insolvency proceedings. An "establishment" is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and assets. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Pursuant to Article 4 of the EU Insolvency Regulation, a court requested to open insolvency proceedings is required to examine whether it has jurisdiction pursuant to Article 3 of the EU Insolvency Regulation and, pursuant to Article 5 of the EU Insolvency Regulation, such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction. Where main proceedings have been opened in the Member State in which the company has its centre of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment shall be secondary insolvency proceedings. Where main proceedings in the Member State in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment where either (a) insolvency proceedings cannot be opened in the Member State in which the company's centre of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor which is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from or is in connection with the operation of the establishment or at the request of a public authority that has the right to make such a request under the law of the Member State in which the establishment is

located. Irrespective of whether the insolvency proceedings are main or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor (*lex fori concursus*). Furthermore, pursuant to Article 6 of the EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with its Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

The opening of insolvency proceedings in a Member State pursuant to the EU Insolvency Regulation shall not affect the rights in rem of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole that change from time to time, belonging to the debtor that are situated within the territory of another Member State at the time of the opening of proceedings. Rights in rem include:

- the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;
- the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;
- the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled;
- a right in rem to the beneficial use of assets.

The courts of all Member States (other than Denmark) must recognise the judgment of the court opening main proceedings which will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The insolvency practitioner appointed by a court in a Member State which has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on it by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

The EU Insolvency Regulation provides:

- (a) for cooperation and communication between insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings and, in order to facilitate the coordination of main, territorial and secondary insolvency proceedings concerning the same debtor for cooperation and communication between (i) jurisdictions and (ii) insolvency practitioners and courts;
- (b) 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;
- (c) that the Member States shall establish and maintain a register of insolvency proceedings; and
- (d) that the European Commission shall establish a decentralized system for the interconnection of such insolvency registers.

EU Directive on preventive restructuring frameworks

The EU Directive 2019/1023 of the European Parliament and the Council of 20 June 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, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (the ***EU Restructuring Directive***) was published on 26 June 2019.

The objectives of the EU Restructuring Directive are to ensure that (i) viable enterprises and entrepreneurs that are in financial difficulties have access to effective national preventive restructuring frameworks that enable them to continue operating, (ii) honest insolvent or over-indebted entrepreneurs (*i.e.*, individuals) can benefit from a full discharge of debt after a reasonable period of time, thereby affording them a second chance and (iii) the effectiveness of procedures concerning restructuring, insolvency and discharge of debt is improved, in particular with a view to shortening their length.

The EU Restructuring Directive aims to achieve a higher degree of harmonisation in the field of restructuring, insolvency, discharge of debt and disqualifications by establishing substantive minimum standards for preventive restructuring procedures as well as for procedures leading to a discharge of debt for entrepreneurs in order to promote a culture that encourages early preventive restructuring to address financial difficulties at an early stage, when it appears likely that insolvency can be prevented and the viability of the business can be ensured. Most notably, the EU Restructuring Directive provides for a framework pursuant to which (a) a stay of individual enforcement actions by creditors against debtors must be introduced by Member States national legislation, (b) all creditor claims shall be grouped into separate classes each of which shall reflect a commonality of interests (at a minimum, creditors of secured and unsecured claims shall be treated in separate classes), (c) creditor claims may be restructured in a restructuring plan by majority vote with a majority of not more than 75% of the amount of the claims in each class and, where the Member State so requires, a majority in number of affected parties in each class and (d) a cross-class cram-down is introduced whereby a restructuring plan may, under certain conditions, be adopted and bind dissenting creditors even if the creditors of one or more classes do not consent to the restructuring plan with the required majority. The transposition of the EU Restructuring Directive into national legislation shall protect new financing and interim financing and may also provide priority ranking to new or interim financing granted in the context of the restructuring.

The EU Restructuring Directive shall be transposed into national laws or regulations by Member States by 17 July 2021 (with the exception of the provisions relating to the use of electronic means of communication for which the time period for the transposition expires in certain respects on 17 July 2024 or, in others, on 17 July 2026), subject to a maximum one year extension of the transposition period for Member States encountering particular difficulties in implementing the EU Restructuring Directive. Once transposed into French law, the EU Restructuring Directive should have a material impact on French insolvency proceedings (see below).

France

Insolvency

The Issuer and the Guarantors are incorporated in France and, to the extent that its centre of main interests (**COMI**) within the meaning of Article R. 600-1 of the French Commercial Code is found to be in France (which is presumed), they would be subject to French court-assisted proceedings affecting creditors, *i.e.*, *mandat ad hoc* or conciliation proceedings (which do not fall within the scope of the EU Insolvency Regulation). In addition, to the extent that the COMI of the Issuer or any Guarantor, or, in cases where the EU Insolvency Regulation 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 be subject to French court-administered proceedings affecting creditors, *i.e.*, either safeguard proceedings (*procédure de sauvegarde*), accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) or accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*), judicial reorganisation proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*).

Specialised courts exist for: (i) conciliation or court-administered proceedings with respect to debtors that meet or exceed (on a stand-alone basis or together with the companies under their control) (x) €20 million in turnover and 250 employees or (y) €40 million in turnover; (ii) commencement of proceedings with respect to which the court's international jurisdiction results from the application of the EU Insolvency Regulation; or (iii) in cases where the EU Insolvency Regulation does not apply, from the debtor having its main centre of interests within the jurisdiction of such specialised courts.

The French court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of the group (subject to French courts having international jurisdiction with respect to such entities, in accordance with the rules outlined above, and to specific control thresholds); 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 favours 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 the French Guarantors and corresponding security interests.

Annex A of the EU Insolvency Regulation lists safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganisation and judicial liquidation proceedings as insolvency proceedings within the meaning of the EU Insolvency Regulation. Any company of our Group having its COMI in France would be subject to French main insolvency proceedings and any company of our Group having an establishment in France and its COMI in another EU Member State (other than Denmark) could be subject to French secondary insolvency proceedings.

The following is a general discussion of pre-insolvency or insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to the holders of the relevant Notes. Such proceedings will likely be amended in the context of the transposition of Directive (EU) 2019/1023 (see “—*EU Directive on preventive restructuring frameworks*” above) into French law with respect to which French statute No. 2019-486 dated 22 May 2019 (*Loi Pacte*) grants the French government 24 months to enact appropriate measures through ordinances. The means by which the Directive (EU) 2019/1023 will be transposed into French law are not quite clear to date as this deadline has now expired.

Temporary measures in the context of the COVID-19 pandemic

Please note that due to the COVID-19 pandemic, certain temporary measures have recently been enacted by the French Government to adapt French insolvency law to the health crisis (Law No. 2020-1525 dated 7 December 2020 and in force from 8 December 2020 and Ordinance No. 2020-1443 dated 25 November 2020 and in force from 26 November 2020).

In particular, Article 1 of Ordinance No. 2020-1443 dated 25 November 2020 and in force from 26 November 2020 has extended the duration of the conciliation proceedings. According to this article, the duration of the conciliation may be extended, one or more times, at the request of the conciliator, by a motivated decision of the president of the court, without this duration exceeding 10 months (see conciliation proceedings below). This temporary measure is applicable until 31 December 2021.

In addition, Article 124 of the Law No. 2020-1525 dated 7 December 2020 and in force from 8 December 2020 extends the temporal application of certain measures that were initially adopted by an Ordinance No. 2020-596 dated 20 May 2020 and in force from 21 May 2020. The measures described in this ordinance, that were initially supposed to expire on 31 December 2020 and are now applicable until 31 December 2021, are:

- the addition of specific measures aimed at protecting debtors and an adaptation of the provisions governing grace periods in the context of conciliation proceedings (see below);
- the loosening of the conditions for eligibility for Accelerated Safeguard proceedings and Accelerated Financial Safeguard proceedings (see “—*Accelerated Safeguard*” and “—*Accelerated Financial Safeguard*” below);
- the possible reduction by the supervising judge, at the request of the court-appointed administrator or the creditors’ representative, of the deadline during which creditors can respond to a debt settlement proposal in the context of a standard consultation for the approval of a safeguard or reorganisation plan. The deadline can be reduced from 30 to 15 days of the receipt of the debt settlement proposal;
- the possible extension of the duration of the safeguard or reorganisation plan for up to two additional years, meaning that such a plan can now last up to 12 years; and
- the granting of a special privilege for creditors that make new cash contributions to the debtor during the observation period in order to ensure the continuation of the company’s business and its survival and for those who undertake to make such contribution for the execution of the safeguard or reorganisation plan ordered or modified by the court.

Note that, due to the COVID-19 pandemic, these rules may be further adapted and additional measures may be put in place within the following weeks or months, which may have an impact on French insolvency law.

Grace periods

In addition to insolvency laws discussed below, you could, like any other creditors, be subject to Article 1343-5 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil or commercial proceeding involving the debtor (with some exceptions), whether initiated by the debtor or the creditor, taking into account the debtor’s financial position and creditor’s 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 semi-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 interest or penalty for late payment will not accrue or be due during the period ordered by the court.

If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being executed, special rules may apply to the grant of grace periods (see 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 immediately available assets (*actif disponible*) 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 reorganisation 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 Pre-insolvency Proceedings

A French company facing difficulties may request the opening of court-assisted pre-insolvency proceedings (*mandat ad hoc* or *conciliation*), the aim of which is usually to reach an agreement with the debtor's main creditors in order to put an end to the company's difficulties. *Mandat ad hoc* and *conciliation* are informal and confidential proceedings carried out under the supervision of an officer (called the *mandataire ad hoc* in *mandat ad hoc* proceedings and the conciliator in conciliation proceedings) appointed by the Presiding Judge of the Commercial Court (in the context of commercial companies such as a simplified liability company (*société par actions simplifiée*)) or the Presiding Judge of the Civil Court (in the context of non-commercial companies, such as a real estate partnership (*société civile immobilière*)). *Mandat ad hoc* and conciliation proceedings do not involve any stay of payments and of proceedings, and the court-appointed officer has no coercive power over the creditors participating in the process (although grace periods and temporary measures in the context of the COVID-19 pandemic may be granted to the company in the context of conciliation proceedings, as described above and below). It should be noted however that any contractual provisions which, as a result solely of the opening (or a request for the opening) of *mandat ad-hoc* or conciliation proceedings, would restrict the debtor's rights or increase the debtor's obligations, are deemed to be null and void.

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 but are not insolvent (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). They are carried out under the aegis of a court-appointed officer (*mandataire ad hoc*), whose name may be suggested by the debtor itself, under the supervision of the Presiding Judge of the court. The proceedings are not limited in time. The duties of the *mandataire ad hoc* are determined by the Presiding Judge of the competent court that appoints him or her, usually to facilitate negotiations with creditors, it being noted that such *mandataire ad hoc* does not have any coercive power. 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. *Mandat ad hoc* 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. 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 Presiding Judge of the court but is not sanctioned by the court.

Conciliation proceedings may only be initiated by the debtor itself if it faces actual or foreseeable difficulties of a legal, economic or financial nature and is not insolvent (see “—*Insolvency Test*” above) or has not been insolvent 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 Presiding Judge of the court. The proceedings may last up to four months (with the *conciliateur* being able to request a month extension so that its total duration can be up to five months). Pursuant to Article 1 of Ordinance No. 2020-1443 dated 25 November 2020 adopted in the context of the COVID-19 pandemic, in force as from 26 November 2020, until 31 December 2021, at the request of the *conciliateur*, the duration of conciliation proceedings commenced up to and including 31 December 21 may be extended, one or more times, by a reasoned decision of the Presiding Judge of the court up to a maximum of ten months.

In case the debtor intends to have the conciliation agreement approved (*homologué*) or acknowledged (*constaté*), its request must be filed by the end of this five-month period, even though the hearing can take place afterwards, in which case the conciliation period will be extended until the decision of the Presiding Judge of the court or the court itself. 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, it being noted that such *conciliateur* does not have coercive power). 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 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 a creditor has formally put the debtor on notice to pay or is suing for payment (including if such action was initiated prior to the opening of conciliation proceedings); 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, for the term 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) and have formally put the debtor on notice to pay or are suing for payment of 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 and taking into account the conditions in respect of the execution of the conciliation agreement.

Due to the COVID-19 pandemic and state of health emergency that was imposed by the French government, Ordinance No. 2020-596 of 20 May 2020, Ordinance No. 2020-1443 of 25 November 2020 and Law No. 2020-1525 dated 7 December 2020, have, in addition to their duration (see above), further modified conciliation proceedings to provide that, until 31 December 2021:

1. if a creditor does not accept, by the deadline set by the *conciliateur*, a request made by the *conciliateur* to defer payment of his claim for the duration of the conciliation proceedings, the company may request from the Presiding Judge of the court in *ex-parte* proceedings, for the duration of the conciliation proceedings:
 - (a) the stay or prohibition of any legal action for payment or for termination of a contract for a payment default;
 - (b) the stay or prohibition of any judicial enforcement measure against the company’s movable or immovable property as well as any judicial procedure relating to the distribution of the company’s assets that would not have already transferred ownership away from the company; or
 - (c) the deferral or rescheduling of the company’s claim for the duration of the conciliation proceedings,
2. the company may petition the judge that commenced conciliation proceedings for a grace period in accordance with Article 1343-5 of the French Civil Code (see “—*Grace Periods*” above) even before the creditor sends any notice to pay or initiates any suit for payment if a creditor does not accept, by the deadline set by the *conciliateur*, a request made by the *conciliateur* to suspend payment of his claim.

The conciliation agreement reached between the parties may be acknowledged (*constaté*) by the Presiding Judge of the Commercial Court 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 at the request of the debtor following a hearing held for that purpose (which will be attended by the representatives of the works council) 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:

- the decision of approval by the relevant court, which should only disclose the existence of the proceedings, the guarantees, security interests and liens as well as the amount benefitting from the so-called New Money Lien (see below), will be public but the agreement itself should otherwise remain confidential except vis-à-vis the works council or employee representatives, as the case may be that are informed of the contents of the conciliation agreement and may have access to the full conciliation agreement at the clerk's office (*greffe*) of the Court;
- creditors that, as part of the conciliation agreement or during the course 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 in the context of a capital increase) will enjoy a priority of payment over all pre-commencement and post-commencement claims (except with respect to certain pre-commencement or post-commencement employment claims and procedural costs) (the *New Money Lien*), in the event of subsequent insolvency proceedings;
- in the event of subsequent safeguard proceedings, accelerated safeguard proceedings, accelerated financial safeguard proceedings or judicial reorganisation, the claims benefiting from the New Money Lien may not, without their holders' consent, be written off and their payment date may not be rescheduled, not even by the creditors' committees (the powers of the bondholders general meeting in this respect are the subject of debate);
- when the debtor is submitted to statutory auditing, the conciliation agreement is communicated to its statutory auditors; and
- in the event of subsequent judicial reorganisation 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 reorganisation and judicial liquidation proceedings*”), cannot be set by the court as of a date earlier than the date of the final decision approving (*homologation*) 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 the agreement is in force:

- interest accruing on the claims that are the subject to the conciliation agreement cannot be compounded;
- the debtor retains the right to petition the judge that commenced the conciliation proceedings for a grace period in accordance with Article L. 611-10-1 of the French Commercial Code, as explained above; and
- a third party which had previously granted credit support (a guarantee or security interest) with respect to the debtor's obligations may benefit from the provisions of the conciliation agreement as well as from grace periods granted in the context of conciliation proceedings.

If the debtor breaches the terms of the conciliation agreement, any party to it may petition the president of the court or the court (depending on whether the agreement was acknowledged or approved) 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 performed, any individual proceedings by creditors with respect to obtaining payment of the claims dealt with by the conciliation agreement are suspended and/or prohibited. The commencement of subsequent safeguard proceedings or insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will be entitled to recover their claims (decreased by the payments already received) and pre-existing security interests or guarantees.

Conciliation proceedings in which a draft plan is supported by a large majority of creditors which is likely to meet the threshold requirements for creditors' consent in safeguard, is a mandatory preliminary step of accelerated safeguard proceedings or accelerated financial safeguard proceedings, as described below.

At the request of the debtor and after the creditors taking part in the proceedings have been consulted on the matter, *mandat ad hoc* and *conciliation* proceedings may also be used to organise the partial or total sale of the debtor, in particular through a sale of one or several activities which could be implemented in the context of a subsequent safeguard or a “plan for the disposal of the business” (*plan de cession*) which could be implemented in the context of subsequent safeguard proceedings (only partial sale), judicial reorganisation 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, reorganisation or liquidation proceedings after consultation of the Public Prosecutor.

As a matter of law, any contractual provision that (i) 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 or (ii) requires 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 retained by creditors in connection with these proceedings, is deemed null and void.

Where the maximum time period allotted to court-assisted proceedings expires without an agreement being reached, the proceedings will end. The termination of such proceedings does not, in and of itself entail any specific legal consequences for the debtor. In particular, it does not result in the automatic commencement of insolvency proceedings. New *conciliation* proceedings cannot be commenced before three months have elapsed as from the end of the previous ones.

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 (see “—*Insolvency Test*” above). Creditors of the debtor are not notified of, nor invited to 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 appointed (except for small companies where the court considers that such appointment is not necessary) to investigate the business of the debtor during an “observation period” (being the period starting on the date of the court decision commencing the proceedings and ending on the date on which the court takes a decision on the outcome of the proceedings), which may last up to 18 months. The role of the court appointed administrator is also to assist the debtor in preparing a draft safeguard plan (*projet de plan de sauvegarde*) that it will circularise to its creditors. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor assisted by the court appointed administrator. The court-appointed administrator will, 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.

If, after commencement of the proceedings, it appears that the debtor was insolvent (*en état de cessation des paiements*) before their commencement, at the request of the debtor, the administrator, the creditors' representative or the Public Prosecutor but, in any event, after having heard the debtor, the court may convert the safeguard proceedings into judicial reorganisation proceedings.

In addition, the court may convert safeguard proceedings into (i) judicial reorganisation proceedings (a) at any time during the observation period if the debtor becomes insolvent or (b) in case no plan has been adopted (as the case may be, by the relevant creditors' committee and, if any, the bondholders general meeting (as described below)), if the approval of a safeguard plan is manifestly impossible and if the company would shortly become insolvent should safeguard proceedings end or (ii) judicial liquidation proceedings at any time during the observation period if the debtor is insolvent and its recovery is manifestly impossible. In all such cases:

- the court may decide at the request of the debtor, the court-appointed administrator, the creditors' representative or the Public Prosecutor and in all such cases with the exception of (i) (b), the court may act upon its own initiative; and
- the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the controllers, the Public Prosecutor and the workers' representatives (if any).

As soon as safeguard proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

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 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, is prohibited, subject to very limited exceptions. For example, the court can authorise 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*).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the safeguard plan (including debt write-offs, debt rescheduling or debt-for-equity swaps) prior to the plan being approved by the court. The rules governing consultation will vary depending on the size of the business.

Due to the COVID-19 pandemic and state of health emergency that was imposed by the French government, Ordinance No. 2020-596 dated 20 May 2020 and Law No. 2020-1525 dated 7 December 2020, modified safeguard and reorganisation proceedings to provide the following:

- As an incentive for new financings granted to debtors in the context of safeguard or reorganisation proceedings a new safeguard or reorganisation privilege is created (the “*S/R Lien*”), applicable exclusively to proceedings commenced between 22 May 2020 and 31 December 2021. The *S/R Lien* is distinct from the existing statutory preference enjoyed by financing granted, with the approval of the insolvency judge (*juge-commissaire*), after commencement of the proceedings, for the needs of the proceedings or of the observation period.
- The *S/R Lien* applies to all new cash contributions made, with the exception of those made through a share capital increase, by any person:
 - during the observation period, in order to ensure the continuity of debtor's business and its sustainability in which case such cash contributions must be authorised by the insolvency judge; or
 - for the implementation of the safeguard or reorganisation plan (*i.e.*, within the plan as approved or modified by the court, and for the purposes of its execution, it being specified that the judgment must mention all claims benefiting from the privilege, as well as the relevant amounts).
- Claims benefiting from the *S/R Lien* enjoy a priority of payment over pre-commencement and post-commencement claims except with respect to employees' super-privilege claims, procedural costs and the New Money Lien, pre-petition claims secured by a real estate security interest (in judicial liquidation proceedings only) and post-petition wages claims not advanced by the French wages guarantee fund, in the event of on-going or subsequent safeguard proceedings, judicial reorganisation proceedings or judicial liquidation proceedings.
- Such claims may not be termed-out or written-off without the consent of the relevant creditors.

Standard consultation: this applies in respect of debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant or, if they are, who have 150 employees or less or a turnover of €20 million or less.

In such case, the administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who seeks the agreement of each creditor who filed a claim, regarding the debt write-offs, debt rescheduling or debt-for-equity swaps proposed, as the case may be. Creditors are consulted individually or collectively.

French law does not state whether the debt settlement proposals can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at this consultation stage. According to legal commentaries and established practice, differing treatment as between creditors is possible, provided that it is justified by the difference in situation 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 claims over a shorter time period instead of a full payment of such claims over the length of the plan (ten years maximum except for agricultural businesses where the maximum is fifteen 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 are not required to be consulted.

Creditors that do not respond within 30 days of their receipt of the debt settlement proposal (other than debt-for-equity swap proposals which require the agreement of each individual creditor in writing) made to them are deemed to have accepted it. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and any creditors of the debtor appointed by the court as a controller (*contrôleur*) pursuant to Article L. 621-10 of the French Commercial Code.

Within the framework of a standard consultation, the court that approves the safeguard plan (*plan de sauvegarde*) can impose a uniform rescheduling of the claims of creditors having refused the proposals that were submitted to them (subject to specific regimes such as the one applicable to claims benefiting from the New Money Lien or the S/R Lien) over a maximum period of ten years (except for agricultural businesses where the maximum is fifteen years and 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 cancellation of any claim or debt-for-equity swap may be imposed without the relevant creditor's individual acceptance.

Following a court imposed rescheduling, 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 instalment must be of at least 5% of the amount of each debt claim (except for agricultural businesses)) or on the first payment date following the initial maturity of the claim if it is later than the first payment date provided for by the plan, in which case the amount of such first payment is equal to what the creditor would have received had he been paid in accordance with the uniform payment rescheduling applying to the other creditors.

Committee-based consultation: This applies to large companies, whose accounts are certified by a statutory auditor (*commissaire aux comptes*) or established by a chartered accountant (*expert-comptable*) and with more than 150 employees or a turnover greater than €20 million, or upon the debtor's or the administrator's request and with the consent of the supervising judge in the case of debtors that do not meet the aforementioned thresholds.

The consultation involves the submission of a draft safeguard plan for consideration by two creditors' committees which are established by the court-appointed administrator on the basis of the claims that arose prior to the judgment commencing the proceedings:

- one for credit institutions or assimilated institutions having a claim against the debtor and entities having granted credit or advances in favour of the debtor (or the assignees of such claim or of a claim acquired from a supplier) (the *credit institutions committee*); 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 (the *major suppliers committee*).

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 (the *bondholders general meeting*) will be established, in which all such holders are to take part irrespective of whether or not there are different issuances or of the governing law(s) of those obligations.

As a general matter, only the legal owner of the debt claim will be invited onto the committee or the bondholders general meeting. Accordingly, a person holding only an economic (as opposed to a legal (ownership)) interest therein will not itself be a member of the committee or the bondholders 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 or the S/R 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 a set-off against their claims against the debtor (as reduced according to the provisions of the plan, where applicable).

Creditors that are members of the credit institutions committee or of the major suppliers committee may also prepare alternative safeguard plans in accordance with the above principles that will also be put to the vote of the committees and of the bondholders general meeting, it being specified that approval of any such alternative plan is subject to the same two-thirds majority vote in each committee and in the bondholders general meeting and gives rise to a report by the court-appointed administrator (*administrateur judiciaire*). Bondholders are not permitted to present their own alternative plan.

The committees must approve or reject the safeguard plan within 20 to 30 days of its submission. The period may be extended or shortened by the supervising judge, at the request of the debtor or the judicial administrator, but may never be shorter than 15 days. The plan must be approved by a majority vote of each committee (two-thirds of the outstanding claims of the creditors casting a vote).

Each member of a creditors committee or of the bondholders general meeting must, if applicable, inform the court appointed administrator of the existence of any agreement relating to (i) the exercise of its vote or (ii) the full or total payment of its claim by a third party, as well as 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. In the event of disagreement, the matter may be ruled upon by the president of the Commercial Court in summary proceedings at the request of the creditor or of the court-appointed administrator.

The amounts of claims secured by a trust (*fiducie*) granted by the debtor do not give rise to voting rights. 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 as soon as the plan is adopted or as soon as their claims are admitted, do not need to be consulted on the plan nor take part in the vote.

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 the rescheduling of the claims of creditors that are not members of the creditors' committees or bondholders general meeting in accordance with the standard consultation process referred to above, the plan has to be approved (*arrêté*) by the court. The court must verify that the interests of all creditors are "sufficiently protected" and that required shareholder consent (if applicable) has been obtained. Once so 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 either the creditors' committees or 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. Absent 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.

If the draft plan provides for a modification of the share capital or an amendment of the by-laws, the court may decide that the shareholders general meeting and, as the case may be, the general meetings of the holders of securities giving access to the share capital of the company shall vote, the first time the relevant meeting is convened, at a simple majority of the votes of the shareholders attending, or represented at, the meeting, provided that they hold at least half of the shares with voting rights. The second time the meeting is convened, the usual provisions relating to quorum and majority shall apply.

If no proposed safeguard plan whatsoever is adopted by the committees and, if applicable, the general bondholders meeting, at the request of the debtor, the court-appointed administrator, the creditors' representative or the Public Prosecutor, the court may convert the safeguard proceedings into judicial reorganisation 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 shortly becoming insolvent.

Specific case – Creditors that are public institutions: public creditors (financial administrations, social security and unemployment insurance organisations) 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 examine possible remissions 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.

Due to the COVID-19 pandemic and state of health emergency that was imposed by the French government, Ordinance No. 2020-341 of 27 March 2020, Ordinance No. 2020-596 dated 20 May 2020 and Ordinance No. 2020-1443 dated 25 November 2020 have amended safeguard and judicial reorganisation proceedings as follows:

- Until 31 December 2021 (inclusive), on the basis of the certificate drawn up by a certified accountant or the statutory auditor, liabilities to be taken into account in the draft plan shall include those claims admitted and not

challenged as well as those “identifiable” claims (in particular when the deadline for filing proofs of claim has not expired yet):

- This includes liabilities foreseeable and reasonably likely to enable the court to assess the seriousness of the plan (which requires that the debtor’s accounts be accurate and that identifiable claims be taken into account, such as those of the French wages guarantee fund).
- This implies a temporary exception to the principle (established in case law) according to which the plan must be drawn up in consideration of the filed claims (even if they are challenged).
- Until 31 December 2021 (inclusive), upon request of the judicial administrator (if appointed) or the *mandataire judiciaire*, the bankruptcy judge may shorten the deadline for individual consultation of the creditors from 30 to 15 days.
- Until 31 December 2021 (inclusive), proposals for the settlement of liabilities included in the plan and any responses to these proposals may be notified by any means allowing the creditor’s representative to establish with certainty the date of their receipt, both in the context of the individual consultation of creditors and the consultation of bondholders within the framework of the bondholder’s general meeting (it is unclear whether this method of notification also applies to credit and credit institutions or assimilated institutions’ committees and main suppliers’ committees).
- The duration of Safeguard and reorganisation plans has been amended as follows:
 - (i) Between 24 August 2020 (inclusive) and 23 February 2021 (inclusive): Extension by the court of on-going plans for a maximum period of one year, upon request of the court-appointed trustee in charge of supervising the execution of the plan or the public prosecutor. This extension is only available to plans adopted outside the framework of creditors’ committees.
 - (ii) Until 31 December 2021 (inclusive): In addition to (i) above, extension for a further two-year period upon request of the public prosecutor or the court-appointed trustee in charge of supervising the execution of the plan.
 - (iii) Until 31 December 2021 (inclusive): In case of substantial modification of the plan, its duration is extended to a maximum period of 12 years.

With respect to (i) to (ii) above, it should be specified that this extension does not require substantial modification of the plan (*modification substantielle du plan*), as the payment instalment deadlines initially set are adapted by the president of the court or the whole court extending through the duration of the plan, with possible deviation from the obligation to pay a minimum annual instalment of 5% from the third year and possible application of grace periods provisions (see “—*Grace Periods*” above) within the limit of the new term of the plan so extended.

- Until 31 December 2021 (inclusive), as part of a substantial modification of the plan process, where the modification is relating to the plan’s repayment terms and conditions, those creditors failing to reply to the registered letter provided for in Article R. 626-45 of the French commercial code will be deemed to have accepted the proposed modifications, except in case of debt write-offs or conversions into shares that give or may give access to share capital.

Where creditors are consulted within the framework of creditors’ committees, the procedures for consultation of the committees continue to apply.

Like most decisions issued in insolvency proceedings, the court decision approving the safeguard or reorganisation plan or acknowledging its completed execution may be appealed under specific circumstances.

Accelerated Financial Safeguard

A debtor in the course of conciliation proceedings may request the commencement of Accelerated Financial Safeguard proceedings. The Accelerated Financial Safeguard procedure has been designed to “fast-track” purely financial restructurings. The procedure relates only to debt owed to creditors which are eligible to the credit institutions’ committee

and debts towards bondholders, which are eligible to the bondholders' general meeting described above), which are subject to an automatic stay and dealt with under the safeguard plan. The company continues to trade normally while the procedure is pending, thus reducing significantly the impact of a safeguard on operational companies. Other classes of creditors, such as trade creditors, are not affected by the procedure.

To be eligible to the Accelerated Financial Safeguard, the debtor must fulfill the following conditions:

- produce consolidated financial statements (in compliance with Article L.233-16 of the French Commercial Code); or
- have its financial statements produced by a certified accountant (*expert-comptable*) or certified by an auditor (*commissaire aux comptes*) and meet one of the following thresholds:
 - (i) more than 20 employees;
 - (ii) an aggregate balance sheet (*total du bilan*) in excess of €1.5 million; or
 - (iii) a turnover (*chiffre d'affaires*) in excess of €3 million.

In addition, the following conditions must be met by a debtor for the opening of accelerated financial safeguard proceedings:

- be subject to ongoing conciliation proceedings when it applies for the opening of the Accelerated Financial Safeguard proceedings; and
- have prepared a draft safeguard plan to protect its operations in the long run supported by enough of its financial creditors (*i.e.*, credit institutions which are eligible to creditor's committees and bondholders, which are eligible to the bondholders' general meeting described above), to render likely its adoption by a two-thirds majority of its financial indebtedness within a maximum period of two months from the commencement of the Accelerated Financial Safeguard proceedings.

A debtor may open such proceedings even if it is insolvent, subject to not having been insolvent for more than 45 days prior to requesting the opening of conciliation proceedings.

However, Ordinance No. 2020-596 dated 20 May 2020 and Law No. 2020-1525 dated 7 December 2020 provide that these thresholds will no longer be required for proceedings commenced between 22 May 2020 and 31 December 2021.

Where an Accelerated Financial Safeguard procedure is opened, the credit institution committee and the bondholders' general meeting are convened and are required to vote on the proposed safeguard plan within a minimum period of eight days of delivery of the proposed plan (as compared to a minimum period of 15 days for the regular safeguard).

For their claim to be taken into account in the safeguard plan, creditors which are members of the credit institution committee and the bondholders' general meeting must file a proof of claim within two months from the publication of the judgment commencing the Accelerated Financial Safeguard procedure, as this is the case for regular safeguard proceedings. However, for those creditors who participated in the conciliation proceedings before the opening of the Accelerated Financial Safeguard procedure, a list of claims prepared by the debtor and certified by an auditor or an accountant is deemed sufficient. These provisions also apply with respect to the Accelerated Safeguard proceedings described below.

The total duration of the Accelerated Financial Safeguard (*i.e.*, the period between the judgment commencing the Accelerated Financial Safeguard and the judgment adopting the plan) is one month, unless the court decides to extend it by one additional month.

Accelerated Safeguard

The key difference with Accelerated Financial Safeguard is that the automatic stay applies not only to debts towards creditors which are eligible to creditor's committees and debts towards bondholders, but also to the other creditors (such as trade creditors). Therefore, the committee of the debtor's main suppliers is convened to vote on the draft plan, in addition to the credit institutions' committee and the bondholders' general meeting.

As in the Accelerated Financial Safeguard proceedings, prior conciliation proceedings are also required for the opening of Accelerated Safeguard proceedings and a restructuring plan which is supported by enough of its creditors to render likely its adoption by at least a two-thirds majority of its indebtedness within a maximum of three months of the commencement of the proceedings must have been prepared.

The plan must be submitted to the creditors' committees and to the bondholders' general meeting.

The criteria for a debtor to be eligible for Accelerated Safeguard proceedings are the same as the criteria for Accelerated Financial Safeguard proceedings mentioned above.

As mentioned above with respect to the Accelerated Financial Safeguard proceedings, a debtor may file for Accelerated Safeguard proceedings even if it is insolvent, subject to not having been insolvent for more than 45 days prior to the request for opening of conciliation proceedings.

The maximum duration of the Accelerated Safeguard proceedings is three months.

Court-administered Proceedings—Judicial Reorganisation or Liquidation Proceedings

Judicial reorganisation (*redressement judiciaire*) or liquidation (*liquidation judiciaire*) proceedings may be initiated against or by a debtor only if it is insolvent and, in the case of liquidation proceedings only, if the debtor's recovery is manifestly impossible. Within 45 days of becoming insolvent, the debtor, if it does not file for conciliation proceedings (as discussed above), is required to petition for judicial reorganisation or liquidation proceedings; *de jure* managers (including directors) and, as the case may be, *de facto* managers that would have deliberately failed to file such a petition within the deadline are exposed to civil liability.

Where the debtor requested the commencement of judicial reorganisation 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 reorganisation proceedings would be more appropriate. In addition, at any time during the observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), any creditors of the debtor appointed by the court as a controller (*contrôleur*) pursuant to Article L. 621-10 of the French Commercial Code, the Public Prosecutor or upon its own initiative, the court may convert the judicial reorganisation proceedings into judicial liquidation proceedings if it appears that the debtor's recovery is manifestly impossible. The court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, any above controllers, the Public Prosecutor and the workers' representatives (if any).

The objectives of judicial reorganisation proceedings are the sustainability of the business, the preservation of employment and the payment of creditors, in that order.

As soon as judicial reorganisation or judicial liquidation proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

In the event of judicial reorganisation proceedings, an administrator (*administrateur judiciaire*) is usually appointed by the court to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals either for the reorganisation of the debtor (by elaborating a draft judicial reorganisation plan, which is similar to a draft safeguard plan with the contribution of the debtor), or the sale of the business or the liquidation of the debtor. The court-appointed administrator will assist the debtor in making 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*). Judicial reorganisation proceedings broadly take place in a manner that is similar to safeguard proceedings (see above), subject to certain specificities.

In particular, the rules relating to creditor consultation, especially the powers of the court adopting the judicial reorganisation plan (*plan de redressement*) in the event of rejection by the creditors of proposals made to them, are the same (see above). At any time during the observation period, the court can, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), the Public Prosecutor or at its own initiative, order the partial stop of the activity (*cessation partielle de l'activité*) or order the liquidation of the debtor if its recovery is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

In judicial reorganisation proceedings, in case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one half of the share capital as required by Article L. 626-3 of the French Commercial Code, the administrator may appoint a trustee (*mandataire de justice*) to convene a shareholders' meeting and to vote on behalf of the shareholders that refuse to vote in favour 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 reorganisation plan.

If the proposed reorganisation plans are manifestly not likely to ensure that the debtor will recover or if no reorganisation plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business as described below. Any third party (as construed under French insolvency law) can present a bid on all or part of the debtor's business, subject to certain limited exceptions.

In judicial reorganisation proceedings if (i) the company has at least 150 employees, or if it controls (within the meaning of the French Labour 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 to local employment and (iii) the modification of the company's share capital appears to be the only credible way to avoid harm to the national or regional economy and to allow the continued operation of the business as a going concern, then, at the request of the court-appointed administrator or of the Public Prosecutor (x) after the review of the options for a total or partial sale of the business and (y) if at least three months have 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 reorganisation 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 reorganisation plan; or
- order, in favour of the persons who have undertaken to perform the reorganisation plan, the sale of all or part of the share capital held by the shareholders having refused the share capital modification 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 shareholders' meetings, any consent clause being deemed unwritten; the other shareholders have the right to withdraw from the company and request that their shares be purchased simultaneously by the transferees.

In the event of a sale ordered by the court, the price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganisation 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 reorganisation plan.

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*). There is no observation period in judicial liquidation proceedings nor does the law limit their duration. 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 of payment). The liquidator will take over the management and control of the debtor and the managers of the debtor are no longer in charge of its management (although they remain in place).

Concerning the liquidation of the assets of the debtor, there are two possible outcomes:

- a sale of the business (*cession d'entreprise*) (in which case a court-appointed administrator (*administrateur judiciaire*) will usually be appointed, or remain in office if already appointed, to manage the debtor during a temporary period of continuation of the business operations ordered by the court (three months, renewable once) (during which the rules of the observation period will generally apply) and organise such sale of the business as a going-concern via an asset sale, commonly referred to as a "sale of the business plan" (*plan de cession*)), any third party (as construed under French insolvency law) being entitled to present a bid on all or part of the debtor's business.

As part of the bids submitted to the court, the third-party purchasers can, under certain conditions, cherry-pick assets (including the real estate assets)/jobs/contracts without the liabilities pertaining to them (save for certain exceptions).

The price offered for the transferred assets (including the real estate assets) is often at a significant discount compared to their *in bonis* market value. The court will indeed tend to favour a credible sale plan that ensures the sustainability of the business as a going concern, and the preservation of jobs, over the payment of creditors.

Subject to certain exceptions, the court can judicially impose such a sale plan on creditors, including secured creditors and mortgagees as a general principle, the payment of the purchase price operating to release their security interests. By way of exception:

- a purchaser is obliged to continue to pay remaining instalments due to creditors having granted financing for the acquisition of assets acting as collateral for such creditors and included in the sale of the business plan; and
- only those secured creditors benefitting from a retention right (which is the case for pledges over inventory or certain types of pledges over shares, but not mortgagees of real estate assets) would be entitled to retain their security interest over the asset on which they have such right (and therefore in practice prevent it from being transferred) until repaid in full of their claim so secured or unless reaching an agreement with the relevant parties.

Third-party purchasers may also submit combined bids in respect of all or part of the business of several debtors subject to insolvency proceedings, in particular when the key assets are located in different legal entities subject to insolvency proceedings. Again, the price offered for the transferred assets could be significantly less than their *in bonis* market value;

- a sale of the individual assets of the debtor, in which case the liquidator may decide to:
 - launch auction sales (*vente aux enchères* (or adjudication amiable for real estate assets only));
 - sell on an amicable basis (*vente de gré à gré*) each asset for which spontaneous purchase offers have been received, (the formal authorisation of the supervising judge being necessary to conclude the sale agreement with the bidder); or
 - request, under the supervision of the supervising judge, all potential interested purchasers to 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*). However, the possibility to implement such process is questioned by certain legal authors and case-law in this respect has varied.

If the court adopts a sale of the business plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

The court will end the proceedings when either 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;
- 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.

Status of Creditors during Safeguard, Accelerated Financial Safeguard, Accelerated Safeguard, Reorganisation or Liquidation Proceedings

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of insolvency proceedings must file a proof of claim (*déclaration de créances*) with the relevant insolvency officer within two months of the publication

of the court decision in the *Bulletin Officiel des annonces civiles et commerciales* (by exception, the deadline starts upon receipt of an individual notification for those creditors whose claim arose out of a published contract or who benefit from a published security interest); this period is extended to four months for creditors domiciled outside France. Where the debtor has informed the relevant insolvency officer of the existence of a claim and no proof of a claim has been filed yet, such claim is deemed filed. Creditors are allowed to ratify a proof of claim made on their behalf until the judge rules on the admission of their claims. Creditors who have not submitted their claims during the relevant period and whose claims are not deemed filed are barred, except with respect to very limited exceptions, from receiving distributions made in accordance with the insolvency proceedings. Employees do not need to file proofs of claim and are preferential creditors under French law.

At the beginning of the proceedings, the debtor must provide the court-appointed administrator and the creditors' representative with the list of all its creditors and all of their claims. 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 creditor. 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. They may also file their own proof of claim within the deadlines described above.

In accelerated safeguard and accelerated financial safeguard proceedings, the debts held by creditors that took part in the conciliation proceedings are listed by the debtor and certified by its statutory auditor (or, in its absence, its accountant) and are thus deemed to have been filed. Although such creditors can file proofs of claim pursuant to the regular process, they may also avail themselves of this simplified alternative and merely adjust the amounts of their claims as set forth on the list prepared by the debtor (within the 2 or 4 months time limit). Those creditors who did not take part in the conciliation proceedings (but who would be members of the creditors' committees or the bondholders' general meeting) would have to file their proofs of claim within the above-mentioned legal time limit and process.

As from the commencement of insolvency proceedings:

- accrual of interest is suspended (except in respect of loans providing for an initial term of at least one year, or contracts providing for a payment which is deferred by at least one year; even in such a case, accrued interest cannot bear themselves interest);
- the debtor is prohibited from paying debts incurred prior to the date of the court decision commencing the insolvency proceedings, subject to specified exceptions which essentially cover the set-off of related debts (*compensation pour dettes connexes*), and payments authorised by the supervising 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 having arisen 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;
- debts duly arising after the commencement of the proceedings and which were incurred for the purposes of the proceedings or of the observation period, or in consideration of services rendered/goods provided 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 proceedings (with certain limited exceptions, such as claims secured by a New Money Lien), provided that they are duly brought to the attention of the court-appointed administrator within one year of the end of the observation period; and
- creditors may not initiate or pursue any individual legal action against the debtor (or a guarantee of the debtor where such guarantor is a natural person and the proceedings are safeguard, accelerated safeguard or accelerated financial safeguard proceedings) with respect to any claim arising prior to the court decision commencing the insolvency 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 above);
 - to terminate or cancel a contract for non-payment of pre-opening amounts owed to the creditor; or
 - to enforce the creditor's rights against any assets of the debtor, except in limited cases, in particular (i) in judicial liquidation proceedings, by way of private foreclosure (*attribution judiciaire*) of pledged assets or

- (ii) where such asset – whether tangible or intangible, moveable or immoveable – is located (y) in another Member State within the European Union at the time of the opening of the insolvency proceedings, in which case the rights *in rem* of creditors thereon would not be affected by the insolvency procedure commenced in France, in accordance with the terms of article 8 of the EU Insolvency Regulation or (z) in a state which is not a Member State of the European Union absent any recognition of the effect of the French insolvency proceedings therein; or
- in the context of reorganisation or liquidation proceedings only, absent consent to other terms of payment, immediate cash payment for services rendered pursuant to an ongoing contract (*contrat en cours*), will be required.

In 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.

Contractual provisions that would either accelerate the payment of the debtor's obligations or diminish the rights or increase the obligations of the debtor upon the occurrence of insolvency proceedings or of *cessation des paiements* are not enforceable under French law. The opening of liquidation proceedings does, however, automatically accelerate the maturity of all of the debtor's liabilities, unless the court allows the business to continue for a period of no more than three months (renewable once) if it considers that a sale of part or all of the business is possible. In this case, the debtor's liabilities are deemed mature on the day the court approves the sale of the business or the end of the period of continuation of the business.

Contractual provisions pursuant to which the opening of the proceedings constitutes an event of default are not enforceable against the debtor, as well as, according to a decision of the French Supreme Court (*Cour de cassation*) dated 14 January 2014, No. 12-22.909, "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 reorganisation proceedings" (which should also apply in case of safeguard, accelerated safeguard or accelerated financial safeguard proceedings).

The administrator may also terminate (except for employment contracts) or, provided that the debtor fully performs its post-petition contractual obligations, continue to execute contracts.

During reorganisation proceedings, when the ongoing contract involves the payment of a sum of money, this payment must be made in cash, unless the administrator obtains extended payment deadlines from the contractual partner of the debtor; the administrator is under an obligation to verify that by continuing the contract he or she does not risk creating a foreseeable damage for the contractual partner.

The commencement of liquidation proceedings, however, 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 the adoption of a plan for the sale of the business (*plan de cession*). In such case, the acceleration of the obligations will only occur on the date of the court decision to adopt a plan for the sale of the business (*plan de cession*), or on the date on which the continued operation of the business ends.

If the court adopts a safeguard plan or reorganisation 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*), the proceeds of the sale will be allocated for the repayment of the 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 in charge of selling the assets of the company either by way of a sale plan (*plan de cession*) or on a piecemeal basis, and settling the relevant debts in accordance with their ranking. However, in practice, where a plan for the sale of the business is considered, it will usually appoint a judicial administrator to manage the company and organise such sale of the business process.

French insolvency law assigns priority to the payment of certain preferred creditors. In the event of liquidation proceedings, the proceeds will be allocated to creditors according to the following waterfall of claims: (i) so-called "super privileged" claims of employees (covering the unpaid sums for the last 60 days of work before the opening of the safeguard or insolvency proceedings, subject to certain caps), (ii) legal fees and expenses of the proceedings, (iii) claims secured by a New money

Lien granted under a prior conciliation agreement formally approved (*homologué*) by the court, (iv) claims secured by security interests over real estate property and security interests over movable property to which a retention right is attached, (v) claims that arose after the decision commencing the proceedings and which are linked to the debtor's business or useful to the proceedings (in accordance with a specific ranking). This order of priority does not apply to all creditors, for example, it does not apply to creditors benefiting from a retention right over assets with respect to their claim related to such asset.

The opening judgment of the insolvency proceedings renders due and payable all unpaid share capital of the debtor.

The “Hardening Period” in Reorganisation and Liquidation Proceedings

In reorganisation and liquidation proceedings (as opposed to safeguard proceedings), the court determines the date on which the insolvency is deemed to have occurred. It can be any date within the 18 months preceding the date of the opening of the proceedings. Also, except in the case of fraud, the insolvency date 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). This marks the beginning of the “hardening period” (*période suspecte*). Certain transactions entered into, and certain payments made, by the debtor during the hardening period are automatically void or voidable by the court.

Automatically void transactions include in particular 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. Such transactions or payments must be set aside by the court if a claimant (the judicial administrator, the liquidator, the creditors' representative or the court-appointed trustee in charge of overseeing the implementation of the restructuring plan, or the Public Prosecutor) so requests. These include, notably, transfers of assets for no 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 made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred, provisional attachment or seizure measures (unless the right of attachment or seizure predates the date of *cessation des paiements*), share options granted or sold during the hardening period, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as a security for debt incurred at the same time), and any amendment to a trust arrangement (*fiducie*) that dedicates assets or rights as a guaranty of pre-existing debts and notarised declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*).

Voidable transactions include, (i) transactions for consideration, (ii) payments of due and payable debts or (iii) notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at that time. In addition, transactions relating to transfers of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the hardening period. Unlike void transactions, which must be set aside by the court if so requested, the court has discretion to decide whether or not it is appropriate to set aside transactions that are only “voidable”.

There is no hardening period prior to the opening of safeguard proceedings, since the condition required to commence such proceedings is that the company is not insolvent (*en état de cessation des paiements*) within the meaning of French law (assuming the proceedings are successful).

Creditors' Liability

Pursuant to Article L. 650-1 of the French Commercial Code (as interpreted by case law), where insolvency proceedings have been commenced, creditors may be held liable for the losses suffered as a result of credit support granted to the debtor, if the grant of such credit support was wrongful, on the following grounds: (i) fraud; (ii) interference with the management of the debtor; or (iii) the guarantees or security interests taken to secure the amounts made available to a debtor are disproportionate to those amounts. In addition, where the creditor is held liable by the relevant court on this ground, guarantees, security interests and any other credit support granted to secure the amounts made available to the debtor could be null and void or reduced.

Limitations on Enforcement

Limitations on Guarantees

Under French financial assistance rules provided for by Article L.225-216 of the French *Code de commerce*, a French stock company is prohibited from guaranteeing or securing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Under French corporate benefit rules provided for by Article L.241-3 or L. 242-6 or L. 244-1 of the French *Code de commerce*, a court could subordinate or void any guarantee/security interest and, if payment had already been made under the relevant guarantee/security interest, require that the recipient return the payment to the relevant guarantor/security provider, if the court found that the French guarantor/security provider did not derive an overall corporate benefit from the transaction involving the grant of the guarantee/security interest as a whole. Existence of corporate benefit is a factual matter which must be determined on a case-by-case basis. Based on current case law:

- the company giving the guarantee/security interest must itself receive an actual benefit or advantage (direct or indirect) from the transaction involving the giving of the guarantee/security interest taken as a whole which is commensurate with the liability which it takes on under the guarantee/security interest; and
- the financial commitment assumed by the guarantor/security provider must not exceed its financial capability.

Accordingly, (i) the obligations and liabilities of a French company under its guarantee/security interest for the obligations of a parent company issuing notes will be limited, at any time, to an amount equal to the lesser of (a) the aggregate nominal amount of all notes issued by the parent company and (b) the amount of the proceeds of the notes (if any) (x) directly or indirectly on-lent to the French company and/or any subsidiaries of such French company under intercompany loan or similar arrangements or (y) used by the Issuer to refinance any indebtedness that was previously directly or indirectly, by way of intercompany loans or similar arrangements, on-lent by it or any borrower or guarantor under such indebtedness, to such French company and/or its subsidiaries, in each case outstanding at the date a payment is to be made by such French company under its guarantee/security interest, it being specified that any payment made by a French company under its guarantee/security interest shall automatically reduce *pro tanto* the outstanding amount of the relevant intercompany loans or similar arrangements due by such French company to the parent company or its subsidiaries; and (ii) the obligations and liabilities of a French company for the obligations of any obligor which is its subsidiary will cover all amounts due by such obligor as issuer or borrower under any applicable finance document and as guarantor (the ***Guaranteed Obligor***). However, where such Guaranteed Obligor is not incorporated in France, the amounts payable by the French company under (ii) in respect of the obligations of the Guaranteed Obligor as guarantor, shall be limited as set out in (i) above.

In addition, 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.

Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral

Under applicable 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 on 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 these liens. 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 these liens. In France, pledges over the securities of French subsidiaries in the form a stock company (*société par actions*) that are governed by French law consist of pledges over a securities account (*nantissement de compte de titres*) in which the relevant securities are registered. The securities account pledges will be validly established after execution of a statement of pledge (*déclaration de nantissement de compte titres financiers*) by the grantor of such security interest 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 shares registry (*registre de mouvement de titres*) of the relevant French company. In France, no lien searches are available for security interests which are not publicly registered, with the result that no assurance can be given on the priority 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 security interest in securities account or in the form of a security interest in 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 comissoire*) 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 in the context of a judicial foreclosure or by a contractually pre-agreed or judge-appointed expert in the context of a contractual foreclosure. 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 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 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 securities, and the remaining amount owed to such creditors will be unsecured in that respect unless otherwise secured by another security interest. Should a holder of the Notes elect not to request the judicial or contractual foreclosure of the securities, an enforcement of the pledged securities could 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 the latter will not be sold pursuant to a competitive bid process and/or a private sale organised 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 a group of companies.

Parallel Debt—Trust

Under French law, prior to the recent reform of the security agent regime pursuant to Ordinance No. 2017-748 of 4 May 2017, 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 Articles 2488-6 to 2488-12 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 the Guarantors (as principal obligors) towards the holders of the Notes, as applicable under or in connection with the Indenture, as applicable (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 and the Intercreditor Agreement. 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).

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (Cass.com. 13 September 2011 No. 10-25533 *Belvédère*) relating to a bond documentation governed by New York law. Such a decision recognised the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt governed by New York law. 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 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 or will meet such courts’ interpretation of the *Cour de cassation* decision, and therefore the ability of the Security Trustee to enforce the Collateral may be restricted. 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 to the benefit of the Security Agent as Parallel Debt 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. 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 Notes Trustee and the Trustee have certain assigned duties and rights under the Indenture, respectively, that become particularly important following Defaults or Events of Default, and acts as trustee in a fiduciary capacity in the best interests of the holders of the Notes, as applicable.

The concept of “trust” has been recognised 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. 13 September 2011 No. 10-25533 Belvedere) 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 1 July 1985 on the law applicable to trusts and on their recognition, so that the concept of “trust” has not been generally recognised under French law.

The Security Documents are granted to the benefit of the Security Agent, as applicable. 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 provisions dealing with fraudulent conveyance both in and outside of insolvency proceedings, called *action paulienne* provisions. 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 and any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant debtor by, as the case may be, the relevant insolvency officer of the debtor, or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings, and may be declared unenforceable against third parties if (according to case law): (i) the debtor performed such acts without an obligation to do so; (ii) the creditor concerned 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 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 (*à titre gratuit*), in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance. 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 defence 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, as applicable, the 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, as applicable, the security interests in the Collateral or the Guarantees could also be subject to recovery from the holders of the Notes, as applicable, 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 the 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 committees of creditors 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 this Offering Circular, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Agreement.

Order of priority of certain first-ranking pledges

The Notes will be secured by, among others, French law first-ranking security interests over securities accounts, bank accounts and receivables.

In France, no lien searches are available for security interests which are not registered with a public registry, such as pledges over securities accounts, bank accounts or receivables. As a result, no assurance can be given on the order of priority of such pledges.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the purchase agreement (the *Purchase Agreement*) dated as of the date of this Offering Circular, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, Notes in an aggregate principal amount set forth therein.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page of this Offering Circular. After the initial offering of the Notes, the Issue Price and other selling terms of the Notes may from time to time be varied by the Initial Purchaser without notice.

Persons who purchase Notes from the Initial Purchasers 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 hereof. Sale of the Notes may be made through affiliates of the Initial Purchasers or through registered broker-dealers.

The Purchase Agreement provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

The Issuer and the Guarantors have agreed not to, and not to allow their subsidiaries or other affiliates over which they or they exercise management or voting control, or any other person acting on their behalf, without the prior written consent of the Representative, to, sell, offer to sell, contract to sell, or otherwise dispose of any other debt securities issued or guaranteed by the Issuer or any of its subsidiaries that are substantially identical to the Notes or any securities issued or guaranteed by the Issuer or any of its subsidiaries that are convertible or exchangeable for such debt securities issued or guaranteed by the Issuer or any of its subsidiaries that are substantially identical to the Notes, during a period of 90 days from the date of the Purchase Agreement (if the sale of the Notes by the Issuer and the Guarantors to the Initial Purchasers shall have occurred).

Selling Restrictions

United States

Each purchaser of Notes offered by this Offering Circular, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under “*Notice to Investors*”.

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to “qualified institutional buyers” (*QIBs*) in reliance on Rule 144A under the Securities Act and in offshore transactions in reliance on Regulation S under the Securities Act. Any offer or sale of the Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act.

The Initial Purchasers have severally and not jointly represented in the Purchase Agreement that they had offered and sold the Securities, and agreed that they will offer and sell the Securities, only in accordance with Rule 144A or Rule 903 of Regulation S. Accordingly, neither they, their affiliates (as defined in Rule 501(b) of Regulation D), nor any persons acting on their or their affiliates’ behalf had engaged or will engage in any directed selling efforts (as defined in Regulation S) or in any form of general solicitation or general advertising (within the meaning of Regulation D) with respect to the Securities.

The Purchase Agreement provides that the Initial Purchasers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes in the United States only to persons whom they reasonably believe are QIBs.

The Issuer and the Initial Purchasers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person other than any QIB and to whom an offer has been made directly by one of the Initial Purchasers or its U.S. broker-affiliate. Distribution of this Offering Circular by any person outside the United States or by any QIB within the United States to any U.S. person or any person within the United States other than any QIB, and those persons, if any, retained to advise such person outside the United States or QIB with respect thereto, is unauthorised and any disclosure without the prior written

consent of the Issuer of any of its contents to any person within the United States other than any QIB and those persons, if any, retained to advise such person outside the United States or QIB, is prohibited.

Terms used in this section “—United States” have the meanings given to them by Rule 144A and Regulation S under the Securities Act. Resales of the Notes are restricted as described under “Notice to Investors”.

Prohibition of Sales to EEA Retail Investors

Each Initial Purchaser has severally represented, warranted and agreed in the Purchase Agreement that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, 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; or
- (b) a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

France

Each Initial Purchaser has severally represented and agreed in the Purchase Agreement that it has not offered or sold, directly or indirectly, the Notes to the public in France other than:

- (a) to qualified investors (*investisseurs qualifiés*) within the meaning of Article 2(e) of Regulation (EU) 2017/1129 in accordance with articles L.411-1 and L.411-2 of the French Monetary and Financial code; or
- (b) in a transaction that, conforming with article L.411-1- to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-2 of the French Monetary and Financial code, does not constitute a public offering of Notes (*offre au public de titres financiers*) in France.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Initial Purchaser has severally represented and agreed in the Purchase Agreement that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other Regulatory Restrictions

Each Initial Purchaser has severally represented, warranted and agreed in the Purchase Agreement that it:

- (a) 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (b) 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 UK, by the Group or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering

Circular or any other material relating to the Group 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 this Offering Circular 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. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Circular comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Circular and resale of the Notes. See “*Notice to Investors*”.

General

The Notes are a new issue of securities for which there currently is no market. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading the Notes on the Euro MTF Market. However, there can be no assurance that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers may make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act, and there can be no assurance that the prices at which the Notes will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this Offering. Accordingly, there can be no assurance as to the liquidity of or the trading market for the Notes. See “*Risk Factors—Risks Related to Our Financial Profile and the Notes—The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*”.

Delivery of the Notes was made against payment on the Notes on the date specified on the cover page of this Offering Circular, which was four business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as “T+4”). 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 this Offering Circular or the following seven 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 advisers.

In connection with the offering, the Stabilising Manager, or persons acting on its behalf, may engage in transactions that stabilise, maintain or otherwise affect the price of the Notes. Specifically, the Stabilising Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilise the price of the Notes. The Stabilising Manager, or persons acting on its behalf, may also over-allot the offering of the Notes, 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 Stabilising Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilise or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilising Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes. See “*Risk Factors—Risks Related to Our Financial Profile and the Notes—The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*”.

Certain Relationships

The Initial Purchasers or their respective affiliates are full-service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates have, from time to time, performed, and may in the future perform, various consulting, financial advisory, investment banking, commercial lending, capital markets services for the Parent Guarantor and its subsidiaries and affiliates, for which they received or will receive customary fees and expenses. In addition, each Initial Purchaser or their respective affiliates may be currently engaged as mergers and acquisitions advisers to the Parent Guarantor and its subsidiaries and affiliates or other interested parties, and each Initial Purchaser or their respective affiliates may advise such parties from time to time on other transactions in the future.

In the ordinary course of their various business activities, each Initial Purchaser or their respective 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 securities and/or instruments of the Issuer. Each Initial Purchaser or their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Certain affiliates of the Initial Purchaser are investors in certain of the Issuer's or its subsidiaries' existing securities, including the 2024 Notes. Certain Initial Purchasers and/or their respective affiliates are lenders under the Existing Super Senior Revolving Credit Facility of the Group, which will be terminated in connection with the Transactions. In addition, certain Initial Purchasers and/or their respective affiliates have bilateral commitments and exposures to entities of the Group.

The Initial Purchasers or their respective affiliates are the coordinating mandated lead arrangers and mandated lead arrangers under the New Super Senior Revolving Credit Facility. In addition, the Initial Purchasers or their respective affiliates, in their capacity as lenders, will also be lenders under the New Super Senior Revolving Credit Facility. BNP Paribas is acting as agent and security agent under the New Super Senior Revolving Credit Facility. See “*Description of Certain Financing Arrangements—New Super Senior Revolving Credit Facility*”.

BNP Paribas will be acting as security agent for the Notes.

NOTICE TO INVESTORS

Each prospective purchaser of the Notes is advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the Securities Act or any other applicable securities laws, and may not be offered, sold or delivered in the United States, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the Securities Act or in accordance with an applicable exemption from the registration requirements and those other laws. Accordingly, the Notes offered hereby are being offered and sold only (i) to “qualified institutional buyers” (**QIBs**) (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act (**Rule 144A**) and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (**Regulation S**). We use the terms “offshore transaction” and “United States” with the meanings given to them in Regulation S.

Each purchase of the Notes is subject to restrictions on transfer as summarised below. By purchasing the Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

- (1) It understands and acknowledges that the Notes and the Guarantees have not been registered under the Securities Act or any other securities laws, and that the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraphs (3) and (4) below.
- (2) It is not an “affiliate” (as defined in Rule 144) of us or the Issuer or acting on behalf of us or the Issuer, and that it is either:
 - (a) a QIB within the meaning of Rule 144A and is aware that any sale of these Notes to it is being made in reliance on Rule 144A, and it is purchasing the Notes for its own account or for the account of another QIB; or
 - (b) is purchasing the Notes in an offshore transaction outside the United States in accordance with Regulation S.
- (3) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act.
- (4) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will be deemed to agree, that until the expiry of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only: (a) to us or the Issuer; (b) under a registration statement that has been declared effective under the Securities Act; (c) for so long as the Notes are eligible for resale under Rule 144A, to a person it reasonably believes is a QIB that is purchasing for its own account or for the account of another QIB and 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 an offshore transaction to a person that is not a U.S. person in accordance with Rule 903 or Rule 904 of Regulation S; or (e) under 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 the its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations.
- (5) It acknowledges that the Securities offered and sold hereby in the manner set forth in clause (2)(a) are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, are being offered and sold in a transaction

not involving any public offering in the United States within the meaning of the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for the resale of such Notes.

- (6) It acknowledges that if a holder of Notes proposes to resell or transfer the Notes under clause (4)(e) above before the expiry of the Resale Restriction Period, it will be required to provide us and the Trustee, as applicable, with a letter from the purchaser in the form set forth in the Indenture, as applicable, which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the Securities Act.
- (7) It acknowledges that we and the Trustee, as applicable, reserve the right to require in connection with any offer, sale or other transfer of the Notes under clauses (4)(d) and (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee, as applicable.
- (8) It understands that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN 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, SUCH REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER OR THE GUARANTORS, (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 "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER 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 AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**), 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 INVEST 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 AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (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 TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

EACH PURCHASER OR TRANSFEREE OF A NOTE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) EITHER (I) NO PORTION OF THE ASSETS USED BY SUCH PURCHASER OR TRANSFEREE TO PURCHASE AND HOLD A NOTE CONSTITUTE ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4976 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**) OR PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (**SIMILAR LAWS**), OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO

INCLUDE “PLAN ASSETS” OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (II) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF A NOTE BY SUCH PURCHASER OR TRANSFEREE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

- (9) It has received a copy of the Offering Circular relating to the Offering of the Notes and acknowledges that (a) neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to it with respect to us or the Offering and the sale of the Notes other than the information contained in this Offering Circular and (b) it has had access to such financial and other information and has been offered the opportunity to ask questions of us and received answers thereto, as it deemed necessary in connection with the decision to purchase the Notes or Notes.
- (10) It: (a) is able to fend for itself in the Transactions contemplated by this Offering Circular; (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.
- (11) Either (a) no portion of the assets used by it to acquire and hold the Notes constitutes assets of (i) any employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (*ERISA*), (ii) any plan, individual retirement account, or other arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the *Code*) or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (*Similar Laws*) or (iii) any entity whose underlying assets are considered to include “plan assets” of any such plan, account, or arrangement, or (b) the purchase, holding and subsequent disposition of the Notes by it will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any provision of Similar Laws.
- (12) It acknowledges that the Registrar will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.
- (13) It agrees that it will give to each person to whom it transfers these Notes (including the Guarantees) notice of any restrictions on the transfer of the Notes (including the Guarantees).
- (14) It understands that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and agrees that if any of the representations and acknowledgements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.
- (15) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes (including the Guarantees, as applicable) or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer, the Guarantors or the Notes (including the Guarantees) in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes (including the Guarantees) will be subject to the selling restrictions set forth under “*Plan of Distribution*”.

For the purposes of this notice, the Notes include interests or rights in the Notes, as applicable, held in Euroclear or Clearstream, Luxembourg or any other clearing system.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Debevoise & Plimpton LLP as to matters of U.S. Federal and New York State law and French law (other than matters of French tax law) and by Weil, Gotshal & Manges (Paris) LLP on matters of French tax law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Clifford Chance LLP as to matters of U.S. Federal and New York State law and French law (including matters of French tax law).

STATUTORY AUDITORS

The consolidated financial statements of Mobilux 2 SAS as of and for the years ended 30 June 2018, 2019 and 2020 have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres, statutory auditors, as stated in their reports dated, 26 July 2018, 26 July 2019 and 31 July 2020, respectively, English translations of which appear herein.

PricewaterhouseCoopers Audit and Ernst & Young et Autres are both members of the *Compagnie régionale des commissaires aux comptes de Versailles*.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer and the Guarantors are organised under the laws of France. Each of the Security Documents relating to the Collateral is governed by the laws of France. The Indenture (including the Guarantees), the Notes and the Guarantees are governed by New York law. The Intercreditor Agreement is governed by English law. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. Federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Issuer and the Guarantors is located, you should consult with your own advisers in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

France

Our French counsel has advised us that the United States and France are not party to a treaty providing for 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, enforceable in the United States, would not directly be recognised or enforceable in France. A party in whose favour such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal judiciaire*) that has exclusive jurisdiction over such matter. Enforcement in France of such U.S. judgment could be obtained following proceedings brought in the form of an adversarial application if the 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 non-French judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter because the dispute is clearly connected to the jurisdiction of such court (*i.e.*, there was no international forum shopping), 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 is not contrary to French international public policy rules (both pertaining to the merits and to the procedure of the case, including fair trial rights);
- the U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there is no risk of conflict with proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment;
- the rights of the defendant were respected in the U.S. Federal or state court proceedings (French courts may check in particular that service was properly effected, that the facts were properly proved by reference to elements other than mere statements by the plaintiff and that the defendant had the opportunity of appealing to the extent an appeal was possible in the relevant court, in particular by having had knowledge of the judgment in sufficient time); and
- such U.S. judgment is not tainted with fraud under French law.

In addition to these conditions, 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. 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. However, the decision granting the *exequatur* is subject to appeal.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French Law No. 68-678 of 26 July 1968, as modified by French Law No. 80-538 of 16 July 1980 and French Ordinance No. 2000 916 of 19 September 2000 (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), 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 Hague Convention of 18 March 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters) or French procedural rules to obtain evidence in France or from French persons.

Similarly, the LIL 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.

We have been advised by our French counsel that if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French rules of conflict (including the law chosen by the parties to govern their contract) if its application contravenes overriding provisions of French law (*lois de police*) or French international public policy rules or in case of fraud. 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.

Our French counsel has also advised us that according to Article 15 of the French Civil Code (*Code civil*), a party may always bring in France an action against a French national (either a company or an individual). However, according to French 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, according to Article 14 of the French Civil Code, a French national may decide to bring an action before the French courts, regardless of the nationality of the defendant. Such jurisdiction of the French courts is not exclusive of the jurisdiction of foreign courts, provided that the dispute presents sufficient links to such foreign state, and the choice of jurisdiction is not fraudulent. The rights granted under Articles 14 and 15 of the French Civil Code may be waived.

The French Supreme Court (*Cour de cassation*) has recently held that a contractual provision submitting one party to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any competent jurisdiction was invalid. Accordingly, any provisions to the same effect in any relevant documents may 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.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchaser will be furnished with a copy of this Offering Circular and, to the extent provided to such Initial Purchaser by the Issuer, any related amendment or supplement to this Offering Circular. Each person receiving this Offering Circular and any related amendments or supplements to this Offering Circular acknowledges that:

- (1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- (2) such person has not relied on any Initial Purchaser or any person affiliated with any Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decisions; and
- (3) except as provided pursuant to (1) above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby other than those contained herein, and, if given or made, such information or representation should not be relied upon as having been authorised by the Company or any Initial Purchaser.

So long as the Notes are outstanding and 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) of the Exchange Act, make available to any 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 specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act. Any such request should be directed to us at Décomeubles Partners SAS, 1 Avenue Spinoza, 77184 Emerainville, Attention: Alice Schmauch.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See “*Description of the Notes—Certain Covenants—Reports*”.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, copies of this Offering Circular, the Issuer’s organisational documents, the by-laws of the Issuer and the Guarantors, the Guarantees and Security Documents, the Base Indenture (which includes the form of the Notes), together with the First Supplemental Indenture, as applicable, and our most recent consolidated financial statements published by us may be inspected and obtained at the office of the Listing Agent in Luxembourg. See “*Listing and General Information*”.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. There can be no assurance that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, or that such listing will be maintained.

It is expected that the approval in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Euro MTF Market will be granted by the Luxembourg Stock Exchange after the issuance of the Notes, respectively. Transactions will normally be effected for settlements in euros and for delivery on the third business day after the day of the transaction.

We have appointed Deutsche Bank AG, London Branch as paying agent and Deutsche Bank Luxembourg S.A. as transfer agent to make payments on, when applicable, and transfers of the Notes for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and Deutsche Bank Luxembourg S.A. as listing agent. We reserve the right to change this appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the same manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is currently expected to be the *Luxemburger Wort*) or, to the extent and in the same manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, copies (and certified English translations where documents at issue are not in English) of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- a copy of this Offering Circular;
- the organisational documents of the Issuer;
- the by-laws of the Issuer and the Guarantors;
- the Guarantees and Security Documents;
- our most recent audited consolidated financial statements, and any interim financial statements published by us on a quarterly basis; and
- the Base Indenture (which includes the form of the Notes), together with the First Supplemental Indenture, as applicable.

Application may be made to the Luxembourg Stock Exchange to have the Notes removed from listing on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, including if necessary to avoid any new withholding taxes in connection with the listing.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, the Notes will be freely transferable and negotiable.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream.

	ISIN	Common Code
Regulation S Global Notes	XS2357737910	235773791
Rule 144A Global Notes	XS2357738058	235773805

Legal Information

The Issuer

The Issuer, **Mobilux Finance SAS**, is a limited liability company (*société par actions simplifiée*) incorporated under the laws of France on 25 July 2016. On the date of this Offering Circular, the business address of the Issuer is 1 Avenue Spinoza, 77184 Emerainville, France. The Issuer is registered under number 821 716 032 R.C.S. Meaux. On the date of this Offering Circular, the Issuer's share capital is €50,000, divided into 1 fully paid share, with a nominal value of €50,000. The Issuer is wholly-owned by Mobilux Acquisition SAS, which is a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France. Mobilux Acquisition SAS is wholly-owned by Mobilux 2 SAS, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, which in turn is wholly-owned by Mobilux 1 SAS, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, which is in turn owned by Mobilux S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg.

The Issuer's Legal Entity Identifier (LEI) is 9695002JF900PZD9TO50.

The Issuer's principal field of activity is to act as an investment holding company and group finance company, and to provide financial assistance to the Group and to coordinate the business of any corporate bodies in which the Issuer is directly or indirectly interested, and to acquire (whether by original subscription, tender, purchase, exchange or otherwise) the whole or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by any person and any other asset of any kind and to hold the same as investments, and to sell, exchange and dispose of the same.

The Issuer's financial year, as of the date hereof, runs from 1 July to 30 June.

The offering of the Notes by the Issuer was authorised by shareholders' written resolutions dated 18 June 2021 and 23 June 2021.

Guarantors

As of 31 March 2021, the Guarantors and the Issuer represented 91.2% of the total gross assets of the Group on a consolidated basis (before intercompany eliminations). For the twelve months ended 31 March 2021, the Guarantors and the Issuer were responsible for 97.4% of the Group's total operating profit before depreciation and amortisation, and other operating income and expense on the same consolidated basis (before intercompany eliminations).

Mobilux 2 SAS

The Parent Guarantor, **Mobilux 2 SAS**, is a limited liability company (*société par actions simplifiée*) incorporated on 17 May 2016 under the laws of France. The Parent Guarantor's registered office is 1 Avenue Spinoza, 77184 Emerainville, France. The entirety of the Parent Guarantor's share capital is held by Mobilux 1 SAS, a limited liability company (*société par actions simplifiée*) incorporated under the laws of France. On the date of this Offering Circular, the Parent Guarantor's share capital is €7,760,001, divided into 7,760,001 fully paid shares, with a nominal value of €1 per share.

The Parent Guarantor's field of activity is to carry on general commercial business for its own account, including the holding of majority or minority interests in any company and the provision of any type of consulting or advisory services.

The Parent Guarantor's financial year, as of the date hereof, runs from 1 July to 30 June. The Parent Guarantor will publish annual non-consolidated financial statements as required by French law. These annual non-consolidated financial statements will be filed with the registrar office of the commercial court no later than eight months following the end of the financial year as required by French law.

The Parent Guarantor is managed by its president (*président*) under the supervision of its supervisory board (*Conseil de Surveillance*). The Parent Guarantor's supervisory board also approves the principal decisions made by the Parent Guarantor, including those listed below under "*Management—Mobilux Acquisition SAS—Management Board*". The Parent Guarantor's

supervisory board is composed of four members, with each of our Sponsors appointing two members. The table below sets forth the names and ages (as of 31 March 2021) of the four members of the Parent Guarantor's Supervisory Board.

Name	Age	Position
Marco Herbst	48	President
Gregory Lai.....	42	Member
Matthias Ley	39	Vice-President
Laurent Seifert	36	Member

Marco Herbst, 48, is a partner at CD&R and joined the firm in 2006. He is currently a Director of BUT, Conforama France and Motor Fuel Group, and was a Director of B&M Retail and British Car Auctions. Before joining CD&R, Marco worked for Duke Street Capital and Merrill Lynch & Co. Marco is a graduate of Università Commerciale Luigi Bocconi in Milan, Italy.

Gregory Lai, 42, is a partner at CD&R. Gregory is currently a Director of BUT, Conforama France and Motor Fuel Group, and was a Director of B&M Retail. Previously, he worked at Mubadala Development Company, where he helped to establish Mubadala Capital. Prior to that, he worked in the Investment Banking Division of Citigroup. Gregory graduated from ESCP-EAP European School of Management in Paris.

Matthias Ley, 39, is a managing director at WM Holding. Since 2014, Matthias is also an investment manager at XXXLutz Group based in Wels Austria. Previously, he was working in consulting and retail. Matthias is a graduate of the University of Applied Sciences Wr. Neustadt and holds an M.B.A. from IESE Business School.

Laurent Seifert, 36, is a commercial director at Conforama France since January 2021. Laurent was previously commercial director at BUT for almost four years between 2017 and 2021. Previously, he was responsible for different missions in sales and expansion within the XXXLutz Group in Austria and Germany. Laurent has a Bachelor degree of the Institut Supérieur Européen de Gestion in Paris.

The Guarantee by the Parent Guarantor was authorised by a supervisory board's written resolution dated 22 June 2021.

The Parent Guarantor directly owns 100% of the share capital of Mobilux Acquisition SAS, which directly owns 100% of the share capital of each of the Issuer and Décomeubles Partners SAS. As such, the Parent Guarantor directly or indirectly owns 100% of the assets and operations of the Group.

Mobilux Acquisition SAS

Mobilux Acquisition SAS is a limited liability company (*société par actions simplifiée*) incorporated on 13 May 2016 under the laws of France. On the date of this Offering Circular, the business address of Mobilux Acquisition SAS is 1 Avenue Spinoza, 77184 Emerainville, France. The entirety of Mobilux Acquisition SAS's share capital is held by the Parent Guarantor. On the date of this Offering Circular, Mobilux Acquisition SAS's share capital is €19,400,001, divided into 19,400,001 fully paid shares, with a nominal value of €1 per share.

Mobilux Acquisition SAS's field of activity is to carry on general commercial business for its own account, including the holding of majority or minority interests in any company and the provision of any type of consulting or advisory services.

Mobilux Acquisition SAS's financial year, as of the date hereof, runs from 1 July to 30 June. Mobilux Acquisition SAS will publish annual non-consolidated financial statements as required by French law. These annual non-consolidated financial statements will be filed with the registrar office of the commercial court no later than eight months following the end of the financial year as required by French law.

The Guarantee by Mobilux Acquisition SAS was authorised by a supervisory board's written resolution dated 22 June 2021.

Décomeubles Partners SAS

Décomeubles Partners SAS's registered office is located at 1 Avenue Spinoza, 77184 Emerainville. Décomeubles Partners SAS's field of activity is to carry on general commercial business for its own account.

BUT SAS

BUT SAS's registered office is located at 1 Avenue Spinoza, 77184 Emerainville. BUT SAS's field of activity is all operations relating directly or indirectly to distribution, particularly of home equipment, which activities may contribute to the development of the company, as well as related activities, as set forth in Article 2—"Objet" of BUT SAS's articles of association.

BUT International SAS

BUT International SAS's registered office is located at 1 Avenue Spinoza, 77184 Emerainville. BUT International SAS's field of activity is to assist companies, pursuant to standard contracts, particularly by providing services related to organisation, management, publicity, professional training, selecting products suppliers, leasing trademarks, marketing, promoting sales, conducting market studies, establishing organisational structures and store equipment relating to furnishings, households and home equipment and, more generally, relating to all consumer goods with the exception of perishable foodstuffs, as well as certain related activities.

Cogesem SAS

Cogesem SAS's registered office is located at 1 Avenue Spinoza, 77184 Emerainville. Cogesem SAS's field of activity is to carry on general commercial business.

Significant Change

Except as disclosed in this Offering Circular:

- there has been no significant change in the financial position of the Issuer since 31 March 2021, and there has been no material adverse change in the prospects of the Issuer since 30 June 2020;
- there has been no significant change in the financial or trading position of the Group since 31 March 2021, and there has been no material adverse change in the Group's financial position as set forth in the 2020 Financial Statements; and
- the Issuer has not been engaged in any litigation, administrative proceeding or arbitration, and the Issuer and the Guarantors are not aware of any such litigation, administrative proceeding or arbitration pending or threatened against the Issuer, that may have or have had in the recent past (covering at least the previous 12 months) a significant effect on the financial position of the Issuer or the Group.

The Issuer accepts responsibility for the information contained in this Offering Circular.

FINANCIAL INFORMATION OF MOBILUX 2 SAS

The unaudited Interim Financial Statements for Mobilux 2 SAS and its subsidiaries as of and for the nine months ended 31 March 2021 and the audited Annual Financial Statements for the years ended 30 June 2020 and 2019 set forth below are translations of the French-language financial statements. In the event of a discrepancy between the French-language financial statements and the English-language financial statements, the French-language version will prevail.

Unaudited Condensed Interim Consolidated Financial Statements of Mobilux 2 SAS for the nine months ended 31 March 2021

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Audited Consolidated Financial Statements of Mobilux 2 SAS for the year ended 30 June 2020 (English Translation)

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Audited Consolidated Financial Statements of Mobilux 2 SAS for the year ended 30 June 2019 (English Translation)

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MOBILUX 2

Statutory Auditors' report on review of the interim condensed consolidated financial statements

9-months period from July 1st, 2020 to March 31, 2021

MOBILUX 2

**Statutory Auditors' report on review of the interim condensed consolidated financial statements
9-month period from July 1st, 2020 to March 31, 2021- Page 2**

PricewaterhouseCoopers Audit

63, rue de Villiers
92200 Neuilly-sur-Seine

ERNST & YOUNG et Autres

Tour First
TSA 14444
92037 Paris-La Défense

**Statutory Auditors' report on review of the interim condensed consolidated
financial statements**

9-month period from July 1st, 2020 to March 31, 2021

To the Chairman,
MOBILUX 2
1 Avenue Spinoza
77184 Emerainville

In our capacity as Statutory Auditors of Mobilux 2 and in accordance with your request in connection with your project to issue an high yield bond, we have reviewed the accompanying interim condensed consolidated financial statements of Mobilux 2 for the 9-month period from July 1st, 2020 to March 31, 2021 (the "Financial statements").

Due to the global crisis related to the Covid-19 pandemic, the Financial statements have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our review procedures.

The Financial statements were prepared under the responsibility of the management in accordance with IFRS/the basis set out in the notes. Inasmuch as they were not intended for the shareholders, they were not subject to approval by 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 professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement. A review of interim Financial statements consists of making inquiries, 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRS as adopted by the European Union applicable to interim financial information.

This report has been prepared for your attention in the context described above and may not be used,

distributed or cited for any other purposes. We accept no liability with regard to any third party to whom this report is distributed or into whose hands it may fall.

This report is governed by French law and construed in accordance with French law. French courts have exclusive jurisdiction to judge any dispute, claim or disagreement that may result from our letter of engagement or this report or any related question. Each party irrevocably renounces his or her rights to oppose legal action brought before these courts, to contend that the action was brought before a court that was not competent, or that these courts do not have jurisdiction.

Neuilly-sur-Seine and Paris-La Défense, May 21, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

Camille Phelizon

Bruno Bizet

Romain Lancner



Mobilux 2 SAS

Unaudited condensed interim
IFRS consolidated financial
statements

as of March 31, 2021

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Consolidated statement of financial position

(in € thousands)	Note	March 31, 2021	June 30, 2020
Assets			
Goodwill	B.3	408,855	408,855
Other intangible assets	B.4	155,015	156,810
Right-of-use assets	B.5	325,115	300,295
Property, plant and equipment	B.6	87,264	77,960
Other non-current assets	B.8	30,866	29,200
Deferred tax assets	B.15	10,218	10,096
Non-current assets		1,017,333	983,216
Inventories	B.9	289,281	290,596
Trade and other receivables	B.10	157,592	139,337
Income tax receivables	B.16	6,363	14,318
Current derivatives with a positive fair value	B.7	2,998	1,514
Other current assets	B.8	722	1,141
Cash and cash equivalents	B.11	452,337	428,543
Current assets		909,293	875,449
Total assets		1,926,626	1,858,665
Equity and liabilities			
Share capital	B.12	7,760	7,760
Share premium		69,840	69,840
Reserves		(76,461)	(89,345)
Other comprehensive income (loss)		(6,282)	(6,264)
Profit (loss) for the period		106,927	12,792
Equity attributable to owners of the Company		101,784	(5,217)
Non-controlling interests		-	-
Total equity		101,784	(5,217)
Shareholder loan	B.17	85,017	148,660
Loans and borrowings	B.17	375,023	373,497
Lease liabilities	B.17	264,597	238,032
Other non-current liabilities	B.18	146,485	147,304
Provision for retirement and other employee benefit obligations	B.13	30,413	29,158
Non-current provisions	B.14	4,418	1,695
Deferred tax liabilities	B.15	53,099	55,760
Non-current liabilities		959,052	994,106
Loans and borrowings	B.17	5,819	101,517
Lease liabilities	B.17	78,739	76,309
Trade and other payables	B.19	713,083	655,580
Current provisions	B.14	18,788	17,945
Income tax payables	B.16	48,845	18,087
Bank overdrafts	B.11	516	338
Current liabilities		865,790	869,776
Total equity and liabilities		1,926,626	1,858,665

Consolidated income statement

(in € thousands)	Note	March 31, 2021 (9 months)	March 31, 2020 (9 months)
Continuing operations			
Retail revenue		1,533,360	1,199,475
Other revenue		134,501	111,976
Revenue	C.1	1,667,861	1,311,451
Cost of sales	C.2	(917,737)	(736,137)
Gross profit		750,124	575,314
Personnel expenses	C.3	(236,366)	(202,191)
Taxes other than on income		(20,262)	(21,599)
External expenses	C.4	(174,670)	(168,752)
Other income from operations	C.5	5,119	2,802
Other expense from operations	C.5	(9,427)	(4,891)
Recurring operating profit before depreciation, amortisation and impairment, and other operating income and expense		314,518	180,683
Other operating income and expense	C.6	(17,051)	(8,404)
Depreciation, amortisation and impairment of non-current assets		(94,426)	(95,265)
Operating profit (loss)		203,041	77,014
Cost of debt	C.7	(39,310)	(41,320)
Interest income		147	147
Other financial income and expense	C.8	(10,335)	(6,570)
Profit (loss) before income tax		153,543	29,271
Income tax	C.9	(46,616)	2,775
Profit (loss) for the period		106,927	32,046

Consolidated statement of comprehensive income

(in € thousands)	Note	March 31, 2021 (9 months)	March 31, 2020 (9 months)
Profit (loss) for the period		106,927	32,046
Exchange differences on translating foreign operations		93	(63)
Effective portion of cash flow hedges	B.7	1,252	428
Income tax relating to items that may be subsequently reclassified to profit or loss		(416)	(148)
Total items that may be subsequently reclassified to profit or loss		929	217
Actuarial gains and losses on retirement benefit obligations	B.13	(1,256)	-
Income tax on items that will not be subsequently reclassified to profit or loss		402	-
Total items that will not be subsequently reclassified to profit or loss		(854)	-
Total other comprehensive income (loss)		75	217
Comprehensive income (loss)		107,002	32,263
Attributable to:			
Owners of the Company		107,002	32,263
Non-controlling interests		-	-
Comprehensive income (loss)		107,002	32,263

Consolidated statement of changes in equity

(in € thousands)	Capital	Consolida	Translati	Other	Total	Non-	Total
	reserves	ted reserves	on reserves	compreh ensive income for the period		controll ing interest s	equity
Equity at June 30, 2019	77,600	(89,442)	140	(4,260)	(15,962)	-	(15,962)
First-time application of IFRS 16	-	-	-	-	-	-	-
First-time adoption of IFRIC23	-	-	-	-	-	-	-
Equity at July 1, 2019	77,600	(89,442)	140	(4,260)	(15,962)	-	(15,962)
Profit (loss) for the period		32,046	-	-	32,046		
Exchange differences on translating foreign operations		-	(63)	-	(63)		
Effective portion of cash flow hedges		-	-	280	280		
Total items that may be subsequently reclassified to profit or loss		-	(63)	280	217		
Actuarial gains and losses on retirement benefit obligations		-	-	-	-		
Total items that will not be subsequently reclassified to profit or loss		-	-	-	-		
<i>Comprehensive income (loss)</i>		<i>32,046</i>	<i>(63)</i>	<i>280</i>	<i>32,263</i>	<i>-</i>	<i>32,263</i>
Dividends	-	-	-	-	-	-	-
Change in share capital and share premium	-	-	-	-	-	-	-
Other movements	-	(4)	-	-	(4)	-	(4)
Equity at March 31, 2020	77,600	(57,400)	77	(3,980)	16,297	-	16,297
Profit (loss) for the period		(19,254)	-	-	(19,254)		
Exchange differences on translating foreign operations		-	25	-	25		
Effective portion of cash flow hedges		-	-	(1,268)	(1,268)		
Total items that may be subsequently reclassified to profit or loss		-	25	(1,268)	(1,243)		
Actuarial gains and losses on retirement benefit obligations		-	-	(1,016)	(1,016)		
Total items that will not be subsequently reclassified to profit or loss		-	-	(1,016)	(1,016)		
<i>Comprehensive income (loss)</i>		<i>(19,254)</i>	<i>25</i>	<i>(2,284)</i>	<i>(21,513)</i>	<i>-</i>	<i>(21,513)</i>
Dividends	-	-	-	-	-	-	-
Change in share capital and share premium	-	-	-	-	-	-	-
Other movements	-	(1)	-	-	(1)	-	(1)
Equity at June 30, 2020	77,600	(76,655)	102	(6,264)	(5,217)	-	(5,217)
Profit for the period		106,926	-	-	106,926		
Exchange differences on translating foreign operations		-	93	-	93		
Effective portion of cash flow hedges		-	-	836	836		
Total items that may be subsequently reclassified to profit or loss		-	93	836	929		
Actuarial gains and losses on retirement benefit obligations		-	-	(854)	(854)		
Total items that will not be subsequently reclassified to profit or loss		-	-	(854)	(854)		
<i>Comprehensive income (loss)</i>		<i>106,926</i>	<i>93</i>	<i>(18)</i>	<i>107,001</i>	<i>-</i>	<i>107,001</i>
Dividends	-	-	-	-	-	-	-
Change in share capital and share premium	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Equity at March 31, 2021	77,600	30,271	195	(6,282)	101,784	-	101,784

Consolidated statement of cash flows

	March 31, 2021 March 31, 2020	
	(9 months)	(9 months)
Profit (loss) for the period before income tax	153,543	29,271
Adjustments for:		
Depreciation, amortisation and impairment of non-current assets	95,326	95,267
Additions to (reversals of) provisions	3,565	320
Net (gain) loss on disposals	140	(4)
Net financial expense	39,163	41,173
Other non-cash items	560	(1,439)
	292,297	164,588
(Increase) decrease in inventories	1,315	17,601
(Increase) decrease in trade and other receivables	(18,906)	(20,190)
Increase (decrease) in trade and other payables	50,334	(27,887)
Income tax paid	(10,704)	(825)
Net cash flows from (used in) operating activities (A)	314,336	133,287
Dividends received	-	-
Proceeds from sales of property, plant and equipment and intangible assets	(3)	104
Proceeds from sales of other non-current assets	-	-
Acquisitions of property, plant and equipment and intangible assets	(28,790)	(22,849)
Acquisitions of subsidiaries	-	-
Acquisitions of non-consolidated companies	(1,400)	-
(Increase) decrease in other financial assets	(128)	(94)
Net cash flows from (used in) investing activities (B)	(30,321)	(22,839)
Net cash flows before financing activities	284,015	110,448
Proceeds from issues of borrowings	B.17.2 -	100,000
Repayment of borrowings	B.17.2 (163,357)	(62,562)
Increase (decrease) in capital	-	-
Net interest paid	(26,945)	(25,923)
Other movements	(69,885)	(5,078)
Net cash flows from (used in) financing activities (C)	(260,187)	6,437
Impact of changes in exchange rates (D)	(212)	94
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	23,616	116,979
Cash and cash equivalents at beginning of period	428,205	229,075
Cash and cash equivalents at end of period	B.11 451,821	346,054

Notes to the consolidated financial statements

Mobilux 2 SAS ("the Company") was incorporated on May 17, 2016 and is domiciled in France. The address of its registered office is 1, avenue Spinoza, 77184 Emerainville, France. Its entire share capital is owned by Mobilux 1 SAS. The Company is ultimately controlled and managed by Mobilux SARL, a consortium comprising the financial investor Clayton, Dubilier & Rice (CD&R) (50%) and WM Holding (50%). CD&R has in-depth knowledge of the retail industry and the French market. WM Holding is an investment vehicle owned by the co-founder of XXXL Lutz group, the European number 2 in the furniture retail industry.

The Company's reporting period closes on June 30.

The unaudited condensed interim consolidated financial statements for the 9-month period ended March 31, 2021 comprise the Company and its subsidiaries and equity-accounted investments (hereafter referred to collectively as "the Group" and individually as a "subsidiary").

The Group is one of France's largest retailers for furniture (beds, kitchens, living rooms and interior decoration) and electrical goods, categorized as white (domestic appliances such as refrigerators, washing machines, microwaves, coffee machines and irons), brown (televisions, multimedia and audio devices) and grey (IT and telephony). The Group also offers financing services to its customers within the scope of a partnership with Cetelem.

A Accounting policies

A.1 Basis of preparation and accounting principles

The unaudited condensed interim consolidated financial statements as of March 31, 2021 and for the nine months ended March 31, 2021 and March 30, 2020 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements are condensed and therefore do not include all the disclosures required for a complete set of annual financial statements. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended June 30, 2020.

The accounting principles used for the condensed interim financial statements for the nine months ended March 31, 2021 are consistent with those followed in the preparation of the consolidated financial statements for the year ended June 30, 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 related to interest rate benchmark reform and IFRS 3 related to business combinations have been adopted by the European Union whose application has been mandatory since July 1, 2020. These amendments had no impact on the Company's financial statements.

Furthermore, no standard or interpretation published in the Official Journal of the European Union (OJ) but not yet effective was early adopted by the Group.

These condensed interim consolidated financial statements were prepared under the responsibility of the management.

Despite December being the strongest month of the year in terms of revenue and operating profit, the selling of housing goods is slightly impacted by seasonal fluctuations.

Financial data is presented in thousands of euros.

Details of financial risk management are included in the annual consolidated financial statements for the year ended June 30, 2020.

A.2 Use of estimates

The preparation of consolidated financial statements requires to use estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, as well as the data presented in the accompanying notes. Group management reviews these estimates and assumptions on a regular basis to ensure their pertinence in light of past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions.

The characteristics of the main accounting methods, judgements and other uncertainties affecting the application of these accounting methods, along with the sensitivity of the Group's results to changes in these conditions and assumptions, should be taken into account. The Group makes estimates and assumptions about the future. The resulting amounts recorded in the accounts are rarely identical to actual amounts. The main assumptions about future events, along with other sources of uncertainty arising from the use of estimates at the reporting date for which there is a significant risk of adjustments to the net carrying amounts of assets and liabilities in a future reporting period, concern:

- the fair value of assets and liabilities resulting from a business combination;
- the recoverable amount of goodwill and intangible assets used in impairment tests;
- current and non-current provisions, particularly for defined benefit obligations and long-term employee benefits;
- impairment of inventories and doubtful receivables;
- uncertain tax positions.

At the end of each interim period, the income tax income or expense is calculated in accordance with the principles set out in IAS 34. Income tax is calculated for each individual tax entity based on the best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for tax effects resulting from one-off items recognised in the period in which they occurred.

B Presentation of financial statements – Statement of financial position

B.1 Significant events

The significant events that occurred during the period ended March 31, 2021 are:

- On September 21, 2020, the Group repaid its Super Senior revolving credit facility for an amount of €100 million.
- On October 21, 2020, Mobilux 2 proceeded with the early repayment of part of its shareholder loan granted by Mobilux 1 for an aggregate amount of €70 million.
- But International has decided to terminate its electrical after sales services contract with one of its after sales provider. After sales services provided by this supplier will end progressively by June 30, 2021. As a counterpart, But International has paid a termination indemnity for an amount of €7.5 million, recognised under other operating expenses.
- Minority equity participation on August 28, 2020 in BSP, the holding company of Rue du Commerce for €1.4 million.
- Despite the macro-economic impacts of the COVID-19 pandemic, the Group's ability to continue as a going concern was not called into question at the balance sheet date. During the period, the group activities have been impacted by the government's measures related to the curfew and the lockdown. The main accounting impacts are the following:
 - The Group resorted to short-time working during this period of under-activity. The expected compensation is recorded as a reduction of personnel expenses.
 - Some landlords are granting rent credits over the lockdown period for COVID-19 pandemic. This decrease of the rent expense is recognised in recurring operating income for €5.5 million, in accordance with the amendment to IFRS16 relating to the recognition of rental adjustments granted by lessors linked with the Covid-19 pandemic issued by IASB in May 2020 and adopted by the European Union in October 2020.
 - The additional costs directly generated by this health crisis are recognised under other operating income and expenses. They consist mainly of the costs of immobilization of goods in transit through ports, purchases of personal protective equipment and additional cleaning and disinfection costs.
 - The Covid-19 pandemic and its macro-economic impacts have been taken into account in the valuation of the Group's assets and financial instruments. There is no significant impact in the accounts as of March 31, 2021.

B.2 Business combinations

No acquisitions or disposals occurred during the period.

B.3 Goodwill

Movements in the period ended March 31, 2021

(in € thousands)	June 30, 2020	Increase	Decrease	Other movements	March 31, 2021
Goodwill	408,855	-	-	-	408,855
Impairment loss	-	-	-	-	-
Carrying amount	408,855	-	-	-	408,855

As no downside triggering event has been identified, no impairment testing has been performed as of March 31, 2021.

B.4 Other intangible assets

(in € thousands)	June 30, 2020	Increase	Decrease	Change in scope of consolidation , reclassificatio ns and translation reserves	March 31, 2021
Software	51,539	253	(2)	5,251	57,040
But brand	69,600	-	-	-	69,600
Franchisee relations	71,000	-	-	-	71,000
Other intangible assets	6,200	8,261	-	(5,127)	9,334
Cost	198,339	8,514	(2)	124	206,974
Amortisation of software	(30,454)	(8,115)	2	(1)	(38,567)
Amortisation Franchisee relations	(11,062)	(2,315)	-	-	(13,377)
Amortisation of other intangible assets	(13)	(3)	-	1	(15)
Total amortisation	(41,529)	(10,433)	2	-	(51,959)
Carrying amount	156,810	(1,919)	-	124	155,015

Software costs mainly relate to the internally developed sales management system.

The Group recognised two intangible assets – the But brand and franchisee relations – as part of the allocation of the purchase price of the Décomeubles Partners acquisition by Mobilux Acquisition.

Other intangible assets are mainly related to IT projects.

B.5 Right-of-use assets

Analysis of right-of-use assets by category of underlying property

(in € thousands)	Real Estate	Other assets	Total
Total at June 30, 2020	279,355	20,940	300,295
Addition of assets, net of lease incentives	71,480	13,002	84,482
Contracts modifications	9,889	(485)	9,404
Impairment losses	-	-	-
Amortisation expenses	(56,765)	(12,171)	(68,936)
Terminations	(115)	(25)	(140)
Translation adjustments and other	12	-	12
Total at March 31, 2021	303,854	21,261	325,115

B.6 Property, plant and equipment

Movements in the period ended March 31, 2021

(in € thousands)	June 30, 2020	Increase	Decrease	Change in scope of consolidation , reclassificatio ns and translation reserves	March 31, 2021
Land	4,850	-	-	-	4,850
Buildings	10,313	-	(7)	959	11,265
Fixtures and fittings	4,702	-	(1,546)	484	3,640
Plant and equipment	125,147	29	(6,164)	16,079	135,091
Other property, plant and equipment	7,942	24,457	(374)	(17,637)	14,388
Cost	152,954	24,486	(8,091)	(115)	169,234
Depreciation of buildings	(4,308)	(648)	7	-	(4,949)
Depreciation of fixtures and fittings	(1,751)	(329)	1,546	-	(534)
Depreciation of plant and equipment	(67,504)	(13,803)	6,163	-	(75,144)
Depreciation of other property, plant and equipment	(1,431)	(276)	374	(10)	(1,343)
Total Depreciation	(74,994)	(15,056)	8,090	(10)	(81,970)
Carrying amount	77,960	9,430	(1)	(125)	87,264

Land and buildings mainly comprise retail outlets, warehouses and offices.

Property, plant and equipment in progress are recognised within "Other property, plant and equipment" and amounted to €12,007 thousand (remodeling stores) at March 31, 2021 (€5,684 thousand at June 30, 2020).

B.7 Derivative instruments with a positive fair value

(in € thousands)	Non-current	Current
Value of derivatives at June 30, 2020	-	1,514
New derivatives subscribed	-	792
Change in fair value: effective portion (other comprehensive income impact)	-	1,253
Change in scope of consolidation and reclassifications	-	-
Change in fair value: ineffective portion (profit or loss impact)	-	(560)
Value of derivatives at March 31, 2021	-	2,998

The Group protects itself against currency risk by hedging approximately one year's worth of the US dollar purchases that it makes in Asia. Plain vanilla options, forward purchases and rare asymmetrical options are in line with the expected timing of monthly purchases.

B.8 Other assets

(in € thousands)	March 31, 2021	June 30, 2020
Deposits for commercial premises	12,037	11,908
Investments in non-consolidated companies	1,416	15
Prepaid expenses	17,396	16,810
Loans and bond debentures	17	467
Total other non-current assets	30,866	29,200
Loans and bond debentures	722	1,141
Total other current assets	722	1,141

Prepaid expenses mainly comprise the incremental costs of obtaining long-term insurance contracts in accordance with the IFRS 15 standard "Revenue from contracts with customers."

B.9 Inventories

(in € thousands)	March 31, 2021	June 30, 2020
Goods for resale, gross	293,173	296,615
Impairment	(3,892)	(6,019)
Carrying amount	289,281	290,596

B.10 Trade and other receivables

(in € thousands)	March 31, 2021	June 30, 2020
Trade receivables	71,028	64,801
Impairment of trade receivables	(3,226)	(3,281)
Carrying amount	67,802	61,520
Deposits and advance payments to suppliers	4,331	3,452
Tax and social security receivables	49,235	45,493
Amounts receivable on sales of fixed assets	6	3
Other receivables	20,082	15,179
Impairment of other receivables	(2,424)	(2,248)
Prepaid expenses	18,560	15,938
Other receivables	89,790	77,817
Total trade and other receivables	157,592	139,337

At 31 March 2021, trade receivables primarily comprised (i) rebates billed to suppliers for listing them within But stores (€46.8 million) and (ii) customer deferred debit payments due after the end of the reporting period (€11.7 million). The balance essentially relates to amounts due from franchisees.

Other receivables mainly include rebates due from suppliers.

B.11 Cash and cash equivalents

(in € thousands)	March 31, 2021	June 30, 2020
Cash at bank and in hand	362,319	428,543
Short-term deposits and monetary funds (SICAV)	90,018	-
Total	452,337	428,543
Current bank overdrafts and accrued interest not yet due	(516)	(338)
Cash and cash equivalents in the statement of cash flows	451,821	428,205

B.12 Share capital

The Group's share capital amounted to €7,760,001 (€7,760,001 at June 30, 2020), comprising 7,760,001 shares each with a par value of €1.

B.13 Employee benefits

B.13.1 Defined contribution plans

In France, the main retirement benefits are provided through collective bargaining agreements. The Group also provides a supplementary defined contribution plan (Supplementary Pension Plan) for its managerial-grade employees (*cadres*).

B.13.2 Defined benefit plans and other long-term employee benefits

The Group is required to pay lump sum retirement indemnities to employees when they retire from service.

A qualified, independent actuary updated the actuarial valuations of the Group's defined benefit plans and other long-term employee benefits at March 31, 2021.

(in € thousands)	June 30, 2020	Increase	Decrease		Actuarial gain and losses and effect of changes in scope of consolidation	March 31, 2021
				Used Unused		
Provision for employee benefits	29,158	406	(407)	-	1,255	30,413
Total	29,158	406	(407)	-	1,255	30,413

B.14 Provisions

Movements in the period ended March 31, 2021

(in € thousands)	June 30, 2020	Increase	Decrease		Change in scope of consolidation and reclassifications	March 31, 2021
				Used Unused		
Provision for after-sales warranties	15,213	2,476	-	(3,968)	(1)	13,720
Other	4,427	5,578	(519)	-	-	9,486
Total	19,640	8,054	(519)	(3,968)	(1)	23,206
o/w Non-current liabilities	1,695	3,190	(466)	-	(1)	4,418
o/w Current liabilities	17,945	4,864	(4,021)	-	-	18,788

Other provisions correspond to provisions for claims, disputes and other risks.

The reversal of the provision for after-sales warranties is unused due to the change of the after sales provider contract.

B.15 Deferred tax

Movements in deferred tax assets and liabilities (before offsetting taxes levied by the same taxation authority as permitted by IAS 12) are shown in the table below:

Deferred tax assets

(in € thousands)	March 31, 2021	June 30, 2020
Balance at beginning of period	10,096	10,765
Income (expense) for the period	124	(730)
Income tax recognised in equity	(3)	61
Change in scope of consolidation and reclassifications	-	-
Balance at end of period	10,218	10,096

Deferred tax liabilities

(in € thousands)	March 31, 2021	June 30, 2020
Balance at beginning of period	55,760	70,893
Expense (income) for the period	(2,675)	(14,142)
Income tax recognised in equity	14	(991)
Change in scope of consolidation and reclassifications	-	-
Balance at end of period	53,099	55,760

B.16 Income tax receivables and payables

Income tax receivables

(in € thousands)	March 31, 2021	June 30, 2020
Tax receivables	173	173
Mobilux 1 tax consolidation group	6,190	14,145
Total income tax receivables	6,363	14,318

Income tax payables

(in € thousands)	March 31, 2021	June 30, 2020
Tax payables	5,211	5,031
Mobilux 1 tax consolidation group	43,634	13,056
Total income tax payables	48,845	18,087

B.17 Loans and borrowings

B.17.1 Shareholder loan

On November 16, 2016, the Group took out a 15-year loan from its parent company, Mobilux 1 SAS, for an amount of €116,400 thousand. This loan bears interest at 8%, capitalized each year on November 16.

(in € thousands)	March 31, 2021	June 30, 2020
Shareholder loan	82,574	141,614
Accrued interest on shareholder loan	2,443	7,046
Total shareholder loan	85,017	148,660

B.17.2 Other loans and borrowings

(in € thousands)	March 31, 2021	June 30, 2020
Bond issue	380,000	380,000
Other bank loans and borrowings - more than 12 months	1,708	1,893
Loan issuance costs - more than 12 months	(6,685)	(8,396)
Other loans and borrowings - non current	375,023	373,497
Other bank loans and borrowings - less than 12 months	245	100,239
Accrued interest	7,838	3,463
Loan issuance costs - less than 12 months	(2,264)	(2,185)
Other loans and borrowings - current	5,819	101,517
Total other loans and borrowings	380,842	475,014

The other bank loans and borrowings mainly consist of the Super Senior Revolving Credit Facility as of June 30, 2020.

(in € thousands)	June 30, 2020	Proceeds from issues of borrowings	Repayments of borrowings	Accrued interest paid	Change in scope of consolidation and reclassifications non-cash	March 31, 2021
Bond issue	380,000	-	-	-	-	380,000
Other bank loans and borrowings	102,132	-	(100,179)	-	-	1,953
Current accounts with other third parties	-	-	-	-	-	-
Accrued interest	3,463	-	-	(12,000)	16,375	7,838
Loan issuance costs	(10,581)	-	-	-	1,633	(8,949)
Total other borrowings and financial debts	475,014	-	(100,179)	(12,000)	18,008	380,842
Lease obligations	314,341	-	(63,178)	-	92,173	343,336
Total financial debts and rental obligations	789,355	-	(163,357)	(12,000)	110,181	724,178

The Group repaid the €100 million from the Super Senior Revolving Credit Facility loan during the month of September.

B.17.3 Terms and repayment schedule

All loans and borrowings are denominated in euros.

(in € thousands)	Amount in consolidated SOFP			Contractual cash flows			
At March 31, 2021	Floating rate	Fixed rate	Total	Total	< 1 year	1 to 5 years	> 5 years
Bond issue	-	380,000	380,000	455,762	13,062	442,700	-
Other bank loans and borrowings	-	1,953	1,953	2,226	303	1,111	812
Lease obligations	8,346	334,990	343,336	403,916	94,105	225,995	83,816
Accrued interest	-	7,838	7,838	7,838	7,838	-	-
Loan issuance costs	-	(8,949)	(8,949)	-	-	-	-
Total	8,346	715,832	724,178	869,742	115,308	669,806	84,628

Contractual cash flows correspond to future repayments of principal and interest due.

B.18 Other non-current liabilities

(in € thousands)	March 31, 2021	June 30, 2020
Prepaid income	145,523	146,341
Payables to fixed asset suppliers	963	963
Total	146,485	147,304

Prepaid income primarily includes future revenue from extended warranties.

B.19 Trade and other payables

(in € thousands)	March 31, 2021	June 30, 2020
Trade payables	315,160	261,465
Deposits and advance payments received on orders	130,084	158,213
Tax and social security liabilities	147,489	123,980
Payables to fixed asset suppliers	12,895	8,670
Other payables	32,788	24,868
Prepaid income	74,667	78,384
Total	713,083	655,580

The total amount of trade payables able to be settled in part by means of reverse factoring amounted to €5.8 million on 31 March 2021 (30 June 2020: €6.4 million).

Other payables mainly include purchasing rebates to be repaid to franchisees.

Prepaid income essentially includes future revenue from extended warranties, of which €50,420,000 were recognised in revenues during the period.

C Presentation of financial statements – Income statement

C.1 Revenue

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Product sales	1,417,578	1,105,867
Sales to franchisees	115,782	93,608
Retail revenue	1,533,360	1,199,475
Services provided to franchisees	13,854	9,807
Referencing proceeds	11,280	6,256
Insurance services and extended warranties	59,678	53,652
Other	49,689	42,261
Other revenue	134,501	111,976
Total	1,667,861	1,311,451

"Other" includes all other revenue relating to installations, deliveries and other fees collected.

C.2 Cost of sales

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Purchases	(862,101)	(669,066)
Inventory change	(3,698)	(17,310)
Impairment of inventories	(5,943)	(7,270)
Cost of sales excluding logistics costs	(871,742)	(693,646)
Logistics costs	(45,995)	(42,491)
Total	(917,737)	(736,137)

C.3 Personnel expenses

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Wages and salaries	(164,487)	(144,238)
Payroll taxes	(62,184)	(53,641)
Employee profit-sharing	(9,918)	(4,683)
Post-employment expenses	223	371
Total	(236,366)	(202,191)

C.4 External expenses

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Outsourcing	(70,354)	(58,232)
Property leases	2,235	(2,567)
Other leases and related expenses	(11,985)	(12,755)
Repairs and maintenance	(9,184)	(8,367)
Insurance	(3,410)	(2,808)
Compensation in respect of temporary and external employees	(11,354)	(7,011)
Local advertising	(5,421)	(7,007)
National advertising	(38,502)	(40,484)
Other external expenses	(26,695)	(29,521)
Total	(174,670)	(168,752)

"Other external expenses" include utility costs, supplies, cleaning costs and banking services.

C.5 Other income and expense from operations

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Decrease in provisions and current asset impairment allowances	4,488	950
Other	631	1,852
Other income from operations	5,119	2,802
Increase in provisions and current asset impairment allowances	(8,625)	(4,083)
Other	(802)	(808)
Other expense from operations	(9,427)	(4,891)
Other income from operations, net	(4,308)	(2,089)

Decrease in provisions mainly includes the reversal of after sales warranties provision.

C.6 Other operating income and expense

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Gains on disposals of non-current assets	-	6
Other operating income	-	4,511
Other operating income	-	4,517
Restructuring costs	(793)	(837)
Acquisition and disposal costs	(5,146)	(2,004)
Losses on disposals of non-current assets	(141)	(10)
Other operating expenses	(10,971)	(10,070)
Other operating expenses	(17,051)	(12,921)
Other operating income (expense), net	(17,051)	(8,404)

On 31 March 2020, the Group was granted a €4.5 million reduction of the price of the Décomeubles Partners shares acquired in November 2016, which was recognised in other operating income.

C.7 Cost of debt

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Interest expense on financing transactions	(24,543)	(26,039)
Interest expense on rentals	(14,767)	(15,281)
Total	(39,310)	(41,320)

C.8 Other financial income and expense

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Foreign exchange gains	-	1,598
Other	9	57
Other financial income	9	1,655
Foreign exchange losses	(127)	-
Interest expense on retirement benefit obligations	(222)	(260)
Other	(9,995)	(7,965)
Other financial expense	(10,344)	(8,225)
Other financial expense, net	(10,335)	(6,570)

The other expenses mainly include the Group's assumption of premiums on loans obtained by our customers from Cetelem.

C.9 Income tax

(in € thousands)	March 31, 2021	March 31, 2020
	(9 months)	(9 months)
Income tax expense	(49,416)	(6,352)
Deferred tax	2,800	9,127
Total income tax benefit (expense)	(46,616)	2,775

In interim reporting periods, income tax expense is calculated by applying the best estimate of the tax rate for the year to profit of the period.

D Off-balance sheet commitments

D.1 Commitments

D.1.1 Purchase commitments

(in € thousands) At March 31, 2021	Payments to be made by period			
	Total	Less than 1 year	From 1 to 5 years	From 1 to 5 years
Purchase commitments regarding goods for resale	475,885	475,885	-	-
Total	475,885	475,885	-	-

D.1.2 Capital and other financial commitments

(in € thousands)	March 31, 2021	June 30, 2020
Unused confirmed credit lines	-	-
Standby letters of credit and documentary credit	19,948	14,406
Other guarantees received	20,946	28,551
Total guarantees received	40,894	42,957
Guarantees given on reinsurance activities	-	-
Clawback clause	-	-
Other guarantees given (*)	-	-
Total guarantees given	-	-

(*) In addition to the commitments shown above, the following items were pledged by Mobilux 2, Mobilux Acquisition, Décomeubles Partners, But SAS and But International to guarantee the repayment of the bond and the senior revolving facility:

- the shares in But held by Décomeubles Partners;
- the shares in But International held by But;
- the shares in Cogesem held by But International;
- the shares in Décomeubles Partners held by Mobilux Acquisition;
- the shares in Mobilux Finance held by Mobilux Acquisition;
- the shares in Mobilux Acquisition held by Mobilux 2;
- the bank accounts of Mobilux Acquisition, Mobilux Finance, Décomeubles Partners, But, But International and Cogesem;
- the rights of Mobilux Acquisition, Mobilux Finance, Décomeubles Partners, But, But International and Cogesem on intragroup receivables.

D.2 Related party transactions

The Group's main related parties are companies that it controls or over which it exercises significant influence. Related parties also include joint ventures, members of management bodies and the Group's shareholder.

D.2.1 Transactions with companies controlled by the Group

The list of companies controlled by the Group is provided in Note E. Since these companies are fully consolidated, any transactions between them, and between the parent company and its subsidiaries, were eliminated for the purpose of preparing the consolidated financial statements.

D.2.2 Transactions with members of management bodies and shareholders

The Group has introduced an Incentive Program under which management may purchase Group shares under certain conditions.

Transactions carried out with the parent company are presented below.

The following table summarises the transactions carried out with related companies (Mobilux SARL, Mobilux 1, CD&R, WM Holding, XLI France, XXXL Lutz, Poco, Conforama, Alliance and GIGA) in the ordinary course of business:

Transaction value at end of period:

(in € thousands)	March 31, 2021 (9 months)	March 31, 2020 (9 months)
Management fees (Mobilux SARL, CD&R and WM Holding)	(750)	(750)
Interest (Mobilux 1)	(6,357)	(8,364)
Tax (Mobilux 1)	(43,625)	-
Sales of goods (Poco)	2,538	-
Re-invoicing of costs (Conforama)	481	-
Fees (Alliance - GIGA)	(703)	-
Rent (XLI France)	(5,506)	(6,375)

Statement of financial position at end of period:

(in € thousands)	March 31, 2021	June 30, 2020
Payables - Management fees (Mobilux, CD&R and WM Holding)	250	125
Mobilux 1 loan	85,017	148,660
Mobilux 1 tax balance	37,444	(1,089)
Mobilux 1 current account	(435)	(550)
Trade receivables - Sales of goods (Poco)	302	7
Trade receivables - Re-invoicing of costs (Conforama)	472	-
Payables - Fees (Alliance - GIGA)	444	-
Payables - Rent (XLI France)	481	2,183

E List of consolidated companies

Company	Parent company	Consolidation method (*)	March 31, 2021		June 30, 2020	
			% control	% interest	% control	% interest
Mobilux 2	X	FC	100%	100%	100%	100%
Mobilux Acquisition		FC	100%	100%	100%	100%
Mobilux Finance		FC	100%	100%	100%	100%
Décomeubles Partners		FC	100%	100%	100%	100%
B.U.T. Sourcing Limited		FC	100%	100%	100%	100%
B'Sourcing		FC	100%	100%	100%	100%
But		FC	100%	100%	100%	100%
BUT International		FC	100%	100%	100%	100%
Cafina		FC	100%	100%	100%	100%
Cogesem		FC	100%	100%	100%	100%
Immobut		FC	100%	100%	100%	100%
Cafina Assurances Ltd		FC	100%	100%	100%	100%
Cafina Holding		FC	100%	100%	100%	100%
Filiabut1		FC	100%	100%	100%	100%

(*) FC: Fully consolidated.

F Events after the end of the reporting period

Following the Government's announcements, the Group closed down all its stores except its logistics network and e-commerce platform since April 02, 2021. The Group has adapted its operations in serving its customers through a Click & Collect Service.

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Statutory auditors' report on the consolidated financial statements

(For the year ended June 30, 2020)

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

MOBILUX 2

1 Avenue Spinoza
77184 Emerainville

To the Chairman

In our capacity as statutory auditors of Mobilux 2 and in compliance with your request within the framework of your obligations linked to the funding of the Group constituted by the entities included in the consolidation, we have audited the accompanying consolidated financial statements of Mobilux 2 for the year ended June 30, 2020 (the "Consolidated Financial Statements").

These Consolidated Financial Statements were prepared on July 29, 2020 under the responsibility of the Management based on information available at that date and in the evolving context of the Covid-19 pandemic. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement. An audit involves performing procedures, on a test basis or by 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 by management, as well as the overall presentation of the 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 financial position and assets and liabilities of Mobilux 2 as of June 30, 2020, and of the results of its operations for the year then ended in accordance with International Financial

Reporting Standards as adopted in the European Union.

Without qualifying the opinion expressed above, we draw your attention to the matter set out in Notes “B.3 Impact of new standards, amendments and interpretations”, “B.19 Leases” and “C.2 Impacts of the first-time application of IFRS 16 on the financial statements at June 30, 2020” to the financial statements, which present the impact of the first-time adoption of standard IFRS 16 “Leases”, applied by the Group as of July 1, 2019.

Neuilly-sur-Seine and Paris-La Défense, July 31, 2020

The statutory auditors

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

French original signed by:

Camille Phelizon

French original signed by:

Bruno Bizet

Romain Lancner



Mobilux 2 SAS

Annual IFRS consolidated
financial statements

At June 30, 2020

This report has 51 pages.

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Consolidated statement of financial position

(in '000 EUR)	Note	30 June 2020	30 June 2019
Assets			
Goodwill on acquisition	C.3	408,855	408,855
Other intangible assets	C.4	156,810	160,723
Usage rights relating to leases	C.5	300,295	-
Property, plant and equipment	C.6	77,960	97,994
Other non-current assets	C.8	29,200	30,923
Deferred tax assets	C.15	10,096	10,765
Non-current assets		983,216	709,260
Stocks	C.9	290,596	325,561
Trade and other receivables	C.10	139,337	112,454
Tax receivables	C.16	14,318	9,253
Derivatives current assets	C.7	1,514	2,392
Other current assets	C.8	1,141	595
Cash and cash equivalents	C.11	428,543	229,767
Current assets		875,449	680,022
Total assets		1,858,665	1,389,282
Liabilities			
Share capital	C.12	7,760	7,760
Capital-related premiums		69,840	69,840
Other reserves		(89,345)	(77,031)
Other comprehensive income		(6,264)	(4,260)
Earnings for the year		12,792	(12,271)
Total shareholders' equity - Group share		(5,217)	(15,962)
Minority interests		-	-
Total shareholders' equity		(5,217)	(15,962)
Shareholder advance	C.17	148,660	142,494
Borrowings and financial debts	C.17	373,497	382,670
Lease obligations	C.17	238,032	-
Other non-current liabilities	C.18	147,304	160,584
Provision for pensions and other benefits	C.13	29,158	27,397
Provisions	C.14	1,695	1,609
Deferred tax liabilities	C.15	55,760	70,893
Non-current liabilities		994,106	785,647
Borrowings and financial debts	C.17	101,517	3,372
Lease obligations	C.17	76,309	-
Trade and other payables	C.19	655,580	589,942
Provisions	C.14	17,945	19,206
Tax liabilities	C.16	18,087	6,385
Current bank loans	C.11	338	692
Current liabilities		869,776	619,597
Total liabilities and shareholders' equity		1,858,665	1,389,282

Consolidated income statement

(in '000 EUR)	Note	30 June 2020 (12 months)	30 June 2019 (12 months) (1)
Ongoing operations			
Sales of goods		1,469,573	1,559,155
Other		145,825	138,777
Revenues	D.1	1,615,398	1,697,932
Cost of sales	D.2	(906,542)	(972,479)
Gross margin		708,856	725,453
Personnel expenses	D.3	(258,610)	(272,480)
Taxes and duties		(26,510)	(26,037)
External expenses	D.4	(205,526)	(326,005)
Other operating income	D.5	4,231	7,049
Other operating expenses	D.5	(6,869)	(9,142)
Current operating income before depreciation and amortisation and other operating income and expenses		215,572	98,838
Other operating income and expenses	D.6	(13,990)	(11,484)
Depreciation, amortisation and impairment of fixed assets	C.4 C.5 C.6	(126,998)	(37,161)
Operating income		74,584	50,193
Cost of debt	D.7	(55,330)	(34,198)
Interest income		196	204
Other financial income and expenses	D.8	(8,717)	(14,944)
Pre-tax earnings		10,733	1,255
Income tax expense	D.9	2,059	(13,526)
Net income		12,792	(12,271)
Including:			
Group share		12,792	(12,271)
Minority interest		-	-
Net income		12,792	(12,271)

(1) In accordance with the simplified retrospective transition approach, the 2019 income statement was not restated to reflect the first-time application of IFRS 16.

Consolidated statement of comprehensive income

(in '000 EUR)	Note	30 June 2020 (12 months)	30 June 2019 (12 months)
Net income		12,792	(12,271)
Exchange differences arising from the translation of foreign operations		(38)	(54)
Effective portion of fair value of cash flow hedges	C.7 C.15	(1,508)	(446)
Taxes on recyclable elements		520	154
Elements recyclable as earnings		(1,026)	(346)
Actuarial gains and losses on pension obligations	C.13	(1,549)	(2,327)
Taxes on non-recyclable elements		533	801
Elements not recyclable as earnings		(1,016)	(1,526)
Total other comprehensive income		(2,042)	(1,872)
Overall earnings		10,750	(14,143)
Including:			
Group share		10,750	(14,143)
Minority interest		-	-
Overall earnings		10,750	(14,143)

Consolidated statement of changes in equity

(in '000 EUR)						
	Capital and Premiums	Other reserves and income	Translati on reserves	Other compreh ensive income	Minority Total interest s	Total sharehol ders' equity
Shareholders' equity on 30 June 2018	77,600	20,546	194	(959)	97,381	-
First-time adoption of IFRS 9	-	1,482	-	(1,482)	-	-
First-time adoption of IFRS 15	-	(99,200)	-	-	(99,200)	(99,200)
Shareholders' equity on 1 July 2018	77,600	(77,172)	194	(2,441)	(1,819)	-
Net income		(12,271)	-	-	(12,271)	
Exchange differences arising from the translation of foreign operations		-	(54)	-	(54)	
Effective portion of fair value of cash flow hedges		-	-	(292)	(292)	
Elements recyclable as earnings		-	(54)	(292)	(346)	
Actuarial gains and losses on pension obligations		-	-	(1,526)	(1,526)	
Elements not recyclable as earnings		-	-	(1,526)	(1,526)	
<i>Total net income and other comprehensive income</i>		<i>(12,271)</i>	<i>(54)</i>	<i>(1,818)</i>	<i>(14,143)</i>	<i>-</i>
Dividends	-	-	-	-	-	-
Changes of the capital and premiums	-	-	-	-	-	-
Other variations	-	1	-	(1)	-	-
Shareholders' equity on 30 June 2019	77,600	(89,442)	140	(4,260)	(15,962)	-
First-time adoption of IFRS 16 (Note C.2)	-	-	-	-	-	-
First-time adoption of IFRIC 23 (Note B.3)	-	-	-	-	-	-
Shareholders' equity on 1 July 2019	77,600	(89,442)	140	(4,260)	(15,962)	-
Net income		12,792	-	-	12,792	
Exchange differences arising from the translation of foreign operations		-	(38)	-	(38)	
Effective portion of fair value of cash flow hedges		-	-	(988)	(988)	
Elements recyclable as earnings		-	(38)	(988)	(1,026)	
Actuarial gains and losses on pension obligations		-	-	(1,016)	(1,016)	
Elements not recyclable as earnings		-	-	(1,016)	(1,016)	
<i>Total net income and other comprehensive income</i>		<i>12,792</i>	<i>(38)</i>	<i>(2,004)</i>	<i>10,750</i>	<i>-</i>
Dividends	-	-	-	-	-	-
Changes of the capital and premiums	-	-	-	-	-	-
Other variations	-	(5)	-	-	(5)	(5)
Shareholders' equity on 30 June 2020	77,600	(76,655)	102	(6,264)	(5,217)	-

Consolidated cash flow statement

(in '000 EUR)		30 June 2020 (12 months)	30 June 2019 (12 months)
Pre-tax earnings for the period		10,733	1,255
Adjustments of:			
Depreciation, amortisation and impairment of non-current as		127,002	37,427
Allowances for /(reversals of) provisions		(963)	1,061
(Gain) or loss on disposals		(13)	431
Net financial interest		55,134	33,994
Other elements with no impact on the cash		(208)	2,690
		191,685	76,858
(Increase) decrease of inventories		34,966	26,203
(Increase) decrease of trade and other receivables		(28,302)	3,623
Increase (decrease) of trade and other payables		63,413	8,474
Income taxes paid		(4,716)	(10,371)
Net cash flow from operating activities (A)		257,046	104,787
Dividends received		-	-
Disposals of property, plant and equipment and intangible assets		106	9
Disposals of other non-current assets		-	-
Acquisitions of tangible and intangible fixed assets		(28,174)	(37,336)
Acquisitions of shares in consolidated companies		(2)	-
Acquisitions of other non-current assets		-	-
(Increases) Decreases of other financial assets		4	581
Net cash flow from investing activities (B)		(28,066)	(36,746)
Net cash flow before financing activities		228,980	68,041
Loan issues	C.17.2	100,000	-
Repayment of loans	C.17.2	(83,719)	(4,548)
Capital increase (decrease)		-	-
Net interest paid		(41,047)	(21,529)
Other movements		(5,099)	(1,597)
Net cash flow from financing activities (C)		(29,865)	(27,674)
Impact of changes of foreign exchange rates (D)		15	8
Net change of cash or cash equivalents (A+B+C+D)		199,130	40,375
Cash or cash equivalents at beginning of period		229,075	188,700
Cash or cash equivalents at end of period	C.11	428,205	229,075

Notes to the Group's financial statements

Mobilux 2 SAS ("the Company") was incorporated on 17 May 2016 and is domiciled in France. The address of its registered office is 1, avenue Spinoza, 77184 Emerainville, France. Its entire share capital is owned by Mobilux 1 SAS. The Company is ultimately controlled and managed by Mobilux SARL, a consortium comprising the financial investor Clayton, Dubilier & Rice (CD&R) (50%) and WM Holding (50%). CD&R has in-depth knowledge of the retail industry and the French market. WM Holding is an investment vehicle owned by the co-founder of XXXL Lutz group, the European number 2 in the retail industry.

The Company's reporting period closes on 30 June.

The IFRS consolidated financial statements for the 12-month period ended 30 June are the Company's annual financial statements. The IFRS consolidated financial statements comprise the Company and its subsidiaries (hereafter referred to collectively as "the Group" and individually as a "subsidiary").

At 30 June 2020, the Group directly operated 209 stores in France (30 June 2019: 208 stores). It is one of France's largest retailers for furniture (beds, kitchens, living rooms and interior decoration) and electrical goods, categorised as white (domestic appliances such as refrigerators, washing machines, microwaves, coffee machines and irons), brown (televisions, multimedia and audio devices) and grey (IT and telephony). The Group also offers financing services to its customers within the scope of a partnership with Cetelem.

At 30 June 2020, 101 stores were operated by independent franchisees, including 93 in mainland France (30 June 2019: 93) to which the Group provides advertising, logistics and IT services.

The Group also owns four distribution centres in France.

A Significant events over the past two reporting periods

A.1 Scope of consolidation and legal restructuring

The table set out in Note F provides a list of Mobilux 2 subsidiaries and shows the Company's ownership interest in each entity at 30 June 2020.

Changes in the year to 30 June 2019

No new subsidiaries were consolidated by the Group during the period.

On 31 December 2018, PAU MOBILIA and FLASH MOBILIA were merged into BUT INTERNATIONAL with effect from 1 July 2018.

Changes in the year to 30 June 2020

No new subsidiaries were consolidated by the Group during the period.

On 31 December 2019, BUT INTERNATIONAL and BUT absorbed SOURCECO France and IMMOBILIERE BUT respectively with retroactive effect from 1 July 2019.

A.2 Other significant events over the past two reporting periods

In October 2018, Alexandre Falck became the Group's Chairman and Chief Executive Officer.

In March 2020, the COVID-19 pandemic led to the implementation of confinement in France. The Group closed all of its stores, warehouses, logistics and administrative platforms from 14 March to 11 May 2020. The main accounting impacts are the following:

- The Group resorted to short-time working during this period of under-activity. The expected compensation is recorded as a reduction of personnel expenses.
- Some landlords are granting rent credits over the confinement period. This decrease of the rent expense is recognised in recurring operating income.
- The additional costs directly generated by this health crisis are recognised in the income statement under other operating income and expenses. They consist mainly of the costs of

immobilisation of goods in transit through ports, purchases of personal protective equipment and additional cleaning and disinfection costs.

- The Covid-19 pandemic and its macro-economic impacts have been taken into account in the valuation of the Group's assets and financial instruments. There is no significant impact in the accounts at 30 June 2020.
- On 19 March 2020, the Group drew down its Super Senior Revolving Credit Facility for an amount of €100 million for a period of 6 months.

Despite the macro-economic impacts of the COVID-19 pandemic, the Group's ability to continue as a going concern was not called into question at the balance sheet date.

B Accounting policies

B.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) at the date of preparation of the financial statements.

The standards and interpretations applied in order to prepare the consolidated financial statements also comply with IFRS as published by the International Accounting Standards Board (IASB).

The financial statements were approved and authorised for issue on 29 July 2020 by the Chairman.

B.2 Basis of preparation

The consolidated financial statements were prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as discussed in the accounting policies below.

The principal accounting policies used in dealing with items considered material in relation to the financial statements are set out below. These policies have been consistently applied.

Financial data is presented in thousands of euros.

B.3 Impact of new standards, amendments and interpretations

New standards, amendments and interpretations effective at 1 July 2019

Application by the Group of the standards, amendments and interpretations adopted by the European Union and mandatory for annual periods beginning on or after 1 January 2019, had the following impacts on the consolidated financial statements:

IFRS 16 – Leases

The IFRS 16 standard replaces IAS 17 and its interpretations. This new standard requires the recognition of an asset (the usage right) and a liability (rental liability) calculated on the basis of discounted unavoidable rents.

The Group has applied IFRS 16 since 1 July 2019 and has adopted the modified retrospective method. The 2019 financial statements have therefore not been restated and the option to value the usage right identically to the

rent debt adjusted for prepaid rents has been retained by the Group.

The applied accounting principles relating to IFRS 16 are described in Note B.19.

With a view to the transition to IFRS 16, the Group endeavoured, in 2019, to collect the necessary data relating to leases falling within the scope of the standard. The Group did not apply the exemptions offered by the standard for all leases with a term of 12 months or fewer or with an underlying asset with a replacement value of less than USD 5,000, nor the relief to exclude at the transition date leases with a remaining term of fewer than 12 months.

On 1 July 2019, the Group had 3,161 leases falling within the scope of IFRS 16, of which 259 are real estate leases, the remainder being almost exclusively comprised of movable leases (mainly vehicles, lifting equipment, printers and IT equipment).

The IFRS IC issued its final decision on the determination of the lease term for certain leases on 16 December 2019.

This decision specifies that an economic approach should be used to determine the lease term to be applied to leases under IFRS 16, and gives details of the consistency between this term and the depreciation period of the assets that are inseparable from the underlying leased asset.

Thus, all facts and circumstances creating an economic incentive for the lessee to exercise a renewal option (or not to exercise a termination option) must be taken into account in determining the contract performance period (IFRS 16.19), including any penalties for termination. The notion of penalties (as defined in the IFRIC decision) covers the net carrying amount of fixtures, plant and equipment that are inseparable and not fully depreciated at the end of the lease term, as well as other risks such as loss of customers or additional rent. As a result, while maintaining the principles used to determine the lease term, the Group also analyses, contract by contract, the existence of significant inseparable investments that are not amortised and that could constitute a renewal incentive. For each identified case, it is necessary to analyse:

- if the residual net book value of the inseparable assets is sufficiently significant to be a brake on a possible termination;
- if the investment can be reused on another site (in which case no penalty is to be noted);
- if it is appropriate to re-estimate the depreciation period in order to bring the useful life thereof into line with the remaining term of the lease;

- if there are other penalties to consider such as loss of customers or extra rent.

To determine the enforceable period to be taken into account for each contract, the Group has applied the following approach:

- The total contractual term of the lease is used. Excluding the three-year termination periods for 3-6-9 leases as recommended by the ANC in February 2018.
- When a real estate lease expires without agreement between the parties to the contract to renew it, the Group applies an enforceable period of 3 years pending formal renewal.
- Finally, when the Group plans to close or transfer a site, the lease term is adapted.

On the transition date and for the current financial year, the identified enforceable duration for each contract corresponds to this approach.

To determine the amount of rental income to be taken into account under IFRS 16, the Group has used the minimum guaranteed rental income, after taking into account changes of property price indices during the year. The variable portion of rents, which is generally indexed to changes of sales, has been excluded in accordance with the recommendations of the standard.

At the time of transition, the Group set the discount rate with reference to the effective interest rate of its bond issued in 2016. In view of the characteristics of the various lease contracts, the same rate was used for all lease contracts.

In addition, finance leases under IAS 17 existing on 1 July 2019 were not restated on the transition date. A reclassification was performed on 1 July 2019 in order to link the finance lease debt to the rental liability and the finance lease asset to the usage right. As on 30 June 2020, the Group recognises fixed assets and debt relating to finance leases for 13.9 million euros and 14.1 million euros respectively.

The impacts linked to the first-time application of IFRS 16 are set out in Note C.2.

IFRIC 23 – Uncertainty over Income Tax Treatments

The retrospective analysis of this interpretation at 30 June 2020 has no impact on the Group's financial statements insofar as the uncertainties in the tax estimate were already recognised as deferred tax.

Other standards, amendments and interpretations

- IAS amendment 19 on modification, reduction or winding-up of a plan;
- IAS 28 amendment;
- IFRS 9 amendment on early redemption clauses with a symmetrical penalty;
- IFRS 9 phase 1 amendment on hedging relationships;
- Improvement of the 2015-2017 cycles and in particular IAS 23

The application of these new standards or amendments did not have a material impact on the Group's consolidated financial statements.

Standards, amendments and interpretations adopted by the IASB but not yet applicable at 30 June 2020

The Group did not early adopt any of the following new standards, amendments and interpretations, which were not mandatorily applicable at 1 July 2019, and which may impact its financial statements:

- IFRS 14 – Regulatory Deferral Accounts;
- IFRS 17 – Insurance Contracts;
- IAS 16 amendment "Property, Plant and Equipment - Revenue Prior to Use";
- Improvement of the 2018-2020 cycles with IFRS 1

The Group is currently assessing the impacts and practical consequences of applying these standards, amendments and interpretations.

B.4 Consolidation

All consolidated companies have a 30 June year-end, except for B'Sourcing, whose year-end is 31 December.

B'Sourcing prepares interim financial statements at 30 June each year.

B.4.1 Subsidiaries

The Group fully consolidates the entities that it controls pursuant to IFRS 10 – Consolidated Financial Statements. The Group controls an entity and consolidates it as a subsidiary if the following three criteria are met:

- the Group has power to direct the key activities of the entity;
- the Group has the right to variable returns from its involvement with the entity;
- the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries are deconsolidated from the date that control ceases.

Intercompany transactions and balances and gains on transactions between Group companies are eliminated on consolidation. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.4.2 Joint ventures

Joint ventures are accounted for by the equity method. In accordance with IFRS 11 – Joint Arrangements, a joint venture is a joint arrangement whereby the parties that have joint control of the entity have rights to the net assets of that entity.

B.4.3 Associates

Associates are all entities over which the Group has the ability to exercise significant influence but not control over the entity's financial and operating policies. Significant influence is presumed to exist when the Group directly or indirectly (through its subsidiaries) owns between 20% and 50% of the voting rights of another entity. Investments in associates are accounted for by the equity method.

The Group's share of its associates' and joint ventures' post-acquisition profit or loss is recognised in the income statement. Post-acquisition changes in the value of the Group's interest in associates and joint ventures are adjusted against the carrying amount of the investment, while the Group's share of post-acquisition changes in reserves are recognised within reserves in equity.

Intercompany gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.4.4 Business combinations

In accordance with IFRS 3, business combinations in which the Group acquires control of one or more businesses are recognised using the acquisition method at the date control is acquired.

B.5 Foreign currency translation

B.5.1 Functional currency

The functional currency of the Group and the parent company is the euro.

B.5.2 Recognition of foreign currency transactions in companies' financial statements

Foreign currency transactions are translated into euros at a monthly exchange rate that takes into account any currency hedging instruments. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

B.5.3 Translation of the financial statements of foreign entities

The financial statements of foreign entities consolidated by the Group are translated in accordance with IAS 21, i.e.:

- assets and liabilities along with the related depreciation and amortisation are translated at the closing exchange rate;
- income and expenses are translated at the average rate for the financial year.

The Group's share of any resulting gains or losses is recognised under "Translation reserves" within equity.

B.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method in order to allocate the cost of the assets less their estimated residual value over their estimated useful lives. The useful lives of the main categories of property, plant and equipment are as follows (assets purchased as new only):

Buildings	Twenty years
Fittings	from 5 to 20 years
Equipment and tools	from 1 to 15 years
Computers and electronic equipment	from 3 to 10 years
Automobiles and commercial vehicles	from 4 to 5 years

The assets' residual values and useful lives are reviewed and adjusted, where appropriate, at the end of each reporting period.

Gains and losses on disposals of assets are recognised in profit or loss and calculated by comparing proceeds from the disposal with the carrying amount of the asset sold. These gains and losses are recognised in the income statement.

B.7 Intangible assets

B.7.1 Goodwill

Goodwill represents the excess of the price of an acquisition over the Group's share in the acquisition-date fair value of the acquiree's net identifiable assets.

Goodwill resulting from acquisitions of equity-accounted companies is included in "Investments in equity-accounted companies".

B.7.2 Software

Costs that are directly associated with the production of identifiable and unique software controlled by the Group and expected to generate future economic benefits in excess of costs for one year or more, are recognised as intangible assets. Other costs are expensed as incurred. Direct costs include software development, employee costs and an appropriate portion of overheads.

Amortisation is calculated using the straight-line method in order to allocate the cost of the assets over their estimated useful lives, ranging from one to seven years.

B.7.3 But brand and franchisee relations

The following two intangible assets were recognised as part of the Décomeubles Partners purchase price allocation process in the year to 30 June 2017:

- But brand: the value of the brand is equal to the present value of royalty revenue net of tax. The terminal value is not amortised but will be tested for impairment on an annual basis.
- Franchisee relations: these are amortised on a straight-line basis over 23 years and valued using the excess earnings method.

B.7.4 Internally generated intangible assets

Internally generated intangible assets primarily relate to the cost of developing IT management systems. These costs are only capitalised when they meet the criteria for recognition as an intangible asset set out in IAS 38.

Internal and external costs incurred during the software's development phase are capitalised. The cost of upgrades or major improvements are added to the initial cost of the asset if they specifically meet the criteria for capitalisation.

Internally generated intangible assets are amortised over their useful lives.

B.8 Amortisation

Property, plant and equipment and other intangible assets with indefinite useful lives are tested for impairment:

- Once a year in accordance with the provisions of IAS 36.
- Whenever events or changes in circumstances indicate that their carrying amount may not be recovered in full, or that the use of the assets

may not generate economic benefits in excess of their carrying amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Goodwill is allocated to cash-generating units (CGUs) and is tested annually to determine whether any impairment should be recognised based on value in use. An impairment test is performed whenever there is an indication of impairment. Each cash-generating unit represents a separate autonomous unit within the Group, where the management of the unit has independent control and responsibility for managing the cash flows of that unit. For the purposes of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows. The discount rate applied is based on the Group's weighted average cost of capital, with appropriate adjustments to reflect the risks associated with the business concerned.

Goodwill is carried at cost less any impairment losses and is tested for impairment each year on 31 March. Impairment charged against goodwill cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

B.9 Assets held for sale

In accordance with IFRS 5, an asset is classified as "held for sale" if it is highly probable that its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For a sale to be considered highly probable:

- the appropriate level of management must be committed to a plan to sell the asset;
- an active programme to locate a buyer and complete the plan must have been initiated;
- the sale should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

Following their classification as "held for sale", these assets are measured at the lower of their net carrying amount and their fair value less costs to sell.

Profit or loss relating to a group of assets held for sale ("disposal group") must be shown on a separate line of the income statement for current and comparative prior periods, when the group of assets:

- represents either a separate major line of business or geographical area of operations;

- is part of a single, co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Events or circumstances beyond the Group's control may extend the period required to complete the sale or exchange beyond one year. This does not preclude the asset or assets from being classified as held for sale if the Group can demonstrate that it remains committed to the plan to sell or exchange the assets.

B.10 Financial instruments

B.10.1 Non-derivative financial assets

Financial assets as defined by IFRS 9 fall within one of three categories: (i) financial assets carried at amortised cost, (ii) financial assets at fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVPL).

Financial assets are classified depending on the Group's business model for managing the assets and the contractual cash flow characteristics of the assets.

B.10.1.1 Financial assets at amortised cost

These assets are held within a business model whose objective is to collect contractual cash flows. On initial recognition, the assets are measured at acquisition-date fair value, which is generally the transaction price. If they are not hedged, the assets are subsequently measured at amortised cost using the effective interest method.

They correspond mainly to the following balance sheet items:

Loans, deposits and guarantees, trade and other receivables and amounts due from suppliers.

B.10.1.2 Financial assets at fair value through other comprehensive income (FVOCI)

These assets are financial assets excluding shares, held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. They are carried on the statement of financial position at fair value through other comprehensive income.

Only interest or dividends received and changes in fair value resulting from fluctuations in exchange rates are recognised in the income statement.

The fair value of equity securities listed on an active market is calculated by reference to the market price as published at the reporting date. Investments in non-consolidated companies continue to be shown on the statement of financial position at acquisition cost, which the Group considers approximates their fair value in the absence of an active market. Changes in fair value are recognised in the statement of comprehensive income (directly in equity). When the financial asset is derecognised from the statement of financial position, changes in fair value are taken to other comprehensive income.

B.10.1.3 Financial assets at fair value through profit or loss (FVPL)

This category includes all assets not assigned to the other previously described categories. These assets are held for trading and are recognised at fair value through profit or loss on initial recognition.

A financial asset is classified in this category if it was principally acquired for the purpose of selling it in the near term or if there are no predetermined contractual cash flows. Derivative financial instruments are also classified as held for trading unless they are designated as hedging instruments.

B.10.2 Non-derivative financial liabilities

Non-derivative financial liabilities comprise borrowings and trade payables.

They are recognised initially at fair value, net of transaction costs incurred. Non-derivative financial liabilities are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in profit or loss over the term of the borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

B.10.3 Derivative financial instruments

The Group holds various derivative instruments to hedge currency risk arising in the ordinary course of its operations. Derivative instruments help to protect against currency risk and to minimise risk on commercial transactions.

The Group documents the relationship between the hedging instrument and the hedged item at the inception of the hedge, describing the relationship along with the entity's risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument and the hedged item, a description of the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements.

The hedging relationship meets all of the hedge effectiveness requirements if:

- There is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item actually hedged by the Group and the quantity of the hedging instrument actually used by the Group to hedge that quantity of hedged item.

Derivatives are initially recognised at fair value at the date the hedging agreement is signed, and are remeasured to fair value at each subsequent reporting date. Changes in fair value are recognised in profit or loss, except for instruments qualifying as cash flow hedges, for which changes in fair value are included in other comprehensive income. Regarding the costs of hedging, the forward element of forward contracts for which changes in fair value may be recognised in other comprehensive income under option, along with changes in the time value of options, are taken to profit or loss as soon as the hedged item itself affects profit or loss.

The fair value of a qualifying derivative instrument is classified as a non-current asset or liability when the hedged item expires in 12 months or more, and as a current asset or liability when the hedged item expires within 12 months. Transactions involving derivative instruments held for trading are classified as current assets or liabilities.

B.10.4 Calculation of fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. The Group uses a

number of valuation methods, such as taking into account recent arm's length transactions, reference to the current fair value of another instrument that is identical in substance, discounted cash flow analysis or option pricing models adapted to reflect the particular circumstances surrounding the asset.

The nominal value less estimated credit adjustments of trade receivables and payables is considered to approximate fair value. The fair value of financial liabilities to be disclosed in the notes to the consolidated financial statements is estimated by discounting the future contractual cash flows at the market interest rate that is available to the Group for similar financial instruments.

B.10.5 Fair value hierarchy

Financial instruments measured at fair value after initial recognition, (financial instruments at fair value through profit or loss, available-for-sale financial assets and derivative instruments), can be classified based on the following three levels of the fair value hierarchy:

- Level 1: observable (unadjusted) inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2: inputs other than quoted prices for identical assets or liabilities in active markets that are either directly observable (prices) or indirectly observable (price-based data).
- Level 3: data not based on observable market inputs.

	Notes	Valuation principles according to IFRS7	Hierarchy of fair value
Financial assets			
Active derivative instruments	C.7	Fair value	2
Trade and other receivables	C.10	Amortised cost	N/A
Cash and cash equivalents	B.12 & C.11	Fair value	1
		Lower of fair value net of disposal costs or net book value	
Assets held for sale	B.9		2
Financial liabilities			
Borrowings and financial debts	C.17	Amortised cost	N/A
Lease obligations	C.17	Amortised cost	N/A
Derivative liabilities	-	Fair value	2
Current bank loans	B.12 & C.11	Fair value	1

B.11 Inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Average cost includes transportation costs to the point of sale and is net of any supplier discounts for volume and early payment, and rebates. Impairment losses on inventories are calculated by product group based on the age of the inventories concerned, in view of the fact that inventory age gives rise to the risk of products in stores becoming

obsolete. The amount of impairment recognised takes into account the life cycles of the products in each group.

B.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

B.13 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current income tax is the expected income tax payable on taxable profit for the year, using tax rates enacted at the end of the reporting period, and adjustments to income tax payable in respect of previous reporting periods.

Deferred taxes are recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised for temporary differences related to the initial recognition of goodwill. Deferred tax income is not recognised on the initial measurement of assets and liabilities, excluding business combinations, that affect neither accounting nor taxable profit. Deferred taxes on temporary differences relating to investments in subsidiaries and equity-accounted companies are only recognised to the extent that (i) they are expected to reverse in the foreseeable future and (ii) the Group controls the timing of the reversal. Deferred tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances on a net basis.

Additional income taxes on dividend payouts are recognised at the same time as the liability to pay the related dividend.

Since 1 July 2017, most of the Group's entities have been members of a tax consolidation group headed by Mobilux 2's shareholder. Pursuant to the tax consolidation agreement, the subsidiary can utilise the tax losses transferred to the Group. Consequently, any tax savings are reflected in the Group's consolidated financial statements.

In accordance with IAS 12, the Group classifies the CVAE tax on value added payable in France as income tax. Provisions for tax risks are classified within deferred tax.

B.14 Employee benefits

a) Short-term employee benefits include wages and salaries, social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses, if payable within 12 months of the end of the reporting period. Short-term employee benefits are measured on an undiscounted basis and are included in operating profit whenever the employees provide the related service. A liability is recognised for the amount corresponding to cash-settled profit-sharing and bonuses, whenever the Group has a legal or constructive obligation to make such payments in exchange for services provided by employees and when a reliable estimate of the obligation can be made.

b) Long-term employee benefits include various retirement plans operated by Group companies. Some of these plans are managed by insurance companies or funds, in accordance with applicable local regulations.

Retirement and other employee benefit obligations include two types of obligation:

- post-employment benefits, including pensions, other retirement benefits and certain post-employment medical care;
- other long-term employee benefits (payable during the employee's active service), mainly including long-service awards.

These obligations are classified as either:

- defined contribution plans, under which the Group has no future commitment since the employer's legal or constructive obligation is limited to the regular payment of contributions which are expensed when due;

- defined benefit plans, whereby the employer guarantees a specified level of future benefits.

The Group's net obligation under post-employment defined benefit plans (including retirement plans) is calculated separately for each plan, by estimating the amount of future benefits to which the Group's employees are entitled in exchange for services rendered in the current and prior periods. This amount is discounted to obtain the present value of the obligation. The fair value of plan assets is then deducted from this amount. The discount rate is the rate of return at the end of the reporting period on high-quality corporate bonds with terms to maturity approximating those of the underlying benefit liability. The Group's obligation is calculated periodically by an independent actuary using the projected unit credit method.

The liability recognised in the statement of financial position in respect of defined benefit plans represents the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets.

When the value of plan assets exceeds the amount of the Group's obligation, the asset recognised may not exceed the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

When the employees' benefit entitlement increases (or is reduced), the portion of the increase (or decrease) related to past services provided by the employees is recognised immediately in expenses (income) in the income statement. Current service costs, along with administrative fund management costs, are shown within personnel expenses and external expenses in the income statement. Income and expenses relating to discounting the defined benefit obligation net of plan assets are presented in financial income and expenses.

Remeasurements of the defined benefit obligation, including (i) actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions, (ii) the return on plan assets, excluding amounts recognised in profit or loss, and (iii) changes in the impact of the asset ceiling, are reflected in other comprehensive income.

c) Other long-term employee benefits

Other long-term employee benefits relate essentially to long-service awards and sabbatical leave. The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is equal to the value of the future benefits vested by employees in exchange for services provided during the current and

prior periods. The amount of the obligation is determined using the projected unit credit method. It is discounted at a rate based on the return on high-quality corporate bonds with terms to maturity approximating those of the Group's obligations at the end of the reporting period.

Actuarial gains and losses are recognised immediately in profit or loss.

d) Termination benefits

Termination benefits are due on termination of employment before the normal retirement date or when employees accept voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of:

- the date on which the Group can no longer withdraw its offer of benefits; and
- the date on which the Group recognises the costs of its restructuring plan by planning for the payment of such benefits.

B.15 Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be reliably estimated. Provisions are discounted when the time value of money is considered material.

B.16 Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value added tax, rebates and discounts. Revenue is recognised as described below.

B.16.1 Capital social

Store sales

Goods are deemed to have been sold when control of those goods has been transferred to the customer. Generally speaking, sales of goods give rise to a cash or card payment.

The fair value of award credits granted to customers under But's customer loyalty programme is treated as a separate component of the initial sale and recognised as prepaid income. The related revenue is recognised when the award credits are redeemed or expire.

Sales to franchisees

Sales of goods to franchisees are recognised when control of the goods is transferred to the franchisees, which usually corresponds to the delivery date.

B.16.2 Sales of services

Sales of services (warranty extensions, long-term insurance, installation, delivery, other commissions, etc.) are recognised in revenue in the accounting period in which the services are rendered. This is the case for long-term insurance agreements, which are generally sold by the Group as incidental to the sale.

B.16.3 Services provided to franchisees

Revenue from services provided to franchisees is recognised within other revenue over time, in accordance with the substance of the relevant agreement.

B.17 Other operating income and expense

Other operating income and expense includes unusual and material items, such as restructuring costs (including reorganisation costs and costs relating to changes in retail concepts), capital gains and losses on disposals of non-current assets, acquisition costs arising on business combinations and expenses relating to measures taken to simplify the Group's legal structure.

B.18 Financial income and expense

Financial income and expense are recognised on a time-proportion basis using the effective interest method.

B.19 Leases

According to IFRS 16, a lease is considered to be any contract in which the lessee can control the use of an identified asset in exchange for consideration during a given period.

The Group applies the definition of a lease and the related guidance in IFRS 16 to all leases entered into or modified on or after 1 July 2019 and to leases that were defined as leases under IAS 17. In order to prepare for the first-time adoption of IFRS 16, the Group has carried out a project to identify lease contracts. As a result, the definition of a lease under IFRS 16 does not have a material impact on the scope of contracts meeting the previous definition of a lease.

The IFRS 16 standard changes the way in which the Group treated operating leases under IAS 17, which were previously considered as off-balance sheet commitments.

By applying the IFRS 16 standard, for all leases, including short-term leases (up to 12 months) and leases of low-value assets, the Group:

- initially recognises a rental liability and a usage right, based on the present value of future rentals;

- recognises, in the income statement, depreciation on the usage right and interest on the rental liability;
- breaks down cash flows disbursed between principal repayments (presented in financing activities on the line "Repayments of borrowings") and interest (presented in financing activities on the line "Net interest paid") in the consolidated statement of cash flows.

As a practical relief, the Group has chosen not to apply the IFRS 16 standard to leases that were already defined as finance leases under IAS 17. However, a reclassification was performed on 1 July 2019 in order to link the finance lease debt to the rental liability and the finance lease asset to the usage right.

The tax impact of the restatements relating to the application of the IFRS 16 standard is taken into account via the recognition of deferred taxes related to the deductible temporary difference arising from the reduction of the book value of the asset (depreciation of the right of use) faster than that of the liability (repayment of the principal of the debt).

Each contract signed by the Group is analysed to determine whether it is a lease. As such, when it is a lessee under a lease agreement, the Group recognises a usage right and a corresponding rental liability. The rental liability is initially measured at the present value of the remaining lease payments, discounted at the rate implicit in the lease contract or, failing that, at the Group's marginal interest rate, which corresponds to the effective interest rate of the bond issued by the Group in 2016.

To determine the enforceable period for each contract, the Group applies the following approach:

- The total contractual term of the lease is used. Excluding the three-year termination periods for 3-6-9 leases as recommended by the ANC in February 2018.
- When a real estate lease expires without agreement between the parties to the contract to renew it, the Group applies an enforceable period of 3 years pending formal renewal.
- Finally, when the Group plans to close or transfer a site, the lease term is adapted.

Lease payments included in the valuation of the rental liability include:

- fixed rents (minimum guaranteed rents, including known indexation to a price index), after deduction of lessor advantages;
- the amount that the lessee should pay for residual value guarantees;

- the exercise price of the call options, if the holder is reasonably certain to exercise the options.

In accordance with the IFRS 16 standard, the variable portion of rents paid has not been included in the calculation of the liability.

Rental debt is presented on a separate line in the consolidated balance sheet. The lease obligation is measured by adding the portion of capitalised interest on the lease to the carrying amount of the liability. It is then adjusted according to the payments made.

The Group revalues the rental liability (and makes a corresponding adjustment to the asset on the associated usage right) when:

- the lease term has been changed, or there has been a change of the estimate of the exercise of an option, in which case the rental liability is revalued by discounting the revised lease payments at the updated discount rate;
- rents change as a result of changes of an index or rate, following a change of the scheduled payment, or following the revaluation of residual value guarantees. In this case, the rental liability is revalued by discounting the revised lease payments at the original discount rate (unless the change of lease payments is due to a change of an interest rate, in which case a revised discount rate is used).

Assets related to the usage right include the initial valuation of the rental liability, which takes into account rents paid from the effective date, prepayments, as well as initial direct costs. They are then valued at their initial cost less depreciation and impairment losses.

When the contract contains a clause providing that the lessee undertakes, at the end of the term of the contract, to bear the costs of restoring, dismantling or removing the leased asset, a provision is recognised, either initially or subsequently, and measured in accordance with the IAS 37 standard. Given the insignificant nature of these costs, the Group has not included them in the valuation of the usage right.

The usage right is amortised over the term of the contract.

If a lease agreement provides for the transfer of ownership of the underlying asset or if the calculation of the usage right has been made taking into account the fact that the Group expects to exercise a purchase option, the usage right is depreciated over the useful life of the asset. Depreciation of the usage right begins on the date on which the asset is made available.

The assets related to the usage right are presented on a separate line in the Group's consolidated balance sheet.

Variable rents that do not depend on an index or rate are not included in the valuation of the rental liability or the usage right. The corresponding payments are recognised as expenses for the period and are included in operating expenses in the income statement.

In practice, the IFRS 16 standard enables the lessee not to distinguish the different components relating to the same lease, in order to account for them together. The Group has chosen to distinguish between each underlying asset within the same contract.

The detailed impacts on rental liability and leasehold rights by flow, type of asset and maturity are presented in note C.5.

B.20 Dividends

Dividend income is recognised when the right to receive payment is established.

Dividends paid to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised in the period in which they are paid.

B.21 Contingent assets and liabilities

Contingent assets and liabilities arise from conditions or situations, the outcome of which depends on future events. They are disclosed in the notes to the financial statements.

B.22 Events after the reporting date

The carrying amounts of assets and liabilities at the end of the reporting period are adjusted if there is evidence that subsequent adjusting events require changes to these carrying amounts. These adjustments are made up to the date the financial statements are approved for issue by the Chairman. Other non-adjusting events are disclosed in the notes to the financial statements.

B.23 Main sources of uncertainty from the use of estimates

The Group's financial position and results depend on the accounting methods, assumptions, estimates and judgements applied when preparing the consolidated financial statements. The Group uses estimates and assumptions based on past experience and other assumptions deemed reasonable in the circumstances in

order to determine the carrying amount of its assets and liabilities. Actual amounts could differ significantly from these estimates.

The characteristics of the main accounting methods, judgements and other uncertainties affecting the application of these accounting methods, along with the sensitivity of the Group's results to changes in these conditions and assumptions, should be taken into account. The Group makes estimates and assumptions about the future. The resulting amounts recorded in the accounts are rarely identical to actual amounts. The main assumptions about future events, along with other sources of uncertainty arising from the use of estimates at the reporting date for which there is a significant risk of adjustments to the net carrying amounts of assets and liabilities in a future reporting period, concern:

- the fair value of assets and liabilities resulting from a business combination;
- the recoverable amount of goodwill and intangible assets used in impairment tests;
- current and non-current provisions, particularly for defined benefit obligations and long-term employee benefits;
- impairment of inventories and doubtful receivables;
- uncertain tax positions.

C Presentation of financial statements – Statement of financial position

C.1 Business combinations during the year

C.1.1 2019-2020 reporting period

No subsidiaries were consolidated for the first time in the period.

C.1.2 2018-2019 reporting period

No subsidiaries were consolidated for the first time in the period.

C.2 Impacts of the first-time application of IFRS 16 on the financial statements at 30 June 2020

The table below shows the impacts of the first-time application of IFRS 16 on the opening statement of financial position:

(in '000 EUR)	Information published on 30 June 2019	First-time adoption of IFRS 16	Information 1 July 2019 with IFRS16
Assets			
Goodwill on acquisition	408,855	-	408,855
Other intangible assets	160,723	-	160,723
Usage rights relating to leases	-	362,684	362,684
Property, plant and equipment	97,994	(13,781)	84,213
Other non-current assets	30,923	-	30,923
Deferred tax assets	10,765	-	10,765
Non-current assets	709,260	348,903	1,058,163
Stocks	325,561	-	325,561
Trade and other receivables	112,454	(1,858)	110,596
Tax receivables	9,253	-	9,253
Derivatives current assets	2,392	-	2,392
Other current assets	595	-	595
Cash and cash equivalents	229,767	-	229,767
Current assets	680,022	(1,858)	678,164
Total assets	1,389,282	347,045	1,736,327
Liabilities			
Share capital	7,760	-	7,760
Capital-related premiums	69,840	-	69,840
Other reserves	(77,031)	-	(77,031)
Other comprehensive income	(4,260)	-	(4,260)
Earnings for the year	(12,271)	-	(12,271)
Total shareholders' equity - Group share	(15,962)	-	(15,962)
Minority interests	-	-	-
Total shareholders' equity	(15,962)	-	(15,962)
Shareholder advance	142,494	-	142,494
Borrowings and financial debts	382,670	(11,268)	371,402
Lease obligations	-	287,338	287,338
Other non-current liabilities	160,584	-	160,584
Provision for pensions and other benefits	27,397	-	27,397
Provisions	1,609	-	1,609
Deferred tax liabilities	70,893	-	70,893
Non-current liabilities	785,647	276,070	1,061,717
Borrowings and financial debts	3,372	(2,449)	923
Lease obligations	-	80,233	80,233
Trade and other payables	589,942	(6,809)	583,133
Provisions	19,206	-	19,206
Tax liabilities	6,385	-	6,385
Current bank loans	692	-	692
Current liabilities	619,597	70,975	690,572
Total liabilities and shareholders' equity	1,389,282	347,045	1,736,327

The impacts of the first-time application of IFRS 16 on the opening statement of financial position are:

- Capitalisation of the usage right relating to leases net of franchise rents being amortised on the transition date.
- Cancellation of prepaid rent expense for rental periods in progress on the transition date.
- Constitution of the current and non-current rental obligation.
- Reclassification of the outstanding deductible to be spread over time less the usage right relating to the lease contracts.
- Reclassification of finance lease debt to rental obligations and of finance lease assets to the usage right for finance leases under IAS 17.

The following tables set out data for the 2020 reporting period as though the Group had not applied IFRS 16:

/ Impacts on the consolidated balance sheet

(in '000 EUR)	Information 30 June 2020 without IFRS 16	First-time adoption of IFRS 16	Information published on 30 June 2020
Assets			
Goodwill on acquisition	408,855	-	408,855
Other intangible assets	156,810	-	156,810
Usage rights relating to leases	-	300,295	300,295
Property, plant and equipment	91,870	(13,910)	77,960
Other non-current assets	29,200	-	29,200
Deferred tax assets	10,096	-	10,096
Non-current assets	696,831	286,385	983,216
Stocks	290,596	-	290,596
Trade and other receivables	141,234	(1,897)	139,337
Tax receivables	14,318	-	14,318
Derivatives current assets	1,514	-	1,514
Other current assets	1,141	-	1,141
Cash and cash equivalents	428,543	-	428,543
Current assets	877,346	(1,897)	875,449
Total assets	1,574,177	284,488	1,858,665
Liabilities			
Share capital	7,760	-	7,760
Capital-related premiums	69,840	-	69,840
Other reserves	(89,345)	-	(89,345)
Other comprehensive income	(6,264)	-	(6,264)
Earnings for the year	19,308	(6,516)	12,792
Total shareholders' equity - Group share	1,299	(6,516)	(5,217)
Minority interests	-	-	-
Total shareholders' equity	1,299	(6,516)	(5,217)
Shareholder advance	148,660	-	148,660
Borrowings and financial debts	384,732	(11,235)	373,497
Lease obligations	-	238,032	238,032
Other non-current liabilities	147,304	-	147,304
Provision for pensions and other benefits	29,158	-	29,158
Provisions	1,695	-	1,695
Deferred tax liabilities	59,180	(3,420)	55,760
Non-current liabilities	770,729	223,377	994,106
Borrowings and financial debts	104,424	(2,907)	101,517
Lease obligations	-	76,309	76,309
Trade and other payables	661,355	(5,775)	655,580
Provisions	17,945	-	17,945
Tax liabilities	18,087	-	18,087
Current bank loans	338	-	338
Current liabilities	802,149	67,627	869,776
Total liabilities and shareholders' equity	1,574,177	284,488	1,858,665

/ Impacts on the consolidated income statement

(in '000 EUR)	Information 30 June 2020 without IFRS 16	First-time adoption of IFRS 16	Information published on 30 June 2020
	(12 months)	(12 months)	(12 months)
Ongoing operations			
Sales of goods	1,469,573	-	1,469,573
Other	145,825	-	145,825
Revenues	1,615,398	-	1,615,398
Cost of sales	(914,919)	8,377	(906,542)
Gross margin	700,479	8,377	708,856
Personnel expenses	(258,610)	-	(258,610)
Taxes and duties	(26,510)	-	(26,510)
External expenses	(296,602)	91,076	(205,526)
Other operating income	4,231	-	4,231
Other operating expenses	(6,934)	65	(6,869)
Current operating income before depreciation and amortisation and other operating income and expenses	116,054	99,518	215,572
Other operating income and expenses	(13,982)	(8)	(13,990)
Depreciation, amortisation and impairment of fixed assets	(37,176)	(89,822)	(126,998)
Operating income	64,896	9,688	74,584
Cost of debt	(35,706)	(19,624)	(55,330)
Interest income	196	-	196
Other financial income and expenses	(8,717)	-	(8,717)
Pre-tax earnings	20,669	(9,936)	10,733
Income tax expense	(1,361)	3,420	2,059
Net income	19,308	(6,516)	12,792
Including:			
Group share	19,308	(6,516)	12,792
Minority interest	-	-	-
Net income	19,308	(6,516)	12,792

/ Impacts on the consolidated statement of cash flows

(in '000 EUR)	Information 30 June 2020 without IFRS 16 (12 months)	First-time adoption of IFRS 16 (12 months)	Information published on 30 June 2020 (12 months)
Pre-tax earnings for the period	20,669	(9,936)	10,733
Adjustments of:			
Depreciation, amortisation and impairment of non-current as	37,179	89,823	127,002
Allowances for /(reversals of) provisions	(963)	-	(963)
(Gain) or loss on disposals	(13)	-	(13)
Net financial interest	35,510	19,624	55,134
Other elements with no impact on the cash	(208)	-	(208)
	92,174	99,511	191,685
(Increase) decrease of inventories	34,966	-	34,966
(Increase) decrease of trade and other receivables	(28,341)	39	(28,302)
Increase (decrease) of trade and other payables	62,910	503	63,413
Income taxes paid	(4,716)	-	(4,716)
Net cash flow from operating activities (A)	156,993	100,053	257,046
Dividends received	-	-	-
Disposals of property, plant and equipment and intangible asse	99	7	106
Disposals of other non-current assets	-	-	-
Acquisitions of tangible and intangible fixed assets	(28,174)	-	(28,174)
Acquisitions of shares in consolidated companies	(2)	-	(2)
Acquisitions of other non-current assets	-	-	-
(Increases) Decreases of other financial assets	4	-	4
Net cash flow from investing activities (B)	(28,073)	7	(28,066)
Net cash flow before financing activities	128,920	100,060	228,980
Loan issues	100,000	-	100,000
Repayment of loans	(3,283)	(80,436)	(83,719)
Capital increase (decrease)	-	-	-
Net interest paid	(21,423)	(19,624)	(41,047)
Other movements	(5,099)	-	(5,099)
Net cash flow from financing activities (C)	70,195	(100,060)	(29,865)
Impact of changes of foreign exchange rates (D)	15	-	15
Net change of cash or cash equivalents (A+B+C+D)	199,130	-	199,130
Cash or cash equivalents at beginning of period	229,075	-	229,075
Cash or cash equivalents at end of period	428,205	-	428,205

/ Reconciliation of the rental obligation at the transition date with the commitments given under operating leases at 30 June 2019:

(in '000 EUR)	Property	Other assets	Total
Operating lease commitments on 30 June 2019	256,092	29,689	285,781
Effects linked to the selected duration of the contracts	150,183	17	150,200
Finance lease liability reclassified as lease liability	9,643	4,074	13,717
Discounting effect	(78,311)	(3,816)	(82,127)
Lease liability after first-time adoption of IFRS 16 on 1 July 2019	337,607	29,964	367,571

The discount rate used is 6.24% based on the effective interest rate of the bond issued in 2016.

/ Possible impact on the Group's financial covenants.

The financial ratios to which the Group is subject are calculated according to fixed standards and do not take the IFRS 16 standard "Leases" into account.

C.3 Goodwill

Movements during the financial year ended on 30 June 2019

(in '000 EUR)	30 June 2018	Increases	Reductions	Other variations	30 June 2019
Goodwill on acquisition	408,855	-	-	-	408,855
Impairment	-	-	-	-	-
Net worth	408,855	-	-	-	408,855

Movements during the financial year ended on 30 June 2020

(in '000 EUR)	30 June 2019	Increases	Reductions	Other variations	30 June 2020
Goodwill on acquisition	408,855	-	-	-	408,855
Impairment	-	-	-	-	-
Net worth	408,855	-	-	-	408,855

All goodwill is allocated to a single cash-generating unit (CGU) known as "Operating companies", which combines operating activities and financial services.

The Group decided to use a single combined CGU for the reasons outlined below.

Its operating, banking and insurance activities are interdependent. This is because:

- financial services are a natural fit with, and an ancillary component of, the Group's operating activities;
- operating staff in stores sell and manage credit and insurance solutions;
- cash flows generated by operating activities include inflows and outflows relating to financial activities (notably fee-sharing agreements and fees for marketing banking products).

But's operating performance is monitored at the level of the Group as a whole.

The amount of goodwill recognised at 31 March 2020 was tested for impairment by an independent expert.

The main assumptions used to determine future cash flows were:

As on 30 June 2020	
EBITDA margin:	7.10%
Tax rate:	25.80%
Working capital requirements (WCR)	-4% of turnover
Investments:	2.1% of turnover
Discount rate:	9.80%
Growth rate used to extrapolate cash flow projections	1.50%

Sensitivity based on valuation methods used:

- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.2-point increase or decrease in their EBITDA margin to perpetuity would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.5-point increase or decrease in their long-term growth rate would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's financial companies would not result in any impairment of goodwill.

Based on the valuations performed at 31 March 2020, the recoverable amount of the assets tested, net of the estimated costs of disposal, is higher than their carrying amounts.

Despite the health crisis, no evidence of impairment was identified between 31 March 2020 and 30 June 2020. During this period, the bases tested were not significantly modified by the pandemic.

C.4 Other intangible assets

Movements during the financial year ended on 30 June 2019

(in '000 EUR)	30 June 2018	Increases	Reductions	Perimeter changes, reclassifications and translation adjustments	30 June 2019
Software	20,214	486	(137)	21,942	42,505
BUT Brand	69,600	-	-	-	69,600
Franchisee relations	71,000	-	-	-	71,000
Other intangible assets	8,673	12,230	(10)	(14,231)	6,662
Gross value	169,487	12,716	(147)	7,711	189,767
Amortisation of software	(4,043)	(9,307)	-	(7,711)	(21,061)
Amortisation Franchise relations	(4,888)	(3,087)	-	-	(7,975)
Amortisation of other intangible assets	(12)	(6)	10	-	(8)
Total amortisations	(8,943)	(12,400)	10	(7,711)	(29,044)
Net worth	160,544	316	(137)	-	160,723

Movements during the financial year ended on 30 June 2020

(in '000 EUR)	30 June 2019	Increases	Reductions	Perimeter changes, reclassifications and translation adjustments	30 June 2020
Software	42,505	181	(259)	9,112	51,539
BUT Brand	69,600	-	-	-	69,600
Franchisee relations	71,000	-	-	-	71,000
Other intangible assets	6,662	8,642	-	(9,104)	6,200
Gross value	189,767	8,823	(259)	8	198,339
Amortisation of software	(21,061)	(9,652)	259	-	(30,454)
Amortisation Franchise relations	(7,975)	(3,087)	-	-	(11,062)
Amortisation of other intangible assets	(8)	(5)	-	-	(13)
Total amortisations	(29,044)	(12,744)	259	-	(41,529)
Net worth	160,723	(3,921)	-	8	156,810

Software costs mainly relate to the internally developed sales management system.

The Group recognised two intangible assets – the But brand and franchisee relations – as part of the allocation of the purchase price of the Décomeubles Partners acquisition by Mobilux Acquisition.

In the year to 30 June 2020, several software applications were brought into service by the Group, resulting in a reclassification of approximately €9 million from “Other intangible assets in progress”. Software mainly consisted of sales and logistics applications.

C.5 Leases

/ Analysis of usage rights by category of underlying assets

(in '000 EUR)	Property	Other assets	Total
Total on 30 June 2019	-	-	-
First-time adoption of IFRS 16	331,912	30,772	362,684
Asset additions, net of incentives	24,141	6,120	30,261
Contract modifications	32	505	537
Impairment losses	-	-	-
Depreciation and amortisation	(76,725)	(16,450)	(93,175)
Terminations	-	(7)	(7)
Foreign exchange and miscellaneous	(5)	-	(5)
Total on 30 June 2020	279,355	20,940	300,295

C.6 Property, plant and equipment

Movements during the financial year ended on 30 June 2019

(in '000 EUR)	30 June 2018	Increases	Reductions	Perimeter changes, reclassifications and translation	30 June 2019
Land	6,950	-	-	-	6,950
Structures	19,292	-	(10)	414	19,696
Fittings for buildings and land	3,485	82	(16)	563	4,114
Equipment and tools	70,678	7,222	(466)	32,058	109,492
Other tangible fixed assets	18,915	19,065	(4,930)	(14,539)	18,511
Gross value	119,320	26,369	(5,422)	18,496	158,763
Depreciation of buildings	(3,349)	(1,515)	-	(414)	(5,278)
Amortisation of fixtures and fittings on buildings and land	(362)	(477)	1	(469)	(1,307)
Depreciation of equipment and tools	(12,748)	(18,986)	181	(16,657)	(48,210)
Amortisation of other property, plant and equipment	(6,195)	(3,784)	4,929	(924)	(5,974)
Total depreciation and amortisation	(22,654)	(24,762)	5,111	(18,464)	(60,769)
Net worth	96,666	1,607	(311)	32	97,994

Movements during the financial year ended on 30 June 2020

(in '000 EUR)	30 June 2019	Increases	Reductions	Perimeter changes, reclassifications and translation adjustments	30 June 2020
Land	6,950	-	-	(2,100)	4,850
Structures	19,696	-	-	(9,383)	10,313
Fittings for buildings and land	4,114	17	-	571	4,702
Equipment and tools	109,492	2	(14)	15,667	125,147
Other tangible fixed assets	18,511	14,827	(25)	(25,371)	7,942
Gross value	158,763	14,846	(39)	(20,616)	152,954
Depreciation of buildings	(5,278)	(815)	-	1,785	(4,308)
Amortisation of fixtures and fittings on buildings and land	(1,307)	(444)	-	-	(1,751)
Depreciation of equipment and tools	(48,210)	(19,388)	14	80	(67,504)
Amortisation of other property, plant and equipment	(5,974)	(433)	23	4,953	(1,431)
Total depreciation and amortisation	(60,769)	(21,080)	37	6,818	(74,994)
Net worth	97,994	(6,234)	(2)	(13,798)	77,960

Land and buildings mainly comprise retail outlets, warehouses and offices.

Property, plant and equipment in progress are recognised within "Other property, plant and equipment" and amounted to €5,684,000 at 30 June 2020 (30 June 2019: €7,330,000).

Finance lease assets have been reclassified under the right to use lease contracts for €13.8 million.

C.7 Active derivative instruments

(in '000 EUR)	Non-current	Current
Value of derivatives on 30 June 2018	-	5,130
Subscription of new derivatives	-	237
Change of fair value: effective portion (impact on other comprehensive income)	-	(448)
Perimeter changes and reclassifications	-	-
Change of fair value: non-effective portion (impact on financial income)	-	(2,527)
Value of derivatives on 30 June 2019	-	2,392
Subscriptions (sales) of new derivatives	-	422
Change of fair value: effective portion (impact on other comprehensive income)	-	(1,508)
Perimeter changes and reclassifications	-	-
Change of fair value: non-effective portion (impact on financial income)	-	208
Value of derivatives on 30 June 2020	-	1,514

The value of derivatives does not take into account counterparty default risk, which represented €1,000 on 30 June 2020 (30 June 2019: €3,000).

The Group protects itself against currency risk by hedging approximately one year's worth of the US dollar purchases that it makes in Asia. Plain vanilla options, forward purchases and rare asymmetrical options are in line with the expected timing of monthly purchases.

The portfolio consisted of the following instruments at 30 June 2020:

Notional amount of foreign exchange derivatives	(in '000 USD)
Forward purchases (Forwards)	111,500
Simple and asymmetrical options	42,000
Total covered	153,500
Purchase budget to be covered	185,055

Instalments	Forward purchases (Forwards)		Simple and asymmetrical options	
	Notional (in '000 USD)	Average rate	Notional (in '000 USD)	Average rate
July 2020	9,500	1.13	4,000	1.13
August 2020	12,500	1.13	4,000	1.13
September 2020	10,500	1.14	4,000	1.14
October 2020	14,000	1.13	2,000	1.13
November 2020	11,000	1.13	2,000	1.13
December 2020	11,000	1.14	2,000	1.14
January 2021	10,000	1.13	2,000	1.13
February 2021	10,000	1.13	2,000	1.13
March 2021	10,000	1.13	5,000	1.13
April 2021	3,000	1.14	5,000	1.14
May 2021	5,000	1.14	5,000	1.14
June 2021	5,000	1.14	5,000	1.14
Total	111,500		42,000	

C.8 Other assets

(in '000 EUR)	30 June 2020	30 June 2019
Security deposits for commercial premises	11,908	11,913
Securities of non-consolidated companies	15	17
Prepaid expenses	16,810	18,078
Loans and bond loans	467	915
Total Other non-current assets	29,200	30,923
Loans and bond loans	1,141	595
Total Other current assets	1,141	595

Prepaid expenses mainly comprise the incremental costs of obtaining long-term insurance contracts in accordance with the IFRS 15 standard "Revenue from contracts with customers".

C.9 Inventories

(in '000 EUR)	30 June 2020	30 June 2019
Raw stock of goods	296,615	330,413
Depreciation of Merchandise stocks	(6,019)	(4,852)
Net worth	290,596	325,561

Since the deconfinement of 11 May, the Group has experienced strong sales momentum, resulting in a decrease of merchandise inventories at 30 June 2020.

C.10 Trade and other receivables

(in '000 EUR)	30 June 2020	30 June 2019
Trade receivables	64,801	56,331
Impairment of trade receivables	(3,281)	(2,773)
Net value of trade receivables and related accounts	61,520	53,558
Advances and deposits paid	3,452	2,433
Social and tax receivables	45,493	18,989
Receivables on disposals of fixed assets	3	93
Other receivables	15,179	20,711
Impairment on other receivables	(2,248)	(1,161)
Prepaid expenses	15,938	17,831
Other receivables	77,817	58,896
Total	139,337	112,454

At 30 June 2020, trade receivables primarily comprised (i) rebates billed to suppliers for listing them within But stores (€36 million) and (ii) customer deferred debit payments due after the end of the reporting period (€19.1 million). The balance essentially relates to amounts due from franchisees.

Other receivables mainly include rebates due from suppliers.

C.11 Cash and cash equivalents

(in '000 EUR)	30 June 2020	30 June 2019
Availabilities	428,543	179,739
Interest-bearing demand accounts	-	50,028
Total	428,543	229,767
Current bank loans and accrued interest not yet due	(338)	(692)
Cash and cash equivalents as reported in the cash flow statement	428,205	229,075

C.12 Share capital

The Group's share capital amounted to €7,760,001, comprising 7,760 001 shares with a par value of €1.

C.13 Employee benefits

C.13.1 Defined contribution plans

In France, the main retirement benefits are provided through collective bargaining agreements. The Group also provides a supplementary defined contribution plan (Supplementary Pension Plan) for its managerial-grade employees (*cadres*). In the year to 30 June 2020, the Group paid €747,000 in respect of this plan (year to 30 June 2019: €751,000).

C.13.2 Defined benefit plans and other long-term employee benefits

The Group is required to pay lump sum retirement indemnities to employees when they retire from service.

A qualified, independent actuary updated the actuarial valuations of the Group's defined benefit plans and other long-term employee benefits at 30 June 2020. The population concerned and the principal assumptions made by the actuary are shown below:

	30 June 2020	30 June 2019
Discount rate	1.00%	1.15%
Rate of return on assets	1.00%	1.15%
Rate of increase of pensionable earnings	0.5% - 1%	0.5% - 1%
Long-term inflation	1.75%	1.75%
Number of employees	5 858	5 635

In accordance with the IAS 19 standard, the pension expense recognised in the income statement takes into account the interest income generated by the plan assets. This product is determined by multiplying the fair value of plan assets by the discount rate used for the liability as determined at the beginning of the year.

The difference between the interest income and the actual return generated by the assets is recognised in other comprehensive income.

\ The amounts recognised in the statement of financial position were calculated as follows:

(in '000 EUR)	30 June 2020	30 June 2019
Present value of uncovered commitments	29,158	27,397
Present value of covered commitments	861	914
Total present value of commitments	30,019	28,311
Fair value of plan assets	861	914
Coverage shortfall / excess	29,158	27,397
Unrecognised past service cost	-	-
Share-based payments	-	-
Provision recorded for employee benefits	29,158	27,397

\ The amounts recognised in the income statement were calculated as follows:

(in '000 EUR)	30 June 2020	30 June 2019
Current service cost	1,849	2,465
Interest expenses	358	395
Expected return on plan assets	(12)	(18)
Cost of discounts, settlements	(1,900)	(1,352)
Total	295	1,490

Interest expense is recognised in financial income and expense. The Group set up an agreement regarding long-service awards during the year to 30 June 2019.

\ Changes in the provision for retirement and other employee benefit obligations during the period are analysed below:

(in '000 EUR)	30 June 2020	30 June 2019
Perimeter changes	-	-
Employee benefit provision at beginning of year	27,397	23,584
Benefits paid	(83)	(5)
Employer contribution to the asset plan	-	-
Current service cost	1,849	2,465
Interest expenses	358	395
Expected return on plan assets	(12)	(18)
Cost of discounts, settlements	(1,900)	(1,352)
Actuarial gains and losses recognised in other comprehensive income	1,549	2,328
Provision for employee benefits at year-end	29,158	27,397

\ Cumulative actuarial gains and losses are recognised in other comprehensive income.

(in '000 EUR)	30 June 2020	30 June 2019
Accumulated amounts at beginning of year	1,114	(1,214)
Amounts recognised during the year	1,549	2,328
Accumulated amounts at end of year	2,663	1,114

\ The impact of experience adjustments on employee benefit obligations was as follows:

(in '000 EUR)	30 June 2020	30 June 2019
Asset experience		
(Gain)/loss of assets during the period	(5)	(2)
(Gain)/loss of assets as a percentage of plan assets	-0.58%	-0.22%
Liability experience		
(Gain)/loss of liabilities during the period	945	694
(Gain)/loss of liabilities as a percentage of employee benefit obligations	3.15%	2.45%
Liability hypothesis		
(Gain)/loss of liabilities during the period	1,370	1,250
(Gain)/loss of liabilities as a percentage of employee benefit obligations	4.56%	4.42%
Net position		
Employee benefit obligations	(30,019)	(28,311)
Fair value of assets	861	914
Capitalisation status	(29,158)	(27,397)

\ The following table shows plan assets broken down by type of investment:

(in percent)	30 June 2020	30 June 2019
State obligations	81.5%	81.5%
Property	6.4%	6.4%
Common shares	12.1%	12.1%
Total	100.0%	100.0%

Contributions are not paid in respect of any of these investments and the investments are not quoted in an active market.

A 0.15-point increase or decrease in the discount rate applied would have the following impacts on employee benefit obligations:

- at a discount rate of 0.85%, the benefit obligation would represent €30,715,000;
- at a discount rate of 1.15%, the benefit obligation would represent €29,343,000.

This type of plan is not exposed to a significant longevity risk, and an increase of one year in life expectancy would have an impact of less than 0.5%.

The plan's exposure to inflation risk is significant as salary increases take inflation into account.

Exposure to the return risk on high-quality corporate bonds is significant as this variable is taken into account when determining the discount rate.

\ The benefit payments are expected to give rise to the following cash flows:

(in '000 EUR)	Less than 1 year	Between 1 and 2 years	From 3 to 5 years	More than 5 years
Instalments	393	344	1,917	27,364

C.14 Provisions

Movements during the financial year ended on 30 June 2019

(in '000 EUR)	30 June 2018	Increases	Reductions		Perimeter 30 June 2019 changes and reclassifications	
			Used	Not used		
Provision for after-sales warranty	15,956	368	(730)	-	-	15,594
Provision for warranty and long-term insurance	44,371	-	-	-	(44,371)	-
Other	5,283	2,404	(2,466)	-	-	5,221
Total	65,610	2,772	(3,196)	-	(44,371)	20,815
Of which non-current liabilities	33,674	739	(482)	-	(32,322)	1,609
Of which current liabilities	31,936	2,033	(2,714)	-	(12,049)	19,206

Movements during the financial year ended on 30 June 2020

(in '000 EUR)	30 June 2019	Increases	Reductions		Perimeter 30 June 2020 changes and reclassifications	
			Used	Not used		
Provision for after-sales warranty	15,594	539	(920)	-	-	15,213
Other	5,221	355	(1,149)	-	-	4,427
Total	20,815	894	(2,069)	-	-	19,640
Of which non-current liabilities	1,609	873	(711)	-	(76)	1,695
Of which current liabilities	19,206	21	(1,358)	-	76	17,945

Other provisions correspond to provisions for claims, disputes and other risks.

C.15 Deferred tax

C.15.1 Deferred tax movements

Movements in deferred tax assets and liabilities (before offsetting taxes levied by the same taxation authority as permitted by IAS 12) are shown in the table below:

Deferred tax assets

(in '000 EUR)	30 June 2020	30 June 2019
Situation at the beginning of the year	10,765	10,058
Income (expenses) for the year	(730)	(3,875)
Tax recognised in equity	61	5,231
Perimeter changes and reclassifications	-	(649)
Balance at year-end	10,096	10,765

Deferred tax liabilities

(in '000 EUR)	30 June 2020	30 June 2019
Situation at the beginning of the year	70,893	70,568
Expenses (income) for the year	(14,142)	1,386
Tax recognised in equity	(991)	(412)
Perimeter changes and reclassifications	-	(649)
Balance at year-end	55,760	70,893

C.15.2 Deferred tax sources

(in '000 EUR)	Balance sheet 30 June 2020	Balance sheet 30 June 2019	Change for the year		Change for the year	
			30 June 2020 in equity and reclassifications	(12 months) in the income statement	30 June 2019 in equity and reclassifications	(12 months) in the income statement
Deferred tax assets						
Intangible fixed assets	-	-	-	-	-	-
Usage rights relating to leases	3,156	-	-	3,156	-	-
Property, plant and equipment	-	-	-	-	-	-
Stocks	55	107	-	(52)	-	(105)
Other assets	4,750	4,809	-	(59)	-	262
Pension benefits	7,796	7,167	534	95	801	7
Provisions	-	594	94	(688)	(3,375)	116
Other liabilities	5,810	4,729	519	562	154	(396)
Tax loss carry-forwards	1,499	694	-	805	3	(2,239)
Total	23,066	18,100	1,147	3,819	(2,417)	(2,355)
Deferred tax liabilities						
Intangible fixed assets	(33,728)	(34,588)	(1)	861	-	1,064
Property, plant and equipment	(1,397)	(1,523)	3	123	-	138
Stocks	-	-	-	-	-	157
Other assets	(9,688)	(10,096)	(1)	409	(9,931)	(8)
Provisions	(19,638)	(22,099)	(95)	2,556	-	670
Other liabilities	(4,279)	(9,922)	(1)	5,644	17,991	(4,927)
Total	(68,730)	(78,228)	(95)	9,593	8,060	(2,906)
Deferred tax assets / (liabilities)	(45,664)	(60,128)				
Deferred tax assets in the balance sheet	10,096	10,765				
Deferred tax liabilities in the balance sheet	(55,760)	(70,893)				
Net balance	(45,664)	(60,128)				
Deferred tax income / (expense)			1,052	13,412	5,643	(5,261)

C.15.3 Tax losses

Tax losses are shown below:

(in '000 EUR)	30 June 2020			30 June 2019		
	Deferred tax bases	Recognised deferred taxes	Unrecognised deferred taxes	Deferred tax bases	Recognised deferred taxes	Unrecognised deferred taxes
Tax loss carry-forwards related to:						
Entities not included in the tax consolidation perimeter:	3,373	63	816	4,326	114	1,050
Entities included in the tax consolidation perimeter:	-	-	-	-	-	-
Tax losses acquired prior to joining the tax consolidation group	4,481	-	1,543	18,942	-	6,522
Tax losses acquired after joining the tax consolidation group	23,383	-	8,051	26,991	-	9,293
Total	31,237	63	10,410	50,259	114	16,865

C.16 Income tax receivables and payables

Tax receivables

(in '000 EUR)	30 June 2020	30 June 2019
State, tax receivable	173	2,955
Mobilux tax group 1, tax receivable	14,145	6,298
Total receivables	14,318	9,253

Tax liabilities

(in '000 EUR)	30 June 2020	30 June 2019
State, tax debt	5,031	1,258
Mobilux Tax group 1, tax liability	13,056	5,127
Total debts	18,087	6,385

C.17 Loans and borrowings

C.17.1 Shareholder loan

On 16 November 2016, the Group was granted a 15-year loan by its parent company, Mobilux 1 SAS, for an amount of €116,400 thousand. This loan bears interest at 8% per annum, capitalised on an annual basis.

(in '000 EUR)	30 June 2020	30 June 2019
Shareholder advance	141,614	135,769
Accrued interest on shareholder advances	7,046	6,725
Total shareholder advance	148,660	142,494

C.17.2 Other loans and borrowings

(in '000 EUR)	30 June 2020	30 June 2019
Bond issue	380,000	380,000
Other borrowings from credit institutions due in more than one year	1,893	2,132
Finance leases - more than 12 months	-	11,268
Loan issuance costs - over 12 months	(8,396)	(10,730)
Other borrowings and financial debts - non-current	373,497	382,670
Other borrowings from credit institutions due within one year	100,239	232
Finance leases - fewer than 12 months	-	2,449
Accrued interest	3,463	2,613
Loan issuance costs - less than 12 months	(2,185)	(1,922)
Other borrowings and financial debts - current	101,517	3,372
Total other borrowings and financial debts	475,014	386,042

The financial debts on finance leases have been reclassified as rental liabilities in accordance with IFRS 16 for €13.7 million.

Other borrowings from current credit institutions mainly comprise the Super Senior Revolving Credit Facility.

Movements during the financial year ended on 30 June 2019

(in '000 EUR)	30 June 2018	Loan issues	Loan repayments	Perimeter changes and other non-cash movements	30 June 2019
Bond issue	380,000	-	-	-	380,000
Other borrowings from credit institutions	2,850	-	(487)	1	2,364
Rentals financing	15,830	-	(4,061)	1,948	13,717
Current accounts - other third parties	2,078	-	-	(2,078)	-
Accrued interest	2,613	-	-	-	2,613
Loan issuance costs	(14,564)	-	-	1,912	(12,652)
Total other borrowings and financial debts	388,807	-	(4,548)	1,783	386,042

Movements during the financial year ended on 30 June 2020

(in '000 EUR)	30 June 2019	Loan issues	Loan repayments	Perimeter changes and other non-cash movements	30 June 2020
Bond issue	380,000	-	-	-	380,000
Other borrowings from credit institutions	2,364	100,000	(232)	-	102,132
Rentals financing	13,717	-	-	(13,717)	-
Current accounts - other third parties	-	-	-	-	-
Accrued interest	2,613	-	-	850	3,463
Loan issuance costs	(12,652)	-	-	2,071	(10,581)
Total other borrowings and financial debts	386,042	100,000	(232)	(10,796)	475,014
Lease obligations	-	-	(83,487)	397,828	314,341
Total financial debts and rental obligations	386,042	100,000	(83,719)	387,032	789,355

C.17.3 Terms and repayment schedule

All loans and borrowings are denominated in euros.

(in '000 EUR)				Contractual cash flows			
As on 30 June 2019	Values within the consolidated financial position			Total	< 1 year	1 to 5 years	> 5 years
	Variable rate	Fixed rate	Total				
Bond issue	-	380,000	380,000	492,337	18,287	83,600	390,450
Other borrowings from credit institutions	-	2,364	2,364	2,756	303	1,212	1,241
Rentals financing	9,643	4,074	13,717	15,090	2,797	6,340	5,953
Accrued interest	-	2,613	2,613	2,613	2,613	-	-
Loan issuance costs	-	(12,652)	(12,652)	-	-	-	-
Total other borrowings and financial debts	9,643	376,399	386,042	512,796	24,000	91,152	397,644

(in '000 EUR)				Contractual cash flows			
As on 30 June 2020	Values within the consolidated financial position			Total	< 1 year	1 to 5 years	> 5 years
	Variable rate	Fixed rate	Total				
Bond issue	-	380,000	380,000	470,587	17,437	453,150	-
Other borrowings from credit institutions	100,000	2,132	102,132	103,953	101,803	1,212	938
Lease obligations	8,914	305,427	314,341	378,690	92,121	221,951	64,618
Accrued interest	-	3,463	3,463	3,463	3,463	-	-
Loan issuance costs	-	(10,581)	(10,581)	-	-	-	-
Total other borrowings and financial debts	108,914	680,441	789,355	956,693	214,824	676,313	65,556

Contractual cash flows correspond to future repayments of principal and interest due.

a) Bond issue

On 10 November 2016, Mobilux Finance SAS issued a €380,000 thousand bond on the Luxembourg market.

The main terms and conditions of the bond are as follows:

- Maturity: 15 November 2024.
- Interest: fixed at 5.50%, due on 17 May and 17 November of each year.
- Covenants, key ratios and other reporting requirements: the Group has agreed to provide investors with reporting indicators on a quarterly and annual basis.

b) Super Senior Revolving Credit Facility

On 17 November 2016, the Group took out a revolving line of credit for a maximum amount of €100 million. The Group drew down this loan on 19 March 2020 for a period of 6 months.

The Group has agreed to provide investors with reporting indicators on a quarterly and annual basis. The gearing ratio in particular must be reported annually within 120 days of the end of the reporting period.

C.18 Other non-current liabilities

(in '000 EUR)	30 June 2020	30 June 2019
Deferred income	146,341	159,621
Debts on acquisition of fixed assets	963	963
Other debts	-	-
Total	147,304	160,584

Prepaid income primarily includes future revenue from extended warranties.

C.19 Accounts payable and related accounts

(in '000 EUR)	30 June 2020	30 June 2019
Supplier debts	261,465	272,133
Advances and deposits received	158,213	113,066
Tax and social security liabilities	123,980	84,713
Debts on acquisition of fixed assets	8,670	13,926
Other debts	24,868	28,225
Deferred income	78,384	77,879
Total	655,580	589,942

The total amount of trade payables able to be settled in part by means of reverse factoring amounted to €6.4 million on 30 June 2020 (30 June 2019: €5.8 million).

Other payables mainly include purchasing rebates to be paid over to franchisees.

Prepaid income essentially includes future revenue from extended warranties, of which €77,879,000 were recognised in revenues during the year.

C.20 Cash flow

On 30 June 2020, cash and cash equivalents amounted to €428,205,000 (see Note C.12). Amounts impacting cash and cash equivalents are shown in the consolidated statement of cash flows.

Operating activities

In the year to 30 June 2020, net cash flows relating to operating activities amounted to €257,046,000, breaking down as follows:

- cash flows from operations before net finance costs and income tax totalling €191,685,000;
- income tax expense totalling €4,716,000;
- changes in working capital, excluding tax, resulting in a positive €70,077,000 impact on cash, due chiefly to the good inventory management.

Investing activities

The main components of net cash flows relating to investing activities were:

- cash outflows relating to acquisitions of property, plant and equipment, intangible assets and other financial assets, net of disposals, in an amount of €28,066,000.

Cash flows relating to financing activities

Net cash flows relating to financing activities represented a total outflow of €29,865,000, and essentially comprised:

- Issue of a revolving loan of €100,000,000.
- Repayment of existing loans for €83,719,000 of which €83,487,000 concerns rental obligations.
- Debt service for an amount of €41,047,000 of which €20,009,000 relates to rental obligations.
- Net payment on loans and advances of €5,099,000.

D Presentation of financial statements - income statement

D.1 Revenue

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Store sales	1,360,869	1,437,803
Sales to franchisees	108,704	121,352
Sales of goods	1,469,573	1,559,155
Service providing to franchisees	11,115	13,212
Referencing proceeds	9,430	8,341
Insurance benefits and warranty extensions	66,442	72,072
Other	58,838	45,152
Other revenues	145,825	138,777
Total	1,615,398	1,697,932

"Other" includes all other revenue relating to installations, deliveries and other fees collected.

D.2 Cost of sales

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Purchasing	(808,324)	(877,685)
Change of stocks	(33,799)	(24,350)
Inventory write-down	(11,146)	(13,185)
Cost of sales excluding logistics costs	(853,269)	(915,220)
Logistics costs	(53,273)	(57,259)
Total	(906,542)	(972,479)

Logistics costs no longer include logistics platform rentals, which are taken into account in the application of the IFRS 16 standard on 30 June 2020.

D.3 Personnel expenses

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Wages and salaries	(184,217)	(187,588)
Social security charges	(70,491)	(80,147)
Employee participation	(4,036)	(3,637)
Post-employment expenses	134	(1,108)
Total	(258,610)	(272,480)

Personnel expenses include compensation for short-time working in respect of the period of confinement.

D.4 External expenses

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Subcontracting	(72,236)	(76,797)
Real estate rentals	(1,188)	(83,347)
Other rentals and rental expenses	(16,417)	(31,333)
Maintenance and repairs	(11,117)	(12,245)
Insurance	(3,685)	(4,509)
Remuneration of intermediaries and outside personnel	(9,332)	(13,128)
Local advertising	(8,026)	(10,204)
National advertising	(47,458)	(51,991)
Other external expenses	(36,067)	(42,451)
Total	(205,526)	(326,005)

"Other external expenses" include utility costs, supplies, cleaning costs and banking services. The decrease of External Expenses during the financial year ended 30 June 2020 is mainly due to the first-time adoption of IFRS 16.

D.5 Other income and expense from operations

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Decrease of provisions and impairment of current assets	1,982	3,705
Other products	2,249	3,344
Other operating income	4,231	7,049
Increase of provisions and impairment of current assets	(5,011)	(6,232)
Other expenses	(1,858)	(2,910)
Other operating expenses	(6,869)	(9,142)
Net total	(2,638)	(2,093)

D.6 Other operating income and expense

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Capital gains on disposals of fixed assets	7	16
Other operating income	4,511	3,171
Other operating income	4,518	3,187
Restructuring costs	(1,005)	(2,628)
Acquisition costs and disposal of assets	(2,768)	(7,675)
Losses on disposals of fixed assets	(10)	(447)
Other operating expenses	(14,725)	(3,921)
Other operating expenses	(18,508)	(14,671)
Net total	(13,990)	(11,484)

On 30 June 2020, the Group was granted a €4.5 million (€3 million on 30 June 2019) reduction of the price of the Décomeubles Partners shares acquired in November 2016, which was recognised in other operating income. The other operating expenses take into account the additional costs induced by the COVID-19 health crisis as described in note A.2.

D.7 Cost of debt

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Interest expense on financing transactions	(35,321)	(33,796)
Interest expense on rentals	(20,009)	(402)
Total	(55,330)	(34,198)

D.8 Other financial income and expenses

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Exchange gains	1,253	1,776
Other products	41	110
Other financial income	1,294	1,886
Foreign exchange losses	-	(5,354)
Financial charge for discounting the pension commitment	(346)	(377)
Other expenses	(9,665)	(11,099)
Other financial expenses	(10,011)	(16,830)
Net total	(8,717)	(14,944)

The other expenses mainly include the Group's assumption of premiums on loans obtained by our customers from Cetelem.

D.9 Taxes

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Income tax expense	(11,353)	(8,265)
Deferred taxes	13,412	(5,261)
Total tax (expense)/income	2,059	(13,526)

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Earnings for the period	12,792	(12,271)
Less the share in the results of companies accounted for using the equity method	-	-
Cancellation of tax expense/(income)	(2,059)	13,526
Pre-tax earnings of consolidated companies	10,733	1,255
Theoretical tax rate	34.43%	34.43%
Theoretical tax (expense) income	(3,695)	(432)
Tax rate differential Luxembourg, Malta, Hong Kong	2,749	1,469
Gradual reduction of interest rates until 2023	(940)	302
Activation of deficits / (Deficits not activated)	3,309	(2,415)
Exceptional tax (expense) income	6,360	(9,995)
Contribution on the added value of companies	(7,906)	(7,394)
(Loss) / Gain on disposal taxed at 0%	-	-
Charged CICE	-	1,810
Other	2,182	3,129
Actual tax (expense) income	2,059	(13,526)

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Taxes on exchange differences arising from the translation of foreign operations	-	-
Income taxes Effective portion of fair value of cash flow hedges	520	154
Taxes on recyclable elements in the income statement	520	154
Taxes on actuarial gains and losses linked to obligations for pension benefits	533	801
Taxes on non-recyclable elements in the income statement	533	801
Total impôts sur les autres éléments du résultat global	1,053	955

E Presentation of financial statements – Other

E.1 Financial instruments

Financial instruments are recognised and measured as follows:

- items carried at fair value through other comprehensive income include listed and unlisted equity investments.
- items carried at amortised cost chiefly relate to trade receivables and miscellaneous other current and non-current receivables.
- Liabilities recognised at amortised cost using the effective interest method mainly include loans and borrowings, trade payables and other miscellaneous current and non-current payables.
- Derivative instruments are recognised at fair value, either directly through profit or loss or within income and expenses recognised directly in other comprehensive income in accordance with cash flow hedge accounting.
- items carried at fair value through profit or loss include all assets not assigned to the other categories described above.

The fair value of financial assets and liabilities is determined as follows:

- the fair value of trade receivables and payables and other miscellaneous current receivables and payables is considered to be their carrying amount in the consolidated statement of financial position due to their very short-term maturities;
- the fair value of bonds is estimated at the end of each reporting period based on average market interest rates and the value of the Group's credit risk for bonds with maturities approximating the remaining term to maturity of the Group's bond issues.
- the fair value of finance lease liabilities is taken as the carrying amount in the consolidated statement of financial position due to the wide variety of lease types and terms.

As on 30 June 2019

(in '000 EUR)	Fair value through profit or loss	Fair value through OCI	Amortised cost	Hedging instruments	Non-financial instruments	Net balance sheet value	Fair value
Assets							
Derivatives non-current assets	-	-	-	-	-	-	-
Other non-current assets	-	23	12,822	-	18,078	30,923	30,923
Trade and other receivables	-	-	73,374	-	39,080	112,454	112,454
Derivatives current assets	-	-	-	2,392	-	2,392	2,392
Other current assets	-	-	595	-	-	595	595
Cash and cash equivalents	-	-	229,767	-	-	229,767	229,767
Total	-	23	316,558	2,392	57,158	376,131	376,131
Liabilities							
Shareholder advance	-	-	142,494	-	-	142,494	142,494
Other borrowings	-	-	386,042	-	-	386,042	386,042
Derivative non-current liabilities	-	-	-	-	-	-	-
Other non-current liabilities	963	-	-	-	159,621	160,584	160,584
Other long-term debt	-	-	-	-	-	-	-
Trade and other payables	-	-	314,287	-	275,555	589,842	589,842
Derivative current liabilities	-	-	-	-	-	-	-
Current bank loans	-	-	692	-	-	692	692
Total	963	-	843,515	-	435,176	1,279,654	1,279,654

As on 30 June 2020

(in '000 EUR)	Fair value through profit or loss	Fair value through OCI	Amortised cost	Hedging instruments	Non-financial instruments	Net balance sheet value	Fair value
Assets							
Derivatives non-current assets	-	-	-	-	-	-	-
Other non-current assets	-	21	12,368	-	16,811	29,200	29,200
Trade and other receivables	-	-	74,801	-	64,535	139,336	139,336
Derivatives current assets	-	-	-	1,514	-	1,514	1,514
Other current assets	-	-	1,141	-	-	1,141	1,141
Cash and cash equivalents	-	-	428,543	-	-	428,543	428,543
Total	-	21	516,853	1,514	81,346	599,734	599,734
Liabilities							
Shareholder advance	-	-	148,660	-	-	148,660	148,660
Other borrowings	-	-	475,014	-	-	475,014	475,014
Lease obligations	-	-	314,341	-	-	314,341	314,341
Derivative non-current liabilities	-	-	-	-	-	-	-
Other non-current liabilities	963	-	-	-	146,341	147,304	147,304
Other long-term debt	-	-	-	-	-	-	-
Trade and other payables	-	-	295,004	-	360,576	655,580	655,580
Derivative current liabilities	-	-	-	-	-	-	-
Current bank loans	-	-	338	-	-	338	338
Total	963	-	1,233,357	-	506,917	1,741,237	1,741,237

Contractual future cash flows related to other loans and borrowings are set out in Note C.17.3. Trade payables and other current payables classified at amortised cost (€655,580,000 on 30 June 2020) all mature within one year.

The carrying amount of the Group's financial assets and liabilities is equal to their fair value.

E.2 Risk management

E.2.1 Financial risk management

In the course of its business, the Group is exposed to currency risk, interest rate risk, credit risk, and liquidity risk. In accordance with the policies approved by the Chairman, the Group only enters into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. The Group does not enter into any trading derivative transactions without underlying assets or liabilities.

Financial risks are formally managed by the Group's Treasury department.

E.2.2 Financial risk

Financial risks essentially arise on exposure to US dollars and interest rates.

- Currency risk

Most furniture is purchased directly by the Group from suppliers, 20% of which are in Asia, in US dollars. The Group's policy is to hedge most US dollar transactions between the date of the purchase order and the settlement date using forward contracts or options negotiated with an investment-grade bank. All foreign currency transactions must be demonstrably linked to an underlying exposure.

The hedge of the exposure is monitored throughout the life of the transaction to ensure that it remains effective and appropriate.

The net fair value of foreign currency financial instruments was €1,514,000 at 30 June 2020, excluding counterparty default risk in an amount of €1,000 at that date.

- Interest rate risk

The Group has only minimal exposure to interest rate risk on its floating-rate borrowings.

E.2.3 Credit risk

Financial assets mainly comprise cash and cash equivalents as well as trade and other receivables. Credit risk arises if a counterparty fails to meet its obligations.

The Group invests its liquid assets with leading banks and regularly monitors counterparty risk.

Given its retail activity, none of the Group's customers represents more than 10% of its revenue.

E.2.4 Liquidity risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose the Group to liquidity risk in the event of early repayment.

In order to manage its liquidity risk, the Group contracts bank facilities for an appropriate amount and maturity to ensure that it has adequate available funds to meet its commitments.

As described in note C.17.3., the Group undertakes to comply with ratios, thresholds and other reporting obligations in connection with its borrowings.

E.3 Contingent liabilities

The Group does not have any material contingent liabilities. In the ordinary course of its operations, the Mobilux 2 Group is involved in litigation and is subject to tax, customs and administrative inspections. A provision is accrued when the Company identifies a risk and that risk can be reliably measured.

E.4 Off-balance sheet commitments

E.4.1 Commitments to purchase goods

(in '000 EUR)	Payments to be made by period			
As on 30 June 2019	Total	< 1 year	1 to 5 years	> 5 years
Simple rentals	285,781	97,723	166,180	21,878
Purchase of goods	136,301	136,301	-	-
Total	422,082	234,024	166,180	21,878

(in '000 EUR)	Payments to be made by period			
As on 30 June 2020	Total	< 1 year	1 to 5 years	> 5 years
Purchase of goods	364,884	364,884	-	-
Total	364,884	364,884	-	-

E.4.2 Other financial commitments

(in '000 EUR)	30 June 2020	30 June 2019
Lines of credit confirmed but not used	-	-
Standby letters of credit and Credoc	14,406	13,832
Other guarantees received	28,551	28,996
Total guarantees received	42,957	42,828

(*) In addition to the commitments shown above, the following items were pledged by Mobilux 2, Mobilux Acquisition, Décomeubles Partners, But SAS and But International

to guarantee the repayment of the bond and the Super Senior Revolving Credit Facility:

- the shares in BUT held by DÉCOMEUBLES PARTNERS;

- the shares in BUT INTERNATIONAL held by BUT;
- the shares in COGESEM held by BUT INTERNATIONAL;
- the shares in DÉCOMEUBLES PARTNERS held by MOBILUX ACQUISITION;
- the shares in MOBILUX FINANCE held by MOBILUX ACQUISITION;
- the shares in MOBILUX ACQUISITION held by MOBILUX 2;
- the bank accounts of MOBILUX ACQUISITION, MOBILUX FINANCE, DÉCOMEUBLES PARTNERS, BUT, BUT INTERNATIONAL and COGESEM;
- the rights of MOBILUX ACQUISITION, MOBILUX FINANCE, DÉCOMEUBLES PARTNERS, BUT, BUT INTERNATIONAL and COGESEM on intragroup receivables.

E.5 Related-party transactions

The Group's main related parties are companies that it controls or over which it exercises significant influence. Related parties also include joint ventures, members of management bodies and the Group's shareholder.

E.5.1 Transactions with companies controlled by the Group

The list of companies controlled by the Group is provided in Note F. Since these companies are fully consolidated as described in Note B.3, any transactions between them, and between the parent company and its subsidiaries, were eliminated for the purpose of preparing the consolidated financial statements.

E.5.2 Transactions with members of management bodies and shareholders

The Group has introduced an Incentive Program under which management may purchase Group shares under certain conditions.

Transactions carried out with the parent company are presented below.

The table below summarises the transactions carried out with related companies (Mobilux SARL, Mobilux 1, CD&R, WM Holding, XLI France, MÖMAX and Poco) in the ordinary course of business:

Transaction amounts for the year

(in '000 EUR)	30 June 2020 (12 months)	30 June 2019 (12 months)
Management fees (Mobilux s.à.r.l., CD&R and WM Holding)	(1,000)	(1,000)
Interest (Mobilux 1)	(11,189)	(10,555)
Tax (Mobilux 1)	(100)	(42)
Sales of goods (Poco)	974	-
Purchasing of goods (MÖMAX)	(323)	(1,449)
Rents (XLI France)	(7,872)	(7,509)

Balance sheet balance at year-end:

(in '000 EUR)	30 June 2020	30 June 2019
Debt - Management fees (Mobilux, CD&R and WM Holding)	125	125
Advance from Mobilux 1	148,660	142,494
Mobilux 1 tax balance	(1,089)	(1,173)
Mobilux current account 1	(550)	(463)
Receivables - Sales of goods (Poco)	7	78
Debts - Purchase of goods (MÖMAX)	426	-
Debts - Rents (XLI France)	2,183	630

E.5.3 Executive compensation

(in '000 EUR)	30 June 2020	30 June 2019
Short-term benefits	3,151	3,333
Pension obligations - defined contribution plan	43	47
Pension obligations and other long-term benefits - defined benefit plan	9	32
Total	3,203	3,412

Key management personnel include the members of the Management Committee.

F List of consolidated companies

Company	Parent company	Consolidation method (*)	30 June 2020		30 June 2019	
			% control	% interest	% control	% interest
Mobilux 2	X	FC	100%	100%	100%	100%
Mobilux Acquisition		FC	100%	100%	100%	100%
Mobilux Finance		FC	100%	100%	100%	100%
Décomeubles Partners		FC	100%	100%	100%	100%
B.U.T. Sourcing Limited		FC	100%	100%	100%	100%
B'Sourcing		FC	100%	100%	100%	100%
But		FC	100%	100%	100%	100%
BUT International		FC	100%	100%	100%	100%
Cafina		FC	100%	100%	100%	100%
Cogesem		FC	100%	100%	100%	100%
Immobilière But		Absorbed			100%	100%
Immobut		FC	100%	100%	100%	100%
Cafina Assurances Ltd		FC	100%	100%	100%	100%
Cafina Holding		FC	100%	100%	100%	100%
Sourceco France		Absorbed			100%	100%
Filiabut1		FC	100%	100%	100%	100%

(*) FC: Full Consolidation

G Events after the end of the reporting period

There were no significant events between the end of the reporting period and the date the consolidated financial statements were authorised for issue by the Chairman.

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Statutory auditors' report on the consolidated financial statements

(For the year ended June 30, 2019)

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

MOBILUX 2

1 Avenue Spinoza
77184 Emerainville

To the Chairman

In our capacity as statutory auditors of Mobilux 2 and in compliance with your request within the framework of your obligations linked to the funding of the Group constituted by the entities included in the consolidation, we have audited the accompanying consolidated financial statements of Mobilux 2 for the year ended June 30, 2019.

These consolidated financial statements were prepared under the responsibility of the Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures, on a test basis or by 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 by management, as well as the overall presentation of the 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 financial position and assets and liabilities of Mobilux 2 as of June 30, 2019, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

Without qualifying the opinion expressed above, we draw your attention to the matters set out in Notes:

- “C.2 Impacts of the first-time application of IFRS 15 on the financial statements at June 30, 2019” which presents the impact of the first-time adoption of standard IFRS 15 “Revenue from Contracts with Customers”.
- “B.22 Impact of new standards, amendments and interpretations” which presents the expected impact of applying standard IFRS 16 “Leases” for reporting periods beginning on or after January 1, 2019.

Neuilly-sur-Seine and Paris-La Défense, July 26, 2019

The statutory auditors

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

French original signed by:

Camille Phelizon

French original signed by:

Bruno Bizet

Romain Lancner



Mobilux 2 SAS

Annual IFRS consolidated
financial statements

at June 30, 2019

This report has 48 pages.

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Consolidated statement of financial position

(in € thousands)	Note	June 30, 2019	June 30, 2018
Assets			
Goodwill	C.3	408,855	408,855
Other intangible assets	C.4	160,723	160,544
Property, plant and equipment	C.5	97,994	96,666
Non-current derivatives with a positive fair value	C.6	-	-
Other non-current assets	C.7	30,923	13,675
Deferred tax assets	C.14	10,765	10,058
Non-current assets		709,260	689,798
Inventories	C.8	325,561	351,764
Trade and other receivables	C.9	112,454	105,078
Income tax receivables	C.15	9,253	23,614
Current derivatives with a positive fair value	C.6	2,392	5,130
Other current assets	C.7	595	1,075
Cash and cash equivalents	C.10	229,767	189,144
Current assets		680,022	675,805
Total assets		1,389,282	1,365,603
Equity and liabilities			
Share capital	C.11	7,760	7,760
Share premium		69,840	69,840
Reserves		(77,031)	(12,139)
Other comprehensive income (loss)		(4,260)	(959)
Profit (loss) for the period		(12,271)	32,879
Equity attributable to owners of the Company		(15,962)	97,381
Non-controlling interests		-	-
Total equity		(15,962)	97,381
Shareholder loan	C.16	142,494	131,939
Loans and borrowings	C.16	382,670	381,737
Non-current derivatives with a negative fair value	C.17	-	2
Other non-current liabilities	C.18	160,584	48,950
Provision for retirement and other employee benefit obligations	C.12	27,397	23,584
Non-current provisions	C.13	1,609	33,674
Deferred tax liabilities	C.14	70,893	70,568
Non-current liabilities		785,647	690,454
Loans and borrowings	C.16	3,372	7,070
Trade and other payables	C.19	589,942	515,467
Current provisions	C.13	19,206	31,936
Current derivatives with a negative fair value	C.17	-	-
Income tax payables	C.15	6,385	22,851
Bank overdrafts	C.10	692	444
Current liabilities		619,597	577,768
Total equity and liabilities		1,389,282	1,365,603

Consolidated income statement

(in € thousands)	Note	June 30, 2019 (12 months)	June 30, 2018 (12 months) (1)
Continuing operations			
Retail revenue		1,559,155	1,467,677
Other revenue		138,777	125,978
Revenue	D.1	1,697,932	1,593,655
Cost of sales	D.2	(972,479)	(931,774)
Gross profit		725,453	661,881
Personnel expenses	D.3	(272,480)	(257,031)
Taxes other than on income		(26,037)	(23,618)
External expenses	D.4	(326,005)	(314,770)
Other income from operations	D.5	7,049	31,726
Other expense from operations	D.5	(9,142)	(21,926)
Recurring operating profit before depreciation, amortisation and impairment, and other operating income and expense		98,838	76,262
Other operating income and expense	D.6	(11,484)	41,280
Depreciation, amortisation and impairment of non-current assets		(37,161)	(35,847)
Operating profit		50,193	81,695
Cost of debt	D.7	(34,198)	(33,556)
Interest income		204	282
Other financial income and expense	D.8	(14,944)	(4,255)
Profit before income tax		1,255	44,166
Income tax	D.9	(13,526)	(11,287)
Profit (loss) for the period		(12,271)	32,879
Attributable to:			
Owners of the Company		(12,271)	32,879
Non-controlling interests		-	-
Profit (loss) for the period		(12,271)	32,879

(1) In accordance with the simplified retrospective transition approach, the income statement for the year to June 30, 2018 was not restated to reflect the first-time application of IFRS 15.

Consolidated statement of comprehensive income

(in € thousands)	Note	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Profit (loss) for the period		(12,271)	32,879
Exchange differences on translating foreign operations		(54)	42
Effective portion of cash flow hedges	C.6 & C.17	(446)	6,844
Income tax on items that may be subsequently reclassified to profit or loss		154	(2,356)
Total items that may be subsequently reclassified to profit or loss		(346)	4,530
Actuarial gains and losses on retirement benefit obligations	C.12	(2,327)	(721)
Income tax on items that will not be subsequently reclassified to profit or loss		801	248
Total items that will not be subsequently reclassified to profit or loss		(1,526)	(473)
Total other comprehensive income (loss)		(1,872)	4,057
Comprehensive income (loss)		(14,143)	36,936
Attributable to:			
Owners of the Company		(14,143)	36,936
Non-controlling interests		-	-
Comprehensive income (loss)		(14,143)	36,936

Consolidated statement of changes in equity

(in € thousands)	Capital and additional paid-in capital	Consolidated reserves	Translation reserves	Other comprehensive income for the period	Total	Non-controlling interests	Total equity
Equity at June 30, 2017	77,600	(11,033)	152	(4,973)	61,746	-	61,746
Profit for the period		32,879	-	-	32,879		
Exchange differences on translating foreign operations		-	42	-	42		
Effective portion of cash flow hedges		-	-	4,488	4,488		
Total items that may be subsequently reclassified to profit or loss		-	42	4,488	4,530		
Actuarial gains and losses on retirement benefit obligations		-	-	(473)	(473)		
Total items that will not be subsequently reclassified to profit or loss		-	-	(473)	(473)		
<i>Comprehensive income (loss)</i>		<i>32,879</i>	<i>42</i>	<i>4,015</i>	<i>36,936</i>	<i>-</i>	<i>36,936</i>
Dividends	-	-	-	-	-	-	-
Change in share capital and share premium	-	-	-	-	-	-	-
Other movements	-	(1,300)	-	(1)	(1,301)	-	(1,301)
Equity at June 30, 2018	77,600	20,546	194	(959)	97,381	-	97,381
First-time application of IFRS 9 (Note B.22)	-	1,482	-	(1,482)	-	-	-
First-time application of IFRS 15 (Note C.2)	-	(99,200)	-	-	(99,200)	-	(99,200)
Equity at July 1, 2018	77,600	(77,172)	194	(2,441)	(1,819)	-	(1,819)
Profit (loss) for the period		(12,271)	-	-	(12,271)		
Exchange differences on translating foreign operations		-	(54)	-	(54)		
Effective portion of cash flow hedges		-	-	(292)	(292)		
Total items that may be subsequently reclassified to profit or loss		-	(54)	(292)	(346)		
Actuarial gains and losses on retirement benefit obligations		-	-	(1,526)	(1,526)		
Total items that will not be subsequently reclassified to profit or loss		-	-	(1,526)	(1,526)		
<i>Comprehensive income (loss)</i>		<i>(12,271)</i>	<i>(54)</i>	<i>(1,818)</i>	<i>(14,143)</i>	<i>-</i>	<i>(14,143)</i>
Dividends	-	-	-	-	-	-	-
Change in share capital and share premium	-	-	-	-	-	-	-
Other movements	-	1	-	(1)	-	-	-
Equity at June 30, 2019	77,600	(89,442)	140	(4,260)	(15,962)	-	(15,962)

Consolidated statement of cash flows

(in € thousands)		June 30, 2019 (12 months)	June 30, 2018 (12 months)
Profit for the period before income tax		1,255	44,166
Adjustments for:			
Depreciation, amortisation and impairment of non-current assets		37,427	35,539
Additions to (reversals of) provisions		1,061	1,068
Net (gain) loss on disposals		431	286
Net financial expense		33,994	33,274
Other non-cash items		2,690	689
		76,858	115,022
(Increase) decrease in inventories		26,203	(15,612)
(Increase) decrease in trade and other receivables		3,623	7,946
Increase (decrease) in trade and other payables		8,474	98,091
Income tax paid		(10,371)	(13,069)
Net cash flows from (used in) operating activities (A)		104,787	192,378
Dividends received		-	-
Proceeds from sales of property, plant and equipment and intangible assets		9	255
Proceeds from sales of other non-current assets		-	-
Acquisitions of property, plant and equipment and intangible assets		(37,336)	(27,769)
Acquisitions of subsidiaries		-	(2,036)
Acquisitions of other non-current assets		-	-
(Increase) decrease in other financial assets		581	(411)
Net cash flows from (used in) investing activities (B)		(36,746)	(29,961)
Net cash flows before financing activities		68,041	162,417
Proceeds from issues of borrowings	C.16.2	-	-
Repayment of borrowings	C.16.2	(4,548)	(4,944)
Increase (decrease) in capital		-	-
Net interest paid		(21,529)	(21,897)
Other movements		(1,597)	1,158
Net cash flows from (used in) financing activities (C)		(27,674)	(25,683)
Impact of changes in exchange rates (D)		8	(66)
Net increase (decrease) in cash and cash equivalents (A+B+C+D)		40,375	136,668
Cash and cash equivalents at beginning of period		188,700	52,032
Cash and cash equivalents at end of period	C.10	229,075	188,700

Notes to the consolidated financial statements

Mobilux 2 SAS ("the Company") was incorporated on May 17, 2016 and is domiciled in France. The address of its registered office is 1, avenue Spinoza, 77184 Emerainville, France. Its entire share capital is owned by Mobilux 1 SAS. The Company is ultimately controlled and managed by Mobilux SARL, a consortium comprising the financial investor Clayton, Dubilier & Rice (CD&R) (50%) and WM Holding (50%). CD&R has in-depth knowledge of the retail industry and the French market. WM Holding is an investment vehicle owned by Andreas Seifert, a renowned entrepreneur with extensive experience in our industry and the co-founder of XXXL Lutz group, the European number 2 in the retail industry.

The Company's reporting period closes on June 30.

The IFRS consolidated financial statements for the 12-month period ended June 30 are the Company's annual financial statements. The IFRS consolidated financial statements comprise the Company and its subsidiaries (hereafter referred to collectively as "the Group" and individually as a "subsidiary").

At June 30, 2019, the Group directly operated 208 stores in France (June 30, 2018: 204 stores). It is one of France's largest retailers for furniture (beds, kitchens, living rooms and interior decoration) and electrical goods, categorised as white goods (domestic appliances such as refrigerators, washing machines, microwaves, coffee machines and irons) and brown goods (televisions, telephony, multimedia and audio devices). The Group also offers financing services to its customers within the scope of a partnership with Cetelem.

At June 30, 2019, 93 stores were operated by independent franchisees (June 30, 2018: 90), to which the Group provides advertising, sales support, logistics and IT services.

The Group also owns five distribution centres in France.

A Significant events over the past two reporting periods

A.1 Scope of consolidation and legal restructuring

The table set out in Note F provides a list of Mobilux 2 subsidiaries and shows the Group's ownership interest in each entity at June 30, 2019.

Changes in the year to June 30, 2018

During the period, the Group fully consolidated two new subsidiaries with effect from January 31, 2018. These changes are described in further detail in Note C.1.

Changes in the year to June 30, 2019

No new subsidiaries were consolidated by the Group during the period.

On December 31, 2018, Pau Mobilia and Flash Mobilia were merged into But International with effect from July 1, 2018.

A.2 Other significant events over the past two reporting periods

In May 2018, But signed a new commercial agreement with BNP Paribas Personal Finance to renew its in-store credit operations. The main provisions of this agreement are (i) the withdrawal of Cogesem as partner of the Fidem joint venture by means of a €50 million indemnity paid by BNPP PF, (ii) the signature of a new 10-year agreement starting July 1, 2018, and (iii) the payment to But of advance additional fees of €53.5 million.

In October 2018, Alexandre Falck became the Group's Chairman and Chief Executive Officer.

B Accounting policies

B.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) at the date of preparation of the financial statements.

The standards and interpretations applied in order to prepare the consolidated financial statements also comply with IFRS as published by the International Accounting Standards Board (IASB).

The financial statements were approved and authorised for issue on July 25, 2019 by the Chairman.

B.2 Basis of preparation

The consolidated financial statements were prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as discussed in the accounting policies below.

The principal accounting policies used in dealing with items considered material in relation to the financial statements are set out below. These policies have been consistently applied.

Financial data is presented in thousands of euros.

B.3 Consolidation

All consolidated companies have a June 30 year-end, except for B'Sourcing, whose year-end is December 31.

B'Sourcing prepares interim financial statements at June 30 each year.

B.3.1 Subsidiaries

The Group fully consolidates the entities that it controls pursuant to IFRS 10 – Consolidated Financial Statements. The Group controls an entity and consolidates it as a subsidiary if the following three criteria are met:

- the Group has power to direct the key activities of the entity;
- the Group has the right to variable returns from its involvement with the entity;
- the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries are deconsolidated from the date that control ceases.

Intercompany transactions and balances and gains on transactions between Group companies are eliminated on

consolidation. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.3.2 Joint ventures

Joint ventures are accounted for by the equity method. In accordance with IFRS 11 – Joint Arrangements, a joint venture is a joint arrangement whereby the parties that have joint control of the entity have rights to the net assets of that entity.

B.3.3 Associates

Associates are all entities over which the Group has the ability to exercise significant influence but not control over the entity's financial and operating policies. Significant influence is presumed to exist when the Group directly or indirectly (through its subsidiaries) owns between 20% and 50% of the voting rights of another entity. Investments in associates are accounted for by the equity method.

The Group's share of its associates' and joint ventures' post-acquisition profit or loss is recognised in the income statement. Post-acquisition changes in the value of the Group's interest in associates and joint ventures are adjusted against the carrying amount of the investment, while the Group's share of post-acquisition changes in reserves are recognised within reserves in equity.

Intercompany gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.3.4 Business combinations

In accordance with IFRS 3, business combinations in which the Group acquires control of one or more businesses are recognised using the acquisition method at the date control is acquired.

B.4 Foreign currency translation

B.4.1 Functional currency

The functional currency of the Group and the parent company is the euro.

B.4.2 Recognition of foreign currency transactions in companies' financial statements

Foreign currency transactions are translated into euros at a monthly exchange rate that takes into account any currency hedges. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

B.4.3 Translation of the financial statements of foreign entities

The financial statements of foreign entities consolidated by the Group are translated in accordance with IAS 21, i.e.:

- assets and liabilities along with the related depreciation and amortisation are translated at the closing exchange rate;
- income and expenses are translated at the average rate for the period.

The Group's share of any resulting gains or losses is recognised under "Translation reserves" within equity.

B.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method in order to allocate the cost of the assets less their estimated residual value over their estimated useful lives. The useful lives of the main categories of property, plant and equipment are as follows (assets purchased as new only):

Buildings	20 years
Fixtures and fittings	5-20 years
Plant and equipment	1-15 years
Computers and electronic equipment	3-10 years
Cars and commercial vehicles	4-5 years

The assets' residual values and useful lives are reviewed and adjusted, where appropriate, at the end of each reporting period.

In accordance with IAS 36, when events or changes in circumstances or internal data indicate that an asset may be impaired, it is tested for impairment. Impairment is recognised when the recoverable amount of an asset falls below its carrying amount.

Gains and losses on disposals of assets are recognised in profit or loss and calculated by comparing proceeds from the disposal with the carrying amount of the asset sold.

B.6 Intangible assets

B.6.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share in the acquisition-date fair value of the acquiree's net identifiable assets. Goodwill resulting from acquisitions of equity-accounted companies is included in "Investments in equity-accounted companies".

B.6.2 Software

Costs that are directly associated with the production of identifiable and unique software controlled by the Group and expected to generate future economic benefits in excess of costs for one year or more, are recognised as intangible assets. Other costs are expensed as incurred. Direct costs include software development, employee costs and an appropriate portion of overheads.

Amortisation is calculated using the straight-line method in order to allocate the cost of the assets over their estimated useful lives, ranging from one to seven years.

B.6.3 But brand and franchisee relations

The following two intangible assets were recognised as part of the Décomeubles Partners purchase price allocation process in the year to June 30, 2017:

- But brand: the value of the brand is equal to the present value of royalty revenue net of tax. The terminal value is not amortised but will be tested for impairment on an annual basis.

For indefinite-lived assets, a terminal value is taken into account and impairment is only recognised where appropriate.

- Franchisee relations: these are amortised on a straight-line basis over 23 years and valued using the excess earnings method.

B.6.4 Internally generated intangible assets

Internally generated intangible assets primarily relate to the cost of developing IT management systems. These costs are only capitalised when they meet the criteria for recognition as an intangible asset set out in IAS 38.

Internal and external costs incurred during the software's development phase are capitalised. The cost of upgrades or major improvements are added to the initial cost of the asset if they meet the specific criteria for recognition as an intangible asset.

Internally generated intangible assets are amortised over their useful lives.

B.7 Impairment

Property, plant and equipment along with other indefinite-lived intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recovered in full, or that the use of the assets may not generate economic benefits in excess of their carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Goodwill is allocated to cash-generating units (CGUs) and is tested annually to determine whether any impairment should be recognised based on value in use. Goodwill is tested more frequently if there are indications that it may be impaired. Each cash-generating unit represents a separate autonomous unit within the Group, where the management of the unit has independent control and responsibility for managing the cash flows of that unit. For the purposes of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows. The discount rate applied is based on the Group's weighted average cost of capital, with appropriate adjustments to reflect the risks associated with the business concerned.

Goodwill is carried at cost less any impairment losses and is tested for impairment each year on March 31. Impairment charged against goodwill cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

B.8 Assets held for sale

In accordance with IFRS 5, an asset is classified as "held for sale" if it is highly probable that its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For a sale to be considered highly probable:

- the appropriate level of management must be committed to a plan to sell the asset;
- an active programme to locate a buyer and complete the plan must have been initiated;
- the sale should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

Following their classification as "held for sale", these assets are measured at the lower of their net carrying amount and their fair value less costs to sell.

Profit or loss relating to a group of assets held for sale ("disposal group") must be shown on a separate line of the income statement for current and comparative prior periods, when the group of assets:

- represents either a separate major line of business or geographical area of operations;
- is part of a single, co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Events or circumstances beyond the Group's control may extend the period required to complete the sale or exchange beyond one year. This does not preclude the asset or assets from being classified as held for sale if the Group can demonstrate that it remains committed to the plan to sell or exchange the assets.

B.9 Financial instruments

B.9.1 Non-derivative financial assets

Financial assets as defined by IFRS 9 fall within one of three categories: (i) financial assets carried at amortised cost, (ii) financial assets at fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVPL).

Financial assets are classified depending on the Group's business model for managing the assets and the contractual cash flow characteristics of the assets.

B.9.1.1 Financial assets at amortised cost

These assets are held within a business model whose objective is to collect contractual cash flows. On initial recognition, the assets are measured at acquisition-date fair value, which is generally the transaction price. If they are not hedged, the assets are subsequently measured at amortised cost using the effective interest method.

Financial assets at amortised cost relate primarily to loans, deposits and guarantees, trade and other receivables and amounts due from suppliers.

B.9.1.2 Financial assets at fair value through other comprehensive income (FVOCI)

These assets are financial assets excluding shares, held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial

assets. They are carried on the statement of financial position at fair value through other comprehensive income.

Only interest or dividends received and changes in fair value resulting from fluctuations in exchange rates are recognised in the income statement.

The fair value of equity securities listed on an active market is calculated by reference to the market price as published at the reporting date. Investments in non-consolidated companies continue to be shown on the statement of financial position at acquisition cost, which the Group considers approximates their fair value in the absence of an active market. Changes in fair value are recognised in the statement of comprehensive income (directly in equity). When the financial asset is derecognised from the statement of financial position, changes in fair value are taken to other comprehensive income.

B.9.1.3 Financial assets at fair value through profit or loss (FVPL)

This category includes all assets not assigned to the other categories described above. These assets are held for trading and are recognised at fair value through profit or loss on initial recognition.

A financial asset is classified in this category if it was principally acquired for the purpose of selling it in the near term or if there are no predetermined contractual cash flows. Derivative financial instruments are also classified as held for trading unless they are designated as hedging instruments.

B.9.2 Non-derivative financial liabilities

Non-derivative financial liabilities comprise borrowings and trade payables.

They are recognised initially at fair value, net of transaction costs incurred. Non-derivative financial liabilities are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in profit or loss over the term of the borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

B.9.3 Derivative financial instruments

The Group holds various derivative instruments to hedge currency risk arising in the ordinary course of its operations. Derivative instruments help to protect against currency risk and to minimise risk on commercial transactions.

The Group documents the relationship between the hedging instrument and the hedged item at the inception of the hedge, describing the relationship along with the entity's risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument and the hedged item, a description of the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements.

The hedging relationship meets all of the hedge effectiveness requirements if:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item actually hedged by the Group and the quantity of the hedging instrument actually used by the Group to hedge that quantity of hedged item.

Derivatives are initially recognised at fair value at the date the hedging agreement is signed, and are remeasured to fair value at each subsequent reporting date. Changes in fair value are recognised in profit or loss, except for instruments qualifying as cash flow hedges, for which changes in fair value are included in other comprehensive income. Regarding the costs of hedging, the forward element of forward contracts for which changes in fair value may be recognised in other comprehensive income under option, along with changes in the time value of options, are taken to profit or loss as soon as the hedged item itself affects profit or loss.

The fair value of a qualifying derivative instrument is classified as a non-current asset or liability when the hedged item expires in 12 months or more, and as a current asset or liability when the hedged item expires within 12 months. Transactions involving derivative instruments held for trading are classified as current assets or liabilities.

B.9.4 Calculation of fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. If the market for a financial instrument is not active, the Group establishes fair value by using valuation techniques such as reference to recent arm's length transactions, other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the investment.

The nominal value less estimated credit adjustments of trade receivables and payables is considered to approximate fair value. The fair value of financial liabilities to be disclosed in the notes to the consolidated financial statements is estimated by discounting the future contractual cash flows at the market interest rate that is available to the Group for similar financial instruments.

B.9.5 Fair value hierarchy

Financial instruments measured at fair value after initial recognition, (financial instruments at fair value through profit or loss, available-for-sale financial assets and derivative instruments), can be classified based on the following three levels of the fair value hierarchy:

- Level 1: observable (unadjusted) inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2: inputs other than quoted prices for identical assets or liabilities in active markets that are either directly observable (prices) or indirectly observable (price-based data).
- Level 3: data not based on observable market inputs.

	Notes	IFRS 7 measurement principles	Fair value hierarchy
Financial assets			
Derivative instruments with a positive fair value	C.5	Fair value	2
Trade and other receivables	C.8	Amortised cost	N/A
Cash and cash equivalents	B.11 & C.9	Fair value	1
Assets held for sale	B.8 & C.10	Fair value	2
Financial liabilities			
Loans and borrowings	C.15	Amortised cost	N/A
Derivative instruments with a negative fair value	C.16	Fair value	2
Bank overdrafts	B.11 & C.9	Fair value	1

B.10 Inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Impairment losses are charged against inventories as described in Note B.23.2.

B.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

B.12 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current income tax is the expected income tax payable on taxable profit for the year, using tax rates enacted at the end of the reporting period, and adjustments to income tax payable in respect of previous reporting periods.

Deferred taxes are recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised for temporary differences related to the initial recognition of goodwill. Deferred tax income is not recognised on the initial measurement of assets and liabilities, excluding business combinations, that affect neither accounting nor taxable profit. Deferred taxes on temporary differences relating to investments in subsidiaries and equity-accounted companies are only recognised to the extent that (i) they are expected to reverse in the foreseeable future and (ii) the Group controls the timing of the reversal. Deferred tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances on a net basis.

Additional income taxes on dividend payouts are recognised at the same time as the liability to pay the related dividend.

Since July 1, 2017, most of the Group's entities have been members of a tax consolidation group headed by Mobilux 2's shareholder. Pursuant to the tax consolidation agreement, the subsidiary can utilise the tax losses transferred to the Group. Consequently, any tax savings are reflected in the Group's consolidated financial statements.

In accordance with IAS 12, the Group classifies the CVAE tax on value added payable in France as income tax. Provisions for tax risks are classified within deferred tax.

B.13 Employee benefits

a) Short-term employee benefits include wages and salaries, social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses, if payable within 12 months of the end of the reporting period. Short-term employee benefits are measured on an undiscounted basis and are included in operating profit whenever the employees provide the related service. A liability is recognised for the amount corresponding to cash-settled profit-sharing and bonuses, whenever the Group has a legal or constructive obligation to make such payments in exchange for services provided by employees and when a reliable estimate of the obligation can be made.

b) Long-term employee benefits include various retirement plans operated by Group companies. Some of these plans are managed by insurance companies or funds, in accordance with applicable local regulations.

Retirement and other employee benefit obligations include two types of obligation:

- post-employment benefits, including pensions, other retirement benefits and certain post-employment medical care;
- other long-term employee benefits (payable during the employee's active service), mainly including long-service awards.

These obligations are classified as either:

- defined contribution plans, under which the Group has no future commitment since the employer's legal or constructive obligation is limited to the regular payment of contributions which are expensed when due;
- defined benefit plans, whereby the employer guarantees a specified level of future benefits.

The Group's net obligation under post-employment defined benefit plans (including retirement plans) is calculated separately for each plan, by estimating the

amount of future benefits to which the Group's employees are entitled in exchange for services rendered in the current and prior periods. This amount is discounted to obtain the present value of the obligation. The fair value of plan assets is then deducted from this amount. The discount rate is the rate of return at the end of the reporting period on high-quality corporate bonds with terms to maturity approximating those of the underlying benefit liability. The Group's obligation is calculated periodically by an independent actuary using the projected unit credit method.

The liability recognised in the statement of financial position in respect of defined benefit plans represents the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets.

When the value of plan assets exceeds the amount of the Group's obligation, the asset recognised may not exceed the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

When the employees' benefit entitlement increases (or is reduced), the portion of the increase (or decrease) related to past services provided by the employees is recognised immediately in expenses (income) in the income statement. Current service costs, along with administrative fund management costs, are shown within personnel expenses and external expenses in the income statement. Income and expenses relating to discounting the defined benefit obligation net of plan assets are presented in financial income and expenses.

Remeasurements of the defined benefit obligation, including (i) actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions, (ii) the return on plan assets, excluding amounts recognised in profit or loss, and (iii) changes in the impact of the asset ceiling, are reflected in other comprehensive income.

c) Other long-term employee benefits

Other long-term employee benefits relate essentially to long-service awards and sabbatical leave. The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is equal to the value of the future benefits vested by employees in exchange for services provided during the current and prior periods. The amount of the obligation is determined using the projected unit credit method. It is discounted at a rate based on the return on high-quality corporate bonds with terms to maturity approximating those of the Group's obligations at the end of the reporting period.

Actuarial gains and losses are recognised immediately in profit or loss.

d) Termination benefits

Termination benefits are due on termination of employment before the normal retirement date or when employees accept voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of:

- the date on which the Group can no longer withdraw its offer of benefits; and
- the date on which the Group recognises the costs of its restructuring plan by planning for the payment of such benefits.

B.14 Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be reliably estimated. Provisions are discounted when the time value of money is considered material.

B.15 Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value added tax, rebates and discounts. Revenue is recognised as described below.

B.15.1 Retail revenue

Store sales

Goods are deemed to have been sold when control of those goods has been transferred to the customer. Generally speaking, sales of goods give rise to a cash or card payment.

The fair value of award credits granted to customers under But's customer loyalty programme is treated as a separate component of the initial sale and recognised as prepaid income. The related revenue is recognised when the award credits are redeemed or expire.

Sales to franchisees

Sales of goods to franchisees are recognised when control of the goods is transferred to the franchisees, which usually corresponds to the delivery date.

B.15.2 Sales of services

Sales of services are recognised in revenue over time. This is the case for extended warranty agreements, which are generally sold by the Group as incidental to the sale.

B.15.3 Services provided to franchisees

Revenue from services provided to franchisees is recognised within other revenue over time, in accordance with the substance of the relevant agreement.

B.16 Other operating income and expense

Other operating income and expense includes unusual and material items, such as restructuring costs (including reorganisation costs and costs relating to changes in retail concepts), capital gains and losses on disposals of non-current assets, acquisition costs arising on business combinations and expenses relating to measures taken to simplify the Group's legal structure.

B.17 Financial income and expense

Financial income and expense is recognised on a time-proportion basis using the effective interest method.

B.18 Leases

Leases in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of minimum lease payments. Assets capitalised as property, plant and equipment are depreciated in accordance with the Group's depreciation policy for similar assets owned outright. Payments made under such leases are charged against the recognised liability and the related interest expense is charged to profit or loss over the entire lease term on a systematic basis.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the income statement on a straight-line basis over the entire lease term.

Expenses incurred in respect of operating leases are adjusted to reflect the impact of market rent reviews throughout the lease term.

B.19 Dividends

Dividend income is recognised when the right to receive payment is established.

Dividends paid to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders. Interim

dividends are recognised in the period in which they are paid.

B.20 Contingent assets and liabilities

Contingent assets and liabilities arise from conditions or situations, the outcome of which depends on future events. They are disclosed in the notes to the financial statements.

B.21 Events after the reporting date

The carrying amounts of assets and liabilities at the end of the reporting period are adjusted if there is evidence that subsequent adjusting events require changes to these carrying amounts. These adjustments are made up to the date the financial statements are approved for issue by the Chairman. Other non-adjusting events are disclosed in the notes to the financial statements.

B.22 Impact of new standards, amendments and interpretations

New standards, amendments and interpretations effective at July 1, 2018

Application by the Group of the standards, amendments and interpretations adopted by the European Union and mandatory for annual periods beginning on or after January 1, 2018, had the following impacts on the consolidated financial statements:

IFRS 15 – Revenue from Contracts with Customers

The Group applied IFRS 15 using the simplified retrospective transition approach. Accordingly, its financial statements for the year ended June 30, 2018 have not been restated. The restatements made in connection with the first-time application of IFRS 15 are set out in Note C.2.

IFRS 15 applies to revenue from all contracts with customers, with the exception of revenue from leases (lease and sub-lease income), financial instruments (interest income) and insurance contracts, which fall within the scope of other standards.

IFRS 15 introduces new concepts and principles in terms of revenue recognition, notably the requirement to identify performance obligations and allocate the transaction price of contracts with multiple elements. IFRS 15 also sets out new disclosure requirements.

An analysis of performance obligations comprising extended warranties led to changes in the timing of

revenue recognition and to a deferral of the incremental costs of obtaining contracts.

IFRS 9 – Financial Instruments

The Group applied IFRS 9 using the retrospective transition approach. Accordingly, its financial statements for the year ended June 30, 2018 have not been restated. The restatements made in connection with the first-time application of IFRS 9 are described below.

Classification and measurement of financial assets and liabilities

The reclassification of financial instruments in the categories set out in IFRS 9 did not have a material impact on the respective bases of measurement.

Each category of financial assets was classified depending on the business model applied by the Group to these assets, in accordance with the “SPPI” (solely payments of principal and interest) test.

The following table lists the financial assets shown on the statement of financial position together with their category and basis of measurement under IFRS 9 as compared to IAS 39:

Financial assets	Balance sheet item	Classification		Measurement					
		IAS 39	IFRS 9	Amortised cost	Fair value through OCI		Hedge accounting		
					IAS 39	IFRS 9	IAS 39	IFRS 9	
Non-consolidated investments	Other non-current assets	Available-for-sale financial assets	Assets at fair value through other comprehensive income				X	X	
Loans	Other non-current assets	Loans and receivables	Amortised cost	X	X				
Security deposits	Other non-current assets	Loans and receivables	Amortised cost	X	X				
Trade receivables	Trade and other receivables	Loans and receivables	Amortised cost	X	X				
Other receivables	Trade and other receivables	Loans and receivables	Amortised cost	X	X				
Amounts receivable from suppliers	Other current assets	Loans and receivables	Amortised cost	X	X				
Derivative financial instruments	Current derivatives with a positive fair value / Non-current derivatives with a positive fair value	Currency derivatives	Hedging instruments					X	X
Cash and cash equivalents	Cash and cash equivalents	Loans and receivables	Amortised cost	X	X				

IFRS 9 retains virtually all of the IAS 39 classification and measurement provisions for financial liabilities, which mainly continue to be measured at amortised cost, barring several exceptional cases that do not concern the Group.

Financial asset impairment

At July 1, 2018, management reviewed and measured the Group's financial assets, taking into account all

reasonable and supportable information, including forward-looking information. No material impact was identified as a result.

Hedge accounting

In accordance with IFRS 9 transition provisions, the Group applied the IFRS 9 hedge accounting requirements prospectively at the date of first-time application, i.e., July 1, 2018. Transactions carried out by the Group and falling within the scope of hedge accounting under IAS 39 continue to be eligible for hedge accounting under IFRS 9 and no adjustments to hedging relationships therefore need to be made at July 1, 2018. The existing hedging relationships remain effective under IFRS 9. However, the principle of deferring the time value of currency options (and of forwards) in equity so that profit is only affected when the hedged transactions take place gave rise to a reclassification between other comprehensive income and consolidated reserves, as shown in the consolidated statement of changes in equity. No material impact was identified.

Other standards, amendments and interpretations

IFRIC 22 – Foreign Currency Transactions and Advance Consideration does not have a material impact on the consolidated financial statements.

Standards, amendments and interpretations adopted by the IASB but not yet applicable at June 30, 2019

The Group did not early adopt any of the following new standards, amendments and interpretations, which were not mandatorily applicable at July 1, 2018, and which may impact its financial statements:

- IFRS 16 – Leases;
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement;
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- IFRIC 23 – Uncertainty over Income Tax Treatments;
- IFRS 17 – Insurance Contracts;
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures.

The Group is currently assessing the impacts and practical consequences of applying these standards, amendments and interpretations.

IFRS 16 – Leases

In July 2014, the IASB published IFRS 16 which replaces IAS 17. IFRS 16 is applicable for reporting periods beginning on or after January 1, 2019.

The new standard sets out the principles for recognising leases and introduces significant changes in the way leases are accounted for by lessees, with the distinction between operating and finance leases no longer permitted.

IFRS 16 requires all leases to be accounted for on the statement of financial position by recognising a right-of-use asset and a lease liability corresponding to the present value of lease payments due over the reasonably certain term of the lease. IFRS 16 will also affect the presentation of leases in the income statement (recognition of depreciation and interest expense, and cancellation of rental expense) and in the cash flow statement (lease payments, representing the payment of interest and the repayment of principal, will affect cash flows from financing activities).

The transition approach adopted will involve recognising the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application, assuming that the right-of-use asset is equal to the amount of the lease liability, adjusted to reflect any payments at or prior to commencement of the lease, incentives granted by lessors, and any restoration obligations or similar. As a practical expedient, the Group intends to discount future lease payments at the Group's incremental borrowing rate.

Applying IFRS 16 will lead to an increase in borrowings in view of the Group's numerous property and equipment leases, as well as a substantial improvement in recurring operating profit before depreciation, amortisation and impairment and other operating income and expense, and cash flow from operating activities. The lease commitments disclosed in Note E.4.1, calculated over the non-cancellable term of property leases taking into account any contractual or legal provisions enabling early termination of the lease contracts, are not entirely representative of the lease liabilities to be recognised in accordance with IFRS 16.

The Group has completed its project to prepare for IFRS 16, which it will apply as from July 1, 2019. All leases in force will be recognised on the statement of financial position. This will result in approximately €337 million in right-of-use assets and around €335 million in borrowings, as well as the cancellation of €2 million in prepaid expenses. In view of the transition approach adopted, the first-time application of IFRS 16 will have no impact on equity.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 is applicable for reporting periods beginning on or after January 1, 2019. The Group has not early adopted IFRIC 23 in its financial statements at June 30, 2019.

IFRIC 23 sets out the principles for recognising and measuring uncertainties when estimating income taxes.

The tax recognised should reflect the best estimate of the expected cash outflows if it is probable that the tax treatment adopted by the entity will not be accepted by the tax authorities. The Group does not expect IFRIC 23 to have a material impact on its financial statements since tax risks are included within deferred tax.

B.23 Main sources of uncertainty from the use of estimates

The Group's financial position and results depend on the accounting methods, assumptions, estimates and judgements applied when preparing the consolidated financial statements. The Group uses estimates and assumptions based on past experience and other assumptions deemed reasonable in the circumstances in order to determine the carrying amount of its assets and liabilities. Actual amounts could differ significantly from these estimates.

The characteristics of the main accounting methods, judgements and other uncertainties affecting the application of these accounting methods, along with the sensitivity of the Group's results to changes in these conditions and assumptions, should be taken into account. The Group makes estimates and assumptions about the future. The resulting amounts recorded in the accounts are rarely identical to actual amounts. The main assumptions about future events, along with other sources of uncertainty arising from the use of estimates at the reporting date for which there is a significant risk of adjustments to the net carrying amounts of assets and liabilities in a future reporting period, concern:

- the fair value of assets and liabilities resulting from a business combination;
- the recoverable amount of goodwill and intangible assets used in impairment tests;
- current and non-current provisions, particularly for defined benefit obligations and long-term employee benefits;
- impairment of inventories and doubtful receivables;
- uncertain tax positions.

C Presentation of financial statements – Statement of financial position

C.1 Business combinations

C.1.1 2018-2019 reporting period

No subsidiaries were consolidated for the first time in the period.

C.1.2 2017-2018 reporting period

On January 31, 2018, But International acquired the entire share capital of Pau Mobilia (Pau store) and Flash Mobilia (Tarbes store) for €5.4 million.

The final amount of goodwill on first-time consolidation was calculated as follows:

(in € thousands)	Consolidation date:	Jan. 31, 2018
Property, plant and equipment		765
But brand and franchisee relations		-
Inventories		2,122
Trade and other receivables		971
Cash and cash equivalents		3,364
Other assets		262
Trade and other payables		(3,146)
Loans and borrowings		-
Bank overdrafts		-
Other liabilities		(794)
Total fair value of net assets acquired		3,544
Non-controlling interests		-
Share of net assets acquired		3,544

(in € thousands)	Jan. 31, 2018
Acquisition cost paid	(5,400)
Share of net assets acquired	3,544
Goodwill	1,856

(in € thousands)	Jan. 31, 2018
Acquisition cost paid in the period	(5,400)
Cash and cash equivalents acquired	3,364
Disbursements on acquisitions of subsidiaries	(2,036)

The acquisition costs expensed in the period relate mainly to consultancy fees and amounted to €448 thousand.

C.2 Impacts of the first-time application of IFRS 15 on the financial statements at June 30, 2019

The table below shows the impacts of the first-time application of IFRS 15 on the opening statement of financial position:

(in € thousands)	Information at June 30, 2018 as reported	First-time application of IFRS 15	Information at July 1, 2018 including IFRS 15
Assets			
Goodwill	408,855	-	408,855
Other intangible assets	160,544	-	160,544
Property, plant and equipment	96,666	-	96,666
Non-current derivatives with a positive fair value	-	-	-
Other non-current assets	13,675	18,644	32,319
Deferred tax assets	10,058	5,281	15,339
Non-current assets	689,798	23,925	713,723
Inventories	351,764	-	351,764
Trade and other receivables	105,078	10,199	115,277
Income tax receivables	23,614	-	23,614
Current derivatives with a positive fair value	5,130	-	5,130
Other current assets	1,075	-	1,075
Cash and cash equivalents	189,144	-	189,144
Current assets	675,805	10,199	686,004
Total assets	1,365,603	34,124	1,399,727
Equity and liabilities			
Share capital	7,760	-	7,760
Share premium	69,840	-	69,840
Reserves	(12,139)	(99,200)	(111,339)
Other comprehensive income (loss)	(959)	-	(959)
Profit (loss) for the period	32,879	-	32,879
Equity attributable to owners of the Company	97,381	(99,200)	(1,819)
Non-controlling interests	-	-	-
Total equity	97,381	(99,200)	(1,819)
Shareholder loan	131,939	-	131,939
Loans and borrowings	381,737	-	381,737
Non-current derivatives with a negative fair value	2	-	2
Other non-current liabilities	48,950	118,799	167,749
Provision for retirement and other employee benefit obligations	23,584	-	23,584
Non-current provisions	33,674	(32,322)	1,352
Deferred tax liabilities	70,568	595	71,163
Non-current liabilities	690,454	87,072	777,526
Loans and borrowings	7,070	-	7,070
Trade and other payables	515,467	58,301	573,768
Current provisions	31,936	(12,049)	19,887
Current derivatives with a negative fair value	-	-	-
Income tax payables	22,851	-	22,851
Bank overdrafts	444	-	444
Current liabilities	577,768	46,252	624,020
Total equity and liabilities	1,365,603	34,124	1,399,727

The impacts of the first-time application of IFRS 15 on the opening statement of financial position are:

- reclassification of prepaid income on the outstanding extended warranty portfolio, to other non-current liabilities for €118,799 thousand and to trade and other payables for €58,301 thousand;
- recognition of the costs of obtaining these contracts as prepaid expenses, in other non-current assets for €18,644 thousand and in trade and other receivables for €10,199 thousand. These relate to fees collected by vendors;
- cancellation of the existing provision for extended warranties, recorded in non-current provisions for €32,322 thousand and in current provisions for €12,049 thousand.

The following tables set out data for the 2018-2019 reporting period as though the Group had not applied IFRS 15:

/ Impacts on the consolidated statement of financial position

(in € thousands)	Information at June 30, 2019 excluding IFRS 15	First-time application of IFRS 15	Information at June 30, 2019 as reported
Assets			
Goodwill	408,855	-	408,855
Other intangible assets	160,723	-	160,723
Property, plant and equipment	97,994	-	97,994
Non-current derivatives with a positive fair value	-	-	-
Other non-current assets	12,845	18,078	30,923
Deferred tax assets	5,808	4,957	10,765
Non-current assets	686,225	23,035	709,260
Inventories	325,561	-	325,561
Trade and other receivables	101,270	11,184	112,454
Income tax receivables	9,253	-	9,253
Current derivatives with a positive fair value	2,392	-	2,392
Other current assets	595	-	595
Cash and cash equivalents	229,767	-	229,767
Current assets	668,838	11,184	680,022
Total assets	1,355,063	34,219	1,389,282
Equity and liabilities			
Share capital	7,760	-	7,760
Share premium	69,840	-	69,840
Reserves	22,169	(99,200)	(77,031)
Other comprehensive income (loss)	(4,260)	-	(4,260)
Profit (loss) for the period	(7,228)	(5,043)	(12,271)
Equity attributable to owners of the Company	88,281	(104,243)	(15,962)
Non-controlling interests	-	-	-
Total equity	88,281	(104,243)	(15,962)
Shareholder loan	142,494	-	142,494
Loans and borrowings	382,670	-	382,670
Non-current derivatives with a negative fair value	-	-	-
Other non-current liabilities	43,763	116,821	160,584
Provision for retirement and other employee benefit obligations	27,397	-	27,397
Non-current provisions	33,291	(31,682)	1,609
Deferred tax liabilities	69,758	1,135	70,893
Non-current liabilities	699,373	86,274	785,647
Loans and borrowings	3,372	-	3,372
Trade and other payables	524,441	65,501	589,942
Current provisions	32,519	(13,313)	19,206
Current derivatives with a negative fair value	-	-	-
Income tax payables	6,385	-	6,385
Bank overdrafts	692	-	692
Current liabilities	567,409	52,188	619,597
Total equity and liabilities	1,355,063	34,219	1,389,282

/ Impacts on the consolidated income statement

(in € thousands)	Information at June 30, 2019 excluding IFRS 15	First-time application of IFRS 15	Information at June 30, 2019 as reported
	(12 months)	(12 months)	(12 months)
Continuing operations			
Retail revenue	1,559,155	-	1,559,155
Other revenue	144,000	(5,223)	138,777
Revenue	1,703,155	(5,223)	1,697,932
Cost of sales	(972,479)	-	(972,479)
Gross profit	730,676	(5,223)	725,453
Personnel expenses	(272,899)	419	(272,480)
Taxes other than on income	(26,037)	-	(26,037)
External expenses	(326,005)	-	(326,005)
Other income from operations	22,285	(15,236)	7,049
Other expense from operations	(25,002)	15,860	(9,142)
Recurring operating profit before depreciation and amortisation, and other operating income and expense	103,018	(4,180)	98,838
Other operating income and expense	(11,484)	-	(11,484)
Depreciation, amortisation and impairment of non-current assets	(37,161)	-	(37,161)
Operating profit	54,373	(4,180)	50,193
Cost of debt	(34,198)	-	(34,198)
Interest income	204	-	204
Other financial income and expense	(14,944)	-	(14,944)
Profit before income tax	5,435	(4,180)	1,255
Income tax	(12,663)	(863)	(13,526)
Profit (loss) for the period	(7,228)	(5,043)	(12,271)
Attributable to:			
Owners of the Company	(7,228)	(5,043)	(12,271)
Non-controlling interests	-	-	-
Profit (loss) for the period	(7,228)	(5,043)	(12,271)

/ Impacts on the consolidated statement of cash flows

(in € thousands)	Information at June 30, 2019 excluding IFRS 15 (12 months)	First-time application of IFRS 15 (12 months)	Information at June 30, 2019 as reported (12 months)
Profit for the period before income tax	5,435	(4,180)	1,255
Adjustments for:			
Depreciation, amortisation and impairment of non-current assets	37,427	-	37,427
Additions to (reversals of) provisions	1,685	(624)	1,061
Net (gain) loss on disposals	431	-	431
Net financial expense	33,994	-	33,994
Other non-cash items	2,690	-	2,690
	81,662	(4,804)	76,858
(Increase) decrease in inventories	26,203	-	26,203
(Increase) decrease in trade and other receivables	4,042	(419)	3,623
Increase (decrease) in trade and other payables	3,251	5,223	8,474
Income tax paid	(10,371)	-	(10,371)
Net cash flows from (used in) operating activities (A)	104,787	-	104,787
Dividends received	-	-	-
Proceeds from sales of property, plant and equipment and intangible assets	9	-	9
Proceeds from sales of other non-current assets	-	-	-
Acquisitions of property, plant and equipment and intangible assets	(37,336)	-	(37,336)
Acquisitions of subsidiaries	-	-	-
Acquisitions of other non-current assets	-	-	-
(Increase) decrease in other financial assets	581	-	581
Net cash flows from (used in) investing activities (B)	(36,746)	-	(36,746)
Net cash flows before financing activities	68,041	-	68,041
Proceeds from issues of borrowings	-	-	-
Repayment of borrowings	(4,548)	-	(4,548)
Increase (decrease) in capital	-	-	-
Net interest paid	(21,529)	-	(21,529)
Other movements	(1,597)	-	(1,597)
Net cash flows from (used in) financing activities (C)	(27,674)	-	(27,674)
Impact of changes in exchange rates (D)	8	-	8
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	40,375	-	40,375
Cash and cash equivalents at beginning of period	188,700	-	188,700
Cash and cash equivalents at end of period	229,075	-	229,075

C.3 Goodwill

Movements in the year ended June 30, 2018

(in € thousands)	June 30, 2017	Increase	Decrease	Other movements	June 30, 2018
Goodwill	406,999	1,856	-	-	408,855
Impairment loss	-	-	-	-	-
Carrying amount	406,999	1,856	-	-	408,855

Movements in the year ended June 30, 2019

(in € thousands)	June 30, 2018	Increase	Decrease	Other movements	June 30, 2019
Goodwill	408,855	-	-	-	408,855
Impairment loss	-	-	-	-	-
Carrying amount	408,855	-	-	-	408,855

All goodwill is allocated to a single cash-generating unit (CGU) known as "Operating companies", which combines operating activities and financial services.

The Group decided to use a single combined CGU for the reasons outlined below.

Its operating, banking and insurance activities are interdependent. This is because:

- financial services are a natural fit with, and an ancillary component of, the Group's operating activities;
- operating staff in stores sell and manage credit and insurance solutions;
- cash flows generated by operating activities include inflows and outflows relating to financial activities (notably fee-sharing agreements and fees for marketing banking products).

But's operating performance is monitored at the level of the Group as a whole.

The amount of goodwill recognised at March 31, 2019 was tested for impairment by an independent expert.

Sensitivity based on valuation methods used

- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.2-point increase or decrease in their EBITDA margin to perpetuity would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.5-point increase or decrease in their long-term growth rate would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's financial companies would not result in any impairment of goodwill.

Based on the valuations performed at March 31, 2019, the recoverable amount of the assets tested, net of the estimated costs of disposal, is higher than their carrying amounts.

In addition, no evidence of impairment was identified between March 31, 2019 and June 30, 2019. In that period, no major event occurred likely to affect the carrying amount of the items tested for impairment.

C.4 Other intangible assets

Movements in the year ended June 30, 2018

(in € thousands)	June 30, 2017	Increase	Decrease	Change in scope of consolidation, reclassifications and translation reserves	June 30, 2018
Software	18,305	773	(15)	1,151	20,214
But brand	69,600	-	-	-	69,600
Franchisee relations	71,000	-	-	-	71,000
Other intangible assets	6,623	10,954	-	(8,904)	8,673
Cost	165,528	11,727	(15)	(7,753)	169,487
Amortisation of software	(4,086)	(7,677)	14	7,706	(4,043)
Amortisation of franchisee relations	(1,801)	(3,087)	-	-	(4,888)
Amortisation of other intangible assets	(3)	(9)	-	-	(12)
Total amortisation	(5,890)	(10,773)	14	7,706	(8,943)
Carrying amount	159,638	954	(1)	(47)	160,544

Movements in the year ended June 30, 2019

(in € thousands)	June 30, 2018	Increase	Decrease	Change in scope of consolidation, reclassifications and translation reserves	June 30, 2019
Software	20,214	486	(137)	21,942	42,505
But brand	69,600	-	-	-	69,600
Franchisee relations	71,000	-	-	-	71,000
Other intangible assets	8,673	12,230	(10)	(14,231)	6,662
Cost	169,487	12,716	(147)	7,711	189,767
Amortisation of software	(4,043)	(9,307)	-	(7,711)	(21,061)
Amortisation of franchisee relations	(4,888)	(3,087)	-	-	(7,975)
Amortisation of other intangible assets	(12)	(6)	10	-	(8)
Total amortisation	(8,943)	(12,400)	10	(7,711)	(29,044)
Carrying amount	160,544	316	(137)	-	160,723

Software costs mainly relate to the internally developed sales management system.

The Group recognised two intangible assets – the But brand and franchisee relations – as part of the allocation of the purchase price of the Décomeubles Partners acquisition by Mobilux Acquisition.

In the year to June 30, 2019, several software applications were brought into service by the Group, resulting in a reclassification of approximately €14 million from “Other intangible assets in progress”. Software mainly consisted of sales and logistics applications.

C.5 Property, plant and equipment

Movements in the year ended June 30, 2018

(in € thousands)	June 30, 2017	Increase	Decrease	Change in scope of consolidation, reclassifications and translation reserves	June 30, 2018
Land	6,950	-	-	-	6,950
Buildings	19,572	-	(408)	128	19,292
Fixtures and fittings	3,669	261	(1,591)	1,146	3,485
Plant and equipment	69,816	9,086	(5,115)	(3,109)	70,678
Other property, plant and equipment	11,988	14,865	(223)	(7,715)	18,915
Cost	111,995	24,212	(7,337)	(9,550)	119,320
Depreciation of buildings	(1,410)	(2,211)	401	(129)	(3,349)
Depreciation of fixtures and fittings	(318)	(515)	1,537	(1,066)	(362)
Depreciation of plant and equipment	(11,172)	(18,198)	5,101	11,521	(12,748)
Depreciation of other property, plant and equipment	(2,287)	(4,158)	213	37	(6,195)
Total depreciation	(15,187)	(25,082)	7,252	10,363	(22,654)
Carrying amount	96,808	(870)	(85)	813	96,666

Movements in the year ended June 30, 2019

(in € thousands)	June 30, 2018	Increase	Decrease	Change in scope of consolidation, reclassifications and translation reserves	June 30, 2019
Land	6,950	-	-	-	6,950
Buildings	19,292	-	(10)	414	19,696
Fixtures and fittings	3,485	82	(16)	563	4,114
Plant and equipment	70,678	7,222	(466)	32,058	109,492
Other property, plant and equipment	18,915	19,065	(4,930)	(14,539)	18,511
Cost	119,320	26,369	(5,422)	18,496	158,763
Depreciation of buildings	(3,349)	(1,515)	-	(414)	(5,278)
Depreciation of fixtures and fittings	(362)	(477)	1	(469)	(1,307)
Depreciation of plant and equipment	(12,748)	(18,986)	181	(16,657)	(48,210)
Depreciation of other property, plant and equipment	(6,195)	(3,784)	4,929	(924)	(5,974)
Total depreciation	(22,654)	(24,762)	5,111	(18,464)	(60,769)
Carrying amount	96,666	1,607	(311)	32	97,994

Land and buildings mainly comprise retail outlets, warehouses and offices.

Property, plant and equipment in progress are recognised within "Other property, plant and equipment" and amounted to €7,330 thousand at June 30, 2019 (June 30, 2018: €6,279 thousand).

Property, plant and equipment include €20,601 thousand in assets held under finance leases (June 30, 2018: €22,852 thousand). The related accumulated depreciation at the end of the reporting period was €6,815 thousand (June 30, 2018: €7,027 thousand).

In the year to June 30, 2019, the Group transferred some €15 million in plant and equipment from property, plant and equipment in progress due to the expansion and refurbishment of its network of stores.

C.6 Derivative instruments with a positive fair value

(in € thousands)	Non-current	Current
Value of derivatives at June 30, 2017	-	456
New derivatives subscribed	-	2,398
Change in fair value: effective portion (other comprehensive income impact)	-	4,649
Change in scope of consolidation and reclassifications	-	-
Change in fair value: ineffective portion (profit or loss impact)	-	(2,373)
Value of derivatives at June 30, 2018	-	5,130
New derivatives subscribed	-	237
Change in fair value: effective portion (other comprehensive income impact)	-	(448)
Change in scope of consolidation and reclassifications	-	-
Change in fair value: ineffective portion (profit or loss impact)	-	(2,527)
Value of derivatives at June 30, 2019	-	2,392

The value of derivatives does not take into account counterparty default risk, which represented €3 thousand at June 30, 2019 (June 30, 2018: €9 thousand).

The Group protects itself against currency risk by hedging approximately one year's worth of the US dollar purchases that it makes in Asia. Plain vanilla options, forward purchases and rare asymmetrical options are in line with the expected timing of monthly purchases.

The portfolio consisted of the following instruments at June 30, 2019:

Notional amount of currency derivatives	(in USD thousands)
Forward purchases	116,000
Plain vanilla and asymmetrical options	21,000
Total hedged	137,000
Budgeted purchases to be hedged	170,518

Maturities	Forward purchases		Plain vanilla and asymmetrical options	
	Notional amount (in USD thousands)	Average rate	Notional amount (in USD thousands)	Average rate
July 2019	11,000	1.18	3,000	1.24
August 2019	13,500	1.17		
September 2019	14,000	1.19		
October 2019	16,000	1.18		
November 2019	13,500	1.18		
December 2019	13,000	1.17		
January 2020	10,000	1.17	2,000	1.14
February 2020	8,000	1.16	2,000	1.15
March 2020	5,000	1.16	2,000	1.15
April 2020	6,000	1.16	2,000	1.15
May 2020	3,000	1.16	5,000	1.16
June 2020	3,000	1.17	5,000	1.16
Total	116,000		21,000	

C.7 Other assets

(in € thousands)	June 30, 2019	June 30, 2018
Deposits for commercial premises	11,913	12,739
Investments in non-consolidated companies	17	21
Prepaid expenses	18,078	-
Loans and bond debentures	915	915
Total other non-current assets	30,923	13,675
Loans and bond debentures	595	1,075
Total other current assets	595	1,075

Prepaid expenses include incremental costs arising on outstanding extended warranties further to the first-time application of IFRS 15 (see Note C.2).

C.8 Inventories

(in € thousands)	June 30, 2019	June 30, 2018
Goods for resale, gross	330,413	355,503
Impairment	(4,852)	(3,739)
Carrying amount	325,561	351,764

C.9 Trade and other receivables

(in € thousands)	June 30, 2019	June 30, 2018
Trade receivables	56,331	54,695
Impairment of trade receivables	(2,773)	(2,596)
Carrying amount	53,558	52,099
Deposits and advance payments to suppliers	2,433	5,262
Tax and social security receivables	18,989	16,126
Amounts receivable on sales of non-current assets	93	86
Other receivables	20,711	27,006
Impairment of other receivables	(1,161)	(1,073)
Prepaid expenses	17,831	5,572
Other receivables	58,896	52,979
Total trade and other receivables	112,454	105,078

At June 30, 2019, trade receivables primarily comprised (i) rebates billed to suppliers for listing them within But stores (€31 million) and (ii) customer deferred debit payments due after the end of the reporting period (€13.4 million). The balance essentially relates to amounts due from franchisees.

Other receivables mainly include rebates due from suppliers.

Prepaid expenses include incremental costs arising on outstanding extended warranties further to the first-time application of IFRS 15 (see Note C.2).

C.10 Cash and cash equivalents

(in € thousands)	June 30, 2019	June 30, 2018
Cash at bank and in hand	179,739	163,342
Interest-earning current accounts	50,028	25,802
Total	229,767	189,144
Current bank overdrafts and accrued interest not yet due	(692)	(444)
Cash and cash equivalents in the statement of cash flows	229,075	188,700

C.11 Share capital

The Group's share capital amounted to €7,760,001, comprising 7,760 001 shares with a par value of €1.

C.12 Employee benefits

C.12.1 Defined contribution plans

In France, the main retirement benefits are provided through collective bargaining agreements. The Group also provides a supplementary defined contribution plan (Supplementary Pension Plan) for its managerial-grade employees (*cadres*). In the year to June 30, 2019, the Group paid €751 thousand in respect of this plan (year to June 30, 2018: €697 thousand).

C.12.2 Defined benefit plans and other long-term employee benefits

The Group is required to pay lump sum retirement indemnities to employees when they retire from service.

A qualified, independent actuary updated the actuarial valuations of the Group's defined benefit plans and other long-term employee benefits at June 30, 2019. The population concerned and the principal assumptions made by the actuary are shown below:

	June 30, 2019	June 30, 2018
Discount rate	1.15%	1.60%
Expected rate of return on plan assets	1.15%	1.60%
Salary increase rate	0.5%-1%	0.5%-1%
Long-term inflation	1.75%	1.75%
Number of employees	5,635	5,690

The expected rate of return on plan assets is the same as the discount rate used to measure the defined benefit obligation, as required by the revised IAS 19.

The amounts recognised in the statement of financial position were calculated as follows:

(in € thousands)	June 30, 2019	June 30, 2018
Present value of unfunded obligations	27,397	23,584
Present value of funded obligations	914	1,136
Total present value of obligations	28,311	24,720
Fair value of plan assets	914	1,136
Funding shortfall/surplus	27,397	23,584
Unrecognised past service cost	-	-
Share-based payment	-	-
Provision recognised in respect of employee benefits	27,397	23,584

The amounts recognised in the income statement were calculated as follows:

(in € thousands)	June 30, 2019	June 30, 2018
Current service cost	2,465	1,590
Interest expense	395	447
Expected return on plan assets	(18)	(31)
Cost of curtailments and settlements	(1,352)	(1,117)
Total	1,490	889

Interest expense is recognised in financial income and expense. The Group set up an agreement regarding long-service awards during the year to June 30, 2019.

Changes in the provision for retirement and other employee benefit obligations during the period are analysed below:

(in € thousands)	June 30, 2019	June 30, 2018
Change in scope of consolidation	-	223
Provision for employee benefits at beginning of period	23,584	21,528
Benefits paid	(5)	-
Employer's contribution to plan assets	-	223
Current service cost	2,465	1,590
Interest expense	395	447
Expected return on plan assets	(18)	(31)
Cost of curtailments and settlements	(1,352)	(1,117)
Actuarial gains and losses recognised in other comprehensive income	2,328	721
Provision for employee benefits at end of period	27,397	23,584

Cumulative actuarial gains and losses are recognised in other comprehensive income.

(in € thousands)	June 30, 2019	June 30, 2018
Cumulative amount at beginning of period	(1,214)	(1,935)
Amount recognised during the period	2,328	721
Cumulative amount at end of period	1,114	(1,214)

The impact of experience adjustments on employee benefit obligations was as follows:

(in € thousands)	June 30, 2019	June 30, 2018
Asset experience		
(Gain) loss during the period	(2)	(8)
(Gain) loss expressed as a percentage of plan assets	-0.22%	-0.70%
Liability experience		
(Gain) loss during the period	694	(385)
(Gain) loss expressed as a percentage of employee benefit obligations	2.45%	-1.56%
Liability assumptions		
(Gain) loss during the period	1,250	1,107
(Gain) loss expressed as a percentage of employee benefit obligations	4.42%	4.48%
Net		
Employee benefit obligations	(28,311)	(24,720)
Fair value of plan assets	914	1,136
Funded status	(27,397)	(23,584)

The following table shows plan assets broken down by type of investment:

(in percentage)	June 30, 2019	June 30, 2018
Government bonds	81.5%	81.5%
Property	6.4%	6.4%
Equities	12.1%	12.1%
Total	100.0%	100.0%

Contributions are not paid in respect of any of these investments and the investments are not quoted in an active market.

A 0.15-point increase or decrease in the discount rate applied would have the following impacts on employee benefit obligations:

- at a discount rate of 1.00%, the benefit obligation would represent €28,992 thousand;
- at a discount rate of 1.30%, the benefit obligation would represent €27,687 thousand.

This type of plan is not exposed to a significant longevity risk, and an increase of one year in life expectancy would have an impact of less than 0.5%.

The plan's exposure to inflation risk is significant as salary increases take inflation into account.

Exposure to the return risk on high-quality corporate bonds is significant as this variable is taken into account when determining the discount rate.

The benefit payments are expected to give rise to the following cash flows:

(in € thousands)	Less than 1 year	From 1 to 2 years	From 3 to 5 years	More than 5 years
Maturities	348	258	1,876	25,829

C.13 Provisions

Movements in the year ended June 30, 2018

(in € thousands)	June 30, 2017	Increase	Decrease		Change in scope of consolidation and reclassifications	June 30, 2018
				Used	Unused	
Provision for after-sales warranties	15,879	592	(717)	-	202	15,956
Provision for extended warranties and insurance	41,579	15,593	(13,028)	-	227	44,371
Other	7,738	579	(3,064)	-	30	5,283
Total	65,196	16,764	(16,809)	-	459	65,610
o/w Non-current liabilities	32,619	16,122	(919)	-	(14,148)	33,674
o/w Current liabilities	32,577	642	(15,889)	-	14,606	31,936

Movements in the year ended June 30, 2019

(in € thousands)	June 30, 2018	Increase	Decrease		Change in scope of consolidation and reclassifications	June 30, 2019
				Used	Unused	
Provision for after-sales warranties	15,956	368	(730)	-	-	15,594
Provision for extended warranties and insurance	44,371	-	-	-	(44,371)	-
Other	5,283	2,404	(2,466)	-	-	5,221
Total	65,610	2,772	(3,196)	-	(44,371)	20,815
o/w Non-current liabilities	33,674	739	(482)	-	(32,322)	1,609
o/w Current liabilities	31,936	2,033	(2,714)	-	(12,049)	19,206

Other provisions correspond to provisions for claims, disputes and other risks.

Further to the first-time application of IFRS 15 (see Note C.2), provisions for extended warranties and insurance have been cancelled.

C.14 Deferred tax

C.14.1 Deferred tax movements

Movements in deferred tax assets and liabilities (before offsetting taxes levied by the same taxation authority as permitted by IAS 12) are shown in the table below:

Deferred tax assets

(in € thousands)	June 30, 2019	June 30, 2018
Balance at beginning of period	10,058	12,162
Income (expense) for the period	(3,875)	(3,668)
Income tax recognised in equity	5,231	(96)
Change in scope of consolidation and reclassifications	(649)	1,660
Balance at end of period	10,765	10,058

Deferred tax liabilities

(in € thousands)	June 30, 2019	June 30, 2018
Balance at beginning of period	70,568	69,340
Expense (income) for the period	1,386	(2,561)
Income tax recognised in equity	(412)	2,016
Reclassifications within liabilities relating to assets held for sale	-	-
Change in scope of consolidation and reclassifications	(649)	1,773
Balance at end of period	70,893	70,568

C.14.2 Deferred tax sources

(in € thousands)	SOFP	SOFP	Movements in the period	Movements in the period	Movements in the period	Movements in the period
	June 30, 2019	June 30, 2018	June 30, 2019	(12 months)	June 30, 2018	(12 months)
			in equity and reclassifications	in the income statement	in equity and reclassifications	in the income statement
Deferred tax assets						
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Inventories	107	212	-	(105)	38	(319)
Other assets	4,809	4,547	-	262	1	433
Retirement benefit obligations	7,167	6,359	801	7	325	(475)
Provisions	594	3,853	(3,375)	116	78	(211)
Other liabilities	4,729	4,971	154	(396)	(2,293)	(1,923)
Tax losses carried forward	694	2,930	3	(2,239)	(4)	(2,066)
Total	18,100	22,872	(2,417)	(2,355)	(1,855)	(4,561)
Deferred tax liabilities						
Intangible assets	(34,588)	(35,652)	-	1,064	-	4,999
Property, plant and equipment	(1,523)	(1,661)	-	138	-	353
Inventories	-	(157)	-	157	-	(157)
Other assets	(10,096)	(157)	(9,931)	(8)	-	(156)
Provisions	(22,099)	(22,769)	-	670	2	(2,093)
Other liabilities	(9,922)	(22,986)	17,991	(4,927)	(372)	508
Total	(78,228)	(83,382)	8,060	(2,906)	(370)	3,454
Deferred tax assets (liabilities)	(60,128)	(60,510)				
Deferred tax assets in the SOFP	10,765	10,058				
Deferred tax liabilities in the SOFP	(70,893)	(70,568)				
Net	(60,128)	(60,510)				
Deferred tax benefit (expense)			5,643	(5,261)	(2,225)	(1,107)

Other deferred tax liabilities relate mainly to provisions for tax risks and to extended warranties. These deferred tax liabilities were cancelled following the first-time application of IFRS 15 (see Note C.2).

C.14.3 Tax losses

Tax losses are shown below:

(in € thousands)	June 30, 2019			June 30, 2018		
	Deferred tax base	Recognised deferred tax	Unrecognised deferred tax	Deferred tax base	Recognised deferred tax	Unrecognised deferred tax
Tax losses carried forward in respect of:						
Entities not included in the tax consolidation group	4,326	114	1,050	4,254	130	1,023
Entities included in the tax consolidation group	-	-	-	-	-	-
Tax losses generated before entering the tax consolidation group	18,942	-	6,522	34,238	-	11,788
Tax losses generated after entering the tax consolidation group	26,991	-	9,293	4,268	-	1,469
Total	50,259	114	16,865	42,760	130	14,281

C.15 Income tax receivables and payables

Income tax receivables

(in € thousands)	June 30, 2019	June 30, 2018
French State	2,955	6,598
Mobilux 1 tax consolidation group	6,298	17,016
Total income tax receivables	9,253	23,614

Income tax payables

(in € thousands)	June 30, 2019	June 30, 2018
French State	1,258	2,316
Mobilux 1 tax consolidation group	5,127	20,535
Total income tax payables	6,385	22,851

C.16 Loans and borrowings

C.16.1 Shareholder loan

On November 16, 2016, the Group was granted a 15-year loan by its parent company, Mobilux 1 SAS, for an amount of €116,400 thousand. This loan bears interest at 8% per annum, capitalised on an annual basis.

(in € thousands)	June 30, 2019	June 30, 2018
Shareholder loan	135,769	125,712
Accrued interest on shareholder loan	6,725	6,227
Total shareholder loan	142,494	131,939

C.16.2 Other loans and borrowings

(in € thousands)	June 30, 2019	June 30, 2018
Bond issue	380,000	380,000
Other bank loans and borrowings - more than 12 months	2,132	2,364
Current accounts with other third parties - more than 12 months	-	-
Finance leases - more than 12 months	11,268	12,128
Loan issuance costs - more than 12 months	(10,730)	(12,755)
Other loans and borrowings - non-current	382,670	381,737
Other bank loans and borrowings - less than 12 months	232	487
Senior debt - less than 12 months	-	-
Current accounts with other third parties - less than 12 months	-	2,077
Finance leases - less than 12 months	2,449	3,702
Accrued interest	2,613	2,613
Loan issuance costs - less than 12 months	(1,922)	(1,809)
Other loans and borrowings - current	3,372	7,070
Total other loans and borrowings	386,042	388,807

Movements in the year ended June 30, 2018

(in € thousands)	June 30, 2017	Proceeds from Repayment of issues of borrowings borrowings	Change in scope of consolidation and other movements with no cash impact	June 30, 2018
Bond issue	380,000	-	-	380,000
Other bank loans and borrowings	3,380	-	(530)	2,850
Finance leases	17,346	-	(4,414)	15,830
Current accounts with other third parties	2,256	-	(178)	2,078
Accrued interest	2,729	-	(116)	2,613
Loan issuance costs	(16,364)	-	1,800	(14,564)
Total	389,347	-	4,404	388,807

Movements in the year ended June 30, 2019

(in € thousands)	June 30, 2018	Proceeds from Repayment of issues of borrowings borrowings	Change in scope of consolidation and other movements with no cash impact	June 30, 2019
Bond issue	380,000	-	-	380,000
Other bank loans and borrowings	2,850	-	1	2,364
Finance leases	15,830	-	1,948	13,717
Current accounts with other third parties	2,078	-	(2,078)	-
Accrued interest	2,613	-	-	2,613
Loan issuance costs	(14,564)	-	1,912	(12,652)
Total	388,807	-	1,783	386,042

C.16.3 Terms and repayment schedule

All loans and borrowings are denominated in euros.

(in € thousands)				Contractual cash flows			
Amount in consolidated SOFP							
June 30, 2018	Floating rate	Fixed rate	Total	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Bond issue	-	380,000	380,000	492,337	18,287	73,150	400,900
Other bank loans and borrowings	-	3,380	3,380	3,322	565	1,213	1,544
Current accounts with other third parties	-	2,256	2,256	2,077	2,077	-	-
Finance leases	11,005	6,341	17,346	17,326	4,047	6,354	6,925
Accrued interest	-	2,729	2,729	2,613	2,613	-	-
Loan issuance costs	-	-	(16,364)	-	-	-	-
Total	11,005	394,706	389,347	517,675	27,589	80,717	409,369

(in € thousands)				Contractual cash flows			
Amount in consolidated SOFP							
June 30, 2019	Floating rate	Fixed rate	Total	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Bond issue	-	380,000	380,000	492,337	18,287	83,600	390,450
Other bank loans and borrowings	-	2,364	2,364	2,756	303	1,212	1,241
Current accounts with other third parties	-	-	-	-	-	-	-
Finance leases	9,643	4,074	13,717	15,090	2,797	6,340	5,953
Accrued interest	-	2,613	2,613	2,613	2,613	-	-
Loan issuance costs	-	(12,652)	(12,652)	-	-	-	-
Total	9,643	376,399	386,042	512,796	24,000	91,152	397,644

Contractual cash flows correspond to future repayments of principal and interest due.

a) Bond issue

On November 10, 2016, Mobilux Finance SAS issued a €380,000 thousand bond on the Luxembourg market.

The main terms and conditions of the bond are as follows:

- Maturity: November 15, 2024.
- Interest: fixed at 5.50%, due on May 17 and November 17 each year.
- Covenants, key ratios and other reporting requirements: the Group has agreed to provide investors with reporting indicators on a quarterly and annual basis.

b) Senior revolving facility

On November 17, 2016, the Group took out a revolving line of credit for a maximum amount of €100 million. No amounts were drawn down from this credit line in the period.

The Group has agreed to provide investors with reporting indicators on a quarterly and annual basis. The gearing ratio in particular must be reported annually within 120 days of the end of the reporting period.

C.16.4 Finance leases

June 30, 2018

(in € thousands)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future minimum lease payments	17,326	4,047	6,354	6,925
Interest expense	(1,496)	(346)	(747)	(403)
Value of future minimum lease payments	15,830	3,701	5,607	6,522

June 30, 2019

(in € thousands)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future minimum lease payments	15,090	2,797	6,340	5,953
Interest expense	(1,339)	(313)	(719)	(307)
Value of future minimum lease payments	13,751	2,484	5,621	5,646

C.17 Derivative instruments with a negative fair value

(in € thousands)	Non-current	Current
Value of derivatives at June 30, 2017	8	3,373
New derivatives subscribed	-	-
Change in fair value: effective portion (other comprehensive income impact)	(6)	(2,189)
Change in scope of consolidation and reclassifications	-	-
Change in fair value: ineffective portion (profit or loss impact)	-	(1,184)
Value of derivatives at June 30, 2018	2	-
New derivatives subscribed	-	-
Change in fair value: effective portion (other comprehensive income impact)	(2)	-
Change in scope of consolidation and reclassifications	-	-
Change in fair value: ineffective portion (profit or loss impact)	-	-
Value of derivatives at June 30, 2019	-	-

C.18 Other non-current liabilities

(in € thousands)	June 30, 2019	June 30, 2018
Deferred income	159,621	48,150
Payables to fixed asset suppliers	963	800
Other payables	-	-
Total	160,584	48,950

Prepaid income includes future revenue from extended warranties further to the first-time application of IFRS 15 (see Note C.2). Other prepaid income represents the non-current portion of additional fees collected in connection with the renewal of in-store credit operations with BNP Paribas Personal Finance.

C.19 Trade and other payables

(in € thousands)	June 30, 2019	June 30, 2018
Trade payables	272,133	288,377
Deposits and advance payments received on orders	113,066	102,574
Tax and social security liabilities	84,713	73,256
Payables to fixed asset suppliers	13,926	13,855
Other payables	28,225	25,572
Deferred income	77,879	11,833
Total	589,942	515,467

The total amount of trade payables able to be settled in part by means of reverse factoring amounted to €5.8 million at June 30, 2019 (June 30, 2018: €9.0 million).

Other payables mainly include purchasing rebates to be paid over to franchisees.

Prepaid income includes future revenue from extended warranties further to the first-time application of IFRS 15 (see Note C.2).

C.20 Cash flows

At June 30, 2019, cash and cash equivalents amounted to €229,075 thousand (see Note C.9). Amounts impacting cash and cash equivalents are shown in the consolidated statement of cash flows.

Operating activities

In the year to June 30, 2019, net cash flows relating to operating activities amounted to €104,787 thousand, breaking down as follows:

- cash flows from operations before net finance costs and income tax totalling €76,858 thousand;
- income tax expense totalling €10,371 thousand;
- changes in working capital, excluding tax, resulting in a positive €38,300 thousand impact on cash, due chiefly to the good inventory management.

Investing activities

The main components of net cash flows relating to investing activities were:

- cash outflows relating to acquisitions of property, plant and equipment, intangible assets and other financial assets, net of disposals, in an amount of €36,746 thousand.

Financing activities

Net cash flows relating to financing activities represented a total outflow of €27,674 thousand, and essentially comprised:

- repayments of existing loans for €4,548 thousand;
- debt servicing for €21,529 thousand;
- net payments on loans and advances granted to suppliers for €1,597 thousand.

D Presentation of financial statements – Income statement

D.1 Revenue

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Store sales	1,437,803	1,344,651
Sales to franchisees	121,352	123,026
Retail revenue	1,559,155	1,467,677
Services provided to franchisees	13,212	13,086
Product listings	8,341	6,709
Insurance services and extended warranties	72,072	71,724
Other	45,152	34,459
Other revenue	138,777	125,978
Total	1,697,932	1,593,655

"Other" includes all other revenue relating to installations, deliveries and other fees collected.

D.2 Cost of sales

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Purchases	(877,685)	(886,739)
Change in inventories	(24,350)	15,530
Impairment of inventories	(13,185)	(9,921)
Cost of sales excluding logistics costs	(915,220)	(881,130)
Logistics costs	(57,259)	(50,644)
Total	(972,479)	(931,774)

D.3 Personnel expenses

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Wages and salaries	(187,588)	(176,885)
Payroll taxes	(80,147)	(79,450)
Employee profit-sharing	(3,637)	-
Post-employment expenses	(1,108)	(696)
Total	(272,480)	(257,031)

In the year to June 30, 2019, the Group recorded income of €5,256 thousand related to the CICE tax credit (year to June 30, 2018: €9,193 thousand). The CICE tax credit was replaced by a reduction in payroll taxes as from January 1, 2019.

D.4 External expenses

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Outsourcing	(76,797)	(64,444)
Property leases	(83,347)	(79,086)
Other leases and related expenses	(31,333)	(28,629)
Repairs and maintenance	(12,245)	(11,976)
Insurance	(4,509)	(4,238)
Compensation in respect of temporary and external employees	(13,128)	(13,063)
Local advertising	(10,204)	(9,691)
National advertising	(51,991)	(50,874)
Other external expenses	(42,451)	(52,769)
Total	(326,005)	(314,770)

"Other external expenses" include utility costs, supplies, cleaning costs and banking services.

D.5 Other income and expense from operations

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Income on credit operations (share in Cogesem)	-	12,317
Decrease in provisions and current asset impairment allowances	3,705	16,847
Other	3,344	2,562
Other income from operations	7,049	31,726
Increase in provisions and current asset impairment allowances	(6,232)	(18,685)
Other	(2,910)	(3,241)
Other expense from operations	(9,142)	(21,926)
Other income (expense) from operations, net	(2,093)	9,800

D.6 Other operating income and expense

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Gains on disposals of non-current assets	16	17
Other operating income	3,171	50,000
Other operating income	3,187	50,017
Restructuring costs	(2,628)	(1,431)
Acquisition and disposal costs	(7,675)	(3,214)
Losses on disposals of non-current assets	(447)	(303)
Other operating expenses	(3,921)	(3,789)
Other operating expenses	(14,671)	(8,737)
Other operating income (expense), net	(11,484)	41,280

In the year to June 30, 2018, other operating income reflects the indemnity collected in connection with the renewal of in-store credit operations (see Note A.2).

At June 30, 2019, the Group was granted a €3 million reduction in the price of the Décomeubles Partners shares acquired in November 2016, which was recognised in other operating income. The Group incurred significant costs relating to the closure of the Bobigny store in March 2019.

D.7 Cost of debt

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Interest expense on financing transactions	(33,796)	(33,071)
Interest expense on finance leases	(402)	(485)
Total	(34,198)	(33,556)

D.8 Other financial income and expense

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Foreign exchange gains	1,776	2,629
Other	110	714
Other financial income	1,886	3,343
Foreign exchange losses	(5,354)	(4,727)
Interest expense on retirement and other employee benefit obligations	(377)	(416)
Other	(11,099)	(2,455)
Other financial expense	(16,830)	(7,598)
Other financial expense, net	(14,944)	(4,255)

Following the renewal of in-store credit operations in May 2018 (see Note A.2), since July 1, 2018 the Group has recognised €9,314 thousand in interest on free credit granted to customers within other financial expense.

D.9 Income tax

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Income tax paid	(8,265)	(10,180)
Deferred tax	(5,261)	(1,107)
Total income tax benefit (expense)	(13,526)	(11,287)

Reconciliation between income tax and profit before tax

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Profit (loss) for the period	(12,271)	32,879
Less share of profit (loss) of equity-accounted companies	-	-
Cancellation of tax expense (benefit)	13,526	11,287
Profit (loss) of consolidated companies before tax	1,255	44,166
Theoretical tax rate	34.43%	34.43%
Theoretical tax benefit (expense)	(432)	(15,206)
Difference in Luxembourg, Malta and Hong Kong tax rates	1,469	1,271
Gradual decrease in tax rates until 2023	302	3,716
Utilisation of tax losses (tax losses not utilised)	(2,415)	-
Non-recurring tax expense	(9,995)	-
CVAE tax	(7,394)	(7,036)
(Capital losses) capital gains taxed at 0%	-	-
CICE tax charged	1,810	3,510
Other	3,129	2,458
Effective income tax benefit (expense)	(13,526)	(11,287)

Tax effects relating to other comprehensive income (loss)

(in € thousands)	June 30, 2019 (12 months)	June 30, 2018 (12 months)
Tax on exchange differences resulting from the translation of foreign operations	-	-
Tax on fair value relating to effective portion of cash flow hedges	154	(2,356)
Tax relating to items that may be subsequently reclassified to profit or loss	154	(2,356)
Tax on actuarial gains (losses) arising on retirement and other employee benefit obligations	801	248
Tax relating to items that will not be subsequently reclassified to profit or loss	801	248
Total tax on other comprehensive income (loss)	955	(2,108)

E Presentation of financial statements – Other

E.1 Financial instruments

Financial instruments are recognised and measured as follows:

- items carried at fair value through other comprehensive income include listed and unlisted equity investments.
- items carried at amortised cost chiefly relate to trade receivables and miscellaneous other current and non-current receivables.
- liabilities recognised at amortised cost using the effective interest method mainly include loans and borrowings, trade payables and other miscellaneous current and non-current payables.
- derivative instruments are recognised at fair value, either directly through profit or loss or within income and expenses recognised directly in other comprehensive income in accordance with cash flow hedge accounting.
- items carried at fair value through profit or loss include all assets not assigned to the other categories described above.

The fair value of financial assets and liabilities is determined as follows:

- the fair value of trade receivables and payables and other miscellaneous current receivables and payables is considered to be their carrying amount in the consolidated statement of financial position due to their very short-term maturities;
- the fair value of bonds is estimated at the end of each reporting period based on average market interest rates and the value of the Group's credit risk for bonds with maturities approximating the remaining term to maturity of the Group's bond issues.
- the fair value of finance lease liabilities is taken as the carrying amount in the consolidated statement of financial position due to the wide variety of lease types and terms.

June 30, 2018

(in € thousands)	Fair value through profit or loss	Fair value through OCI	Amortised cost	Hedging instruments	Non-financial instruments	Carrying amount in SOFP	Fair value
Assets							
Non-current derivatives with a positive fair value	-	-	-	-	-	-	-
Other non-current assets	-	26	13,648	-	1	13,675	13,675
Trade and other receivables	-	-	78,309	-	26,769	105,078	105,078
Current derivatives with a positive fair value	-	-	-	5,130	-	5,130	5,130
Other current assets	-	-	1,075	-	-	1,075	1,075
Cash and cash equivalents	-	-	189,145	-	-	189,145	189,145
Total	-	26	282,177	5,130	26,770	314,103	314,103
Liabilities							
Shareholder loan	-	-	131,939	-	-	131,939	131,939
Other loans and borrowings	-	-	388,807	-	-	388,807	388,807
Non-current derivatives with a negative fair value	-	-	-	2	-	2	2
Other non-current liabilities	800	-	-	-	48,150	48,950	48,950
Other long-term payables	-	-	-	-	-	-	-
Trade and other payables	-	-	327,806	-	187,661	515,467	515,467
Current derivatives with a negative fair value	-	-	-	-	-	-	-
Bank overdrafts	-	-	444	-	-	444	444
Total	800	-	848,996	2	235,811	1,085,609	1,085,609

June 30, 2019

(in € thousands)	Fair value through profit or loss	Fair value through OCI	Amortised cost	Hedging instruments	Non-financial instruments	Carrying amount in SOFP	Fair value
Assets							
Non-current derivatives with a positive fair value	-	-	-	-	-	-	-
Other non-current assets	-	23	12,822	-	18,078	30,923	30,923
Trade and other receivables	-	-	73,374	-	39,080	112,454	112,454
Current derivatives with a positive fair value	-	-	-	2,392	-	2,392	2,392
Other current assets	-	-	595	-	-	595	595
Cash and cash equivalents	-	-	229,767	-	-	229,767	229,767
Total	-	23	316,558	2,392	57,158	376,131	376,131
Liabilities							
Shareholder loan	-	-	142,494	-	-	142,494	142,494
Other loans and borrowings	-	-	386,042	-	-	386,042	386,042
Non-current derivatives with a negative fair value	-	-	-	-	-	-	-
Other non-current liabilities	963	-	-	-	159,621	160,584	160,584
Other long-term payables	-	-	-	-	-	-	-
Trade and other payables	-	-	314,287	-	275,555	589,842	589,842
Current derivatives with a negative fair value	-	-	-	-	-	-	-
Bank overdrafts	-	-	692	-	-	692	692
Total	963	-	843,515	-	435,176	1,279,654	1,279,654

Contractual future cash flows related to other loans and borrowings are set out in Note C.16.3. Trade payables and other current payables classified at amortised cost (€589,841 thousand at June 30, 2019) all mature within one year.

The carrying amount of the Group's financial assets and liabilities is equal to their fair value.

E.2 Risk management

E.2.1 Financial risk management

In the course of its business, the Group is exposed to currency risk, interest rate risk, credit risk, and liquidity risk. In accordance with the policies approved by the Chairman, the Group only enters into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. The Group does not enter into any trading derivative transactions without underlying assets or liabilities.

Financial risks are formally managed by the Group's Treasury department.

E.2.2 Financial risk

Financial risks essentially arise on exposure to US dollars and interest rates.

- Currency risk

Most furniture is purchased directly by the Group from Asian suppliers in US dollars. The Group's policy is to hedge most US dollar transactions between the date of the purchase order and the settlement date using forward contracts or options negotiated with an investment-grade bank.

All foreign currency transactions must be demonstrably linked to an underlying exposure. The hedge of the exposure is monitored throughout the life of the transaction to ensure that it remains effective and appropriate.

The net fair value of foreign currency financial instruments was €2,392 thousand at June 30, 2019, excluding counterparty default risk in an amount of €3 thousand at that date.

- Interest rate risk

The Group has only minimal exposure to interest rate risk on its floating-rate borrowings.

E.2.3 Credit risk

Financial assets mainly comprise cash and cash equivalents as well as trade and other receivables. Credit risk arises if a counterparty fails to meet its obligations.

The Group invests its liquid assets with leading banks and regularly monitors counterparty risk.

Given its retail activity, none of the Group's customers represents more than 10% of its revenue. In the consumer credit business, the lending policy is based on scorecards and statistical studies of default. The Group also draws on the experience and expertise of its partner BNP Paribas Personal Finance.

E.2.4 Liquidity risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose the Group to liquidity risk in the event of early repayment.

In order to manage its liquidity risk, the Group contracts bank facilities for an appropriate amount and maturity to ensure that it has adequate available funds to meet its commitments.

E.3 Contingent liabilities

The Group does not have any material contingent liabilities. In the ordinary course of its operations, the Mobilux 2 Group is involved in litigation and is subject to tax, customs and administrative inspections. A provision is accrued when the Company identifies a risk and that risk can be reliably measured.

E.4 Off-balance sheet commitments

E.4.1 Operating lease and purchase commitments

The Group leases various stores, head offices, equipment and warehouses under non-cancellable operating lease agreements. These leases have different terms, escalation clauses and renewal options.

(in € thousands)	Payments to be made by period			
	Total	Less than 1 year	From 1 to 5 years	More than 5 years
June 30, 2018				
Operating leases	297,267	93,914	177,135	26,218
Purchase commitments regarding goods for resale	129,138	129,138	-	-
Total	426,405	223,052	177,135	26,218

(in € thousands)	Payments to be made by period			
	Total	Less than 1 year	From 1 to 5 years	More than 5 years
June 30, 2019				
Operating leases	285,781	97,723	166,180	21,878
Purchase commitments regarding goods for resale	136,301	136,301	-	-
Total	422,082	234,024	166,180	21,878

E.4.2 Other financial commitments

(in € thousands)	June 30, 2019	June 30, 2018
Unused confirmed credit lines	-	-
Standby letters of credit and documentary credit	13,832	15,432
Other guarantees received	28,996	19,586
Total guarantees received	42,828	35,018
Guarantees given on reinsurance activities	-	-
Clawback clause	-	-
Other guarantees given (*)	-	-
Total guarantees given	-	-

(*) In addition to the commitments shown above, the following items were pledged by Mobilux 2, Mobilux Acquisition, Décomeubles Partners, But SAS and But International to guarantee the repayment of the bond and the senior revolving facility:

- the shares in But held by Décomeubles Partners;
- the shares in But International held by But;
- the shares in Cogesem held by But International;
- the shares in Décomeubles Partners held by Mobilux Acquisition;
- the shares in Mobilux Finance held by Mobilux Acquisition;
- the shares in Mobilux Acquisition held by Mobilux 2;
- the bank accounts of Mobilux Acquisition, Mobilux Finance, Décomeubles Partners, But, But International and Cogesem;
- the rights of Mobilux Acquisition, Mobilux Finance, Décomeubles Partners, But, But International and Cogesem on intragroup receivables.

E.5 Related-party transactions

The Group's main related parties are companies that it controls or over which it exercises significant influence. Related parties also include joint ventures, members of management bodies and the Group's shareholder.

E.5.1 Transactions with companies controlled by the Group

The list of companies controlled by the Group is provided in Note F. Since these companies are fully consolidated as described in Note B.3, any transactions between them, and between the parent company and its subsidiaries, were eliminated for the purpose of preparing the consolidated financial statements.

E.5.2 Transactions with members of management bodies and shareholders

The Group has introduced an Incentive Program under which management may purchase Group shares under certain conditions.

Transactions carried out with the parent company are presented below.

The table below summarises the transactions carried out with related companies (Mobilux SARL, Mobilux 1, CD&R, WM Holding, XLI France and Mömax) in the ordinary course of business:

Transaction amount during the year	June 30, 2019	June 30, 2018
(in € thousands)	(12 months)	(12 months)
Management fees (Mobilux SARL, CD&R and WM Holding)	(1,000)	(1,000)
Interest (Mobilux 1)	(10,555)	(9,773)
Tax (Mobilux 1)	(42)	(3,396)
Purchases of goods for resale (Mömax)	(1,449)	(537)
Rent (XLI France)	(7,509)	(560)
Gain (loss) on disposal of the Pau and Tarbes sites (XLI France)	-	(208)

Statement of financial position amount at end of year

(in € thousands)	June 30, 2019	June 30, 2018
Payables - Management fees (Mobilux, CD&R and WM Holding)	125	250
Mobilux 1 loan	142,494	131,939
Mobilux 1 tax balance	(1,173)	3,519
Mobilux 1 current account	(463)	2,077
Payables - Purchases of goods for resale (Mömax)	78	537
Payables - Rent (XLI France)	630	145

E.5.3 Executive compensation

(in € thousands)	June 30, 2019	June 30, 2018
Short-term benefits	3,333	3,029
Retirement benefits - defined contribution plans	47	49
Retirement benefits and other long-term employee benefits - defined benefit plans	32	41
Share-based payment	-	-
Total	3,412	3,119

Key management personnel include the members of the Management Committee.

F List of consolidated companies

Company	Parent company	Consolidation method (*)	June 30, 2019		June 30, 2018	
			% control	% interest	% control	% interest
Mobilux 2	X	FC	100%	100%	100%	100%
Mobilux Acquisition		FC	100%	100%	100%	100%
Mobilux Finance		FC	100%	100%	100%	100%
Décomeubles Partners		FC	100%	100%	100%	100%
But Sourcing Limited		FC	100%	100%	100%	100%
B'Sourcing		FC	100%	100%	100%	100%
But		FC	100%	100%	100%	100%
But International		FC	100%	100%	100%	100%
Cafina		FC	100%	100%	100%	100%
Cogesem		FC	100%	100%	100%	100%
Immobilière But		FC	100%	100%	100%	100%
Immobut		FC	100%	100%	100%	100%
Cafina Assurances Ltd		FC	100%	100%	100%	100%
Cafina Holding		FC	100%	100%	100%	100%
Sourceco France		FC	100%	100%	100%	100%
Filiabut1		FC	100%	100%	100%	100%
Pau Mobilia		Merged			100%	100%
Flash Mobilia		Merged			100%	100%

(*) FC: Fully consolidated

G Events after the end of the reporting period

There were no significant events between the end of the reporting period and the date the consolidated financial statements were authorised for issue by the Chairman.

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