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RINO MASTROTTO

Rino Mastrotto Group S.p.A.
€320,000,000 Senior Secured Floating Rate Notes due 2031

Rino Mastrotto Group S.p.A., a joint-stock company (*società per azioni*) established under the laws of the Republic of Italy (the "**Issuer**"), is offering (the "**Offering**") €320,000,000 aggregate principal amount of its Senior Secured Floating Rate Notes due 2031 (the "**Notes**"). The proceeds from the Offering will be used, directly or indirectly, (i) to repay in full and cancel outstanding indebtedness under the Existing Facilities (as defined herein), including accrued and unpaid interest thereon, (ii) to fund a distribution to the shareholders of the Issuer, (iii) for general corporate purposes, which may include potential future investments and (iv) to pay fees and expenses associated with the Transactions. See "*Use of Proceeds*." The Notes will be issued by the Issuer under an indenture (the "**Indenture**"), to be dated on or about July 22, 2024 (the "**Issue Date**"), among, *inter alios*, the Issuer and U.S. Bank Trustees Limited, as trustees for holders of the Notes (in such capacity, the "**Trustee**") and as security agent (in such capacity, the "**Security Agent**").

The Notes will bear interest on the outstanding principal amount at a rate equal to three-month EURIBOR (with a zero floor) plus 4.750% per annum, reset quarterly. The Issuer will pay interest on the Notes quarterly in arrears on each of January 31, April 30, July 31 and October 31 of each year, commencing on October 31, 2024. Interest on the Notes will accrue from the Issue Date. The Notes will mature on July 31, 2031. All or a portion of the Notes may be redeemed at any time prior to July 31, 2025, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date plus a "make-whole" premium, as described in this offering memorandum (this "**Offering Memorandum**"). The Notes may be redeemed at any time on or after July 31, 2025, at the redemption prices set forth in this Offering Memorandum. In addition, in connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes. See "*Description of the Notes—Optional Redemption*". Upon the occurrence of certain defined events constituting a change of control or upon certain asset sales, each holder of Notes of any series may require the Issuer to repurchase all or a portion of the Notes of such series at a price equal to 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date. However, a change of control will not be deemed to have occurred if, pro forma for such change of control, a specified consolidated total net leverage ratio is not exceeded in connection with such event. In the event of certain developments affecting taxation, the Issuer may elect to redeem all, but not less than all, of the relevant series of Notes.

On the Issue Date, the Notes will be obligations of the Issuer and will not be guaranteed. Within 60 days of the Issue Date, the Notes will be guaranteed by Elmo Sweden AB, Mapel Components S.r.l., Mapel Textile S.r.l., RMG Leather USA LLC and Tessitura Oreste Mariani S.p.A. (collectively, the "**Initial Guarantors**" and together with any other entity that will guarantee the Notes, the "**Guarantors**" and each a "**Guarantor**"). The guarantee by each of the Guarantors (together, the "**Guarantees**" and each a "**Guarantee**") will be a general senior obligation of each of the Guarantors and, together with their obligations under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank *pari passu* in right of payment to all existing and future indebtedness of such Guarantors that is not expressly subordinated in right of payment to their Guarantees, including the senior guarantees given in favor of the Revolving Credit Facility and certain hedging obligations, if any, will rank senior in right of payment to all existing and future indebtedness of such Guarantors that is expressly subordinated in right of payment to such Guarantors' Guarantee, will be effectively senior in right of payment to existing and future unsecured obligations of such Guarantors to the extent and value of the Collateral (as defined below) that is available to satisfy the obligations under such Guarantors' Guarantee and will be structurally subordinated to any existing or future indebtedness of such Guarantors' subsidiaries that do not guarantee the Notes.

On or about the Issue Date, the Notes will be secured, subject to certain limitations, including the Agreed Security Principles (as defined herein), and certain perfection requirements, by (i) a first ranking pledge over the shares of the Issuer held by Gold Leather S.à r.l., an entity wholly owned by NB Renaissance, representing 69.8% of the share capital of the Issuer and (ii) security interests granted on an equal and ratable first-priority basis over the material bank account(s) of the Issuer opened in Italy on which the proceeds of the Notes would be credited and on which the Revolving Credit Facility would be utilized ("**Issue Date Collateral**"). Subject to certain limitations (including the Agreed Security Principles) and certain perfection requirements, the Notes will be secured within 60 days from (and excluding) the Issue Date, by (i) a first ranking pledge over the shares of the Issuer beneficially owned by the Mastrotto Family Members (through a newly incorporated entity, investment vehicle or fiduciary company) representing collectively 30.1% of the share capital of the Issuer, (ii) a first-ranking pledge over the shares of Elmo Sweden AB held by the Issuer representing 100% of the share capital of Elmo Sweden AB, (iii) a first-ranking pledge over the shares of RMG of America LLC held by the Issuer representing 100% of the share capital of RMG of America LLC, (iv) a first-ranking pledge over the shares of RMG Leather USA LLC held by RMG of America LLC representing 90% of the share capital of RMG Leather USA LLC, (v) a first-ranking pledge over the quotas of Mapel Group S.r.l. held by the Issuer representing 60% of the quotas of Mapel Group S.r.l., and (vi) a first-ranking pledge over the shares of Tessitura Oreste Mariani S.p.A. held by the Issuer representing 76% of the share capital of Tessitura Oreste Mariani S.p.A. (the "**Post-Issue Date Collateral**" and, together with the Issue Date Collateral, the "**Collateral**"). The Collateral will also secure the Revolving Credit Facility (as defined herein). The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations."* Under the terms of the Intercreditor Agreement (as defined herein) in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the obligations under or in respect of the Revolving Credit Facility, certain hedging obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement or any additional intercreditor agreement), if any, have been repaid in full. The security interests in the Collateral and the Guarantees will be subject to significant contractual and legal limitations. The security interests in the Collateral and the Guarantees may be released under certain circumstances.

Subject to and as set forth in "*Description of the Notes—Withholding Taxes,"* the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) where the Notes are held by a person or entity resident or established in a country that does not allow for satisfactory exchange of information with the Italian Tax Authority as included (i) at the date hereof in the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended and supplemented from time to time or (ii) once effective, in any other decree or regulation that will be issued in the future pursuant to Article 11(4)(c) of Decree No. 239 of April 1, 1996 or otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*."

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 (the "**Exchange**") and to admit the Notes for trading on the Euro MTF Market thereof. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2014/65/EU. This Offering Memorandum constitutes a prospectus for the purpose of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 33

PRICE FOR THE NOTES: 99.500%, plus accrued interest, if any, from the Issue Date

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, this Offering is being made only to "qualified institutional buyers" (as defined in Rule 144A of the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act ("**Rule 144A**"). You are hereby notified that the Initial Purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside of the United States, this Offering is being made in connection with offshore transactions in reliance on Regulation S under the U.S. Securities Act. For a description of certain restrictions on the transfer of the Notes, see "*Plan of Distribution*" and "*Transfer Restrictions*."

The Notes will initially be issued in the form of global notes in registered form. See "*Book-entry, Delivery and Form*." We expect the Notes to be delivered to investors in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") on or about the Issue Date.

Sole Physical Bookrunner

BNP Paribas

Joint Global Coordinators and Joint Bookrunners

BNP Paribas **IMI – Intesa Sanpaolo**

Joint Bookrunner

UniCredit

The date of this Offering Memorandum is July 11, 2024.

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In making an investment decision, you should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantors or any of the Initial Purchasers (as defined below) have authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Issuer, the Guarantors or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum.

IMPORTANT INFORMATION FOR INVESTORS

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS THE NOTES AND THE GUARANTEES ARE REGISTERED UNDER THE U.S. SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IS AVAILABLE. SEE "*PLAN OF DISTRIBUTION*" AND "*TRANSFER RESTRICTIONS*." INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A UNDER THE U.S. SECURITIES ACT.

We accept responsibility for the information contained in this Offering Memorandum and, to the best of our knowledge (having taken reasonable care to ensure that such is the case), the information is true and accurate in all material respects and contains no omission likely to affect the import of such information. As used in this Offering Memorandum, unless the context otherwise requires: (i) references to "we," "us", "our", the "Issuer", or the "Group" refer to Rino Mastrotto Group S.p.A. and its consolidated subsidiaries from time to time; and (ii) references to the "Guarantors" are to Elmo Sweden AB ("**Elmo**"), Mapel Components S.r.l. ("**Mapel Components**"), Mapel Textile S.r.l. ("**Mapel Textile**"), RMG Leather USA LLC ("**RMG Leather**") and Tessitura Oreste Mariani S.p.A. ("**Tessitura Oreste Mariani**").

This document does not constitute a prospectus for the purposes of Section 12(a)(2) of or any other provision of or rule under the U.S. Securities Act.

This Offering is being made on the basis of this Offering Memorandum only. Any decision to purchase Notes in the Offering must be based on the information contained in this Offering Memorandum. None of the Issuer, the Guarantors or the Initial Purchasers have authorized anyone to provide you with any information or represent anything about the Issuer, the Guarantors or any of their respective affiliates, their financial results or this Offering that is not contained herein. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted. If given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantors or any of the Initial Purchasers. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum. This Offering Memorandum is based on information provided by us and other sources believed by us to be reliable. The Initial Purchasers are not responsible for, and are not making any representation or warranty to you concerning, our future performance or the accuracy or completeness of this Offering Memorandum.

None of the Initial Purchasers, the Trustee, the Agents nor any of their respective affiliates is making any representation or warranty, express or implied, that this information is accurate, fair, adequate or complete or is responsible for this information. None of the Initial Purchasers, the Trustee, the Agents nor any of their respective employees, officers, directors, contractors or agents has authorized the contents or circulation of this Offering Memorandum, and none of the Initial Purchasers, the Trustee, the Agents nor any of their employees assumes any responsibility for, and no such person will accept any liability for, any loss suffered as a result of, arising out of, or in connection with, this Offering Memorandum or any of the information or opinions contained in it. The Initial Purchasers, the Trustee, the Agents and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Memorandum or any of the information or opinions contained in it. The Initial Purchasers do not undertake to review the financial condition or affairs of the Issuer or any Guarantor during the life of the Notes or to advise any investor or potential investor in the Notes of any information coming to the attention of any Initial Purchaser. Nothing in this Offering Memorandum is, or shall be relied upon as, a promise or representation by any of the Initial Purchasers or their respective affiliates as to the past or future.

This Offering Memorandum has been prepared by the Issuer and the Guarantors solely for use in connection with the Offering. This Offering Memorandum is personal to each offeree and does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not

be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers will have any responsibility for any of the foregoing legal requirements. See "*Transfer Restrictions*."

In making an investment decision regarding the Notes offered hereby, you must rely on your own examination of the Issuer, the Guarantors and the terms of this Offering, including the merits and risks involved. In addition, none of the Issuer, the Guarantors, the Initial Purchasers, the Trustee, the Agents nor any of their respective representatives or affiliates is making any representation to you regarding the legality of an investment in the Notes. You should rely only on the information contained in this Offering Memorandum. We have not, and the Initial Purchasers have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Memorandum is accurate as of the date on the front cover of this Offering Memorandum only. Our business, financial condition, results of operations and the information set forth in this Offering Memorandum may have changed since that date.

None of the Initial Purchasers nor any employee or affiliate of the Initial Purchasers has authorized the contents or circulation of this Offering Memorandum, and none of the Initial Purchasers nor any employee of the Initial Purchaser assumes any responsibility for, and no such person will accept any liability for, any loss suffered as a result of, arising out of, or in connection with this document or any of the information or opinions contained in it.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, the Guarantors or any of their respective affiliates, or the Initial Purchasers. This Offering Memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful.

This Offering Memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of some of which will be made available upon request, for the complete information contained in those documents. By receiving this Offering Memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the Notes. You should not consider any information in this Offering Memorandum to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Notes. We are not, and the Initial Purchasers are not, making any representation to any offeree or purchaser of the Notes regarding the legality of an investment in the Notes by such offeree or purchaser under appropriate investment or similar laws.

By accepting delivery of this Offering Memorandum, you agree to the foregoing restrictions, of this Offering Memorandum or any documents referred to herein and not to use any information herein for any purpose other than considering an investment in the Notes.

We obtained the market data used in this Offering Memorandum from internal surveys, industry sources and currently available information. Although we believe that our sources are reliable, you should keep in mind that we have not independently verified information we have obtained from industry and governmental sources and that information from our internal surveys has not been verified by any independent sources. See "*Market and Industry Data*."

The contents of our website do not form any part of this Offering Memorandum.

The Initial Purchasers reserve the right to withdraw this Offering at any time, and to reject any offer to purchase 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 related entities may acquire a portion of the Notes for their own accounts. Persons into whose possession this Offering Memorandum or any of the Notes come

must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. See "*Plan of Distribution*" and "*Transfer Restrictions*."

The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum and the offer and sale of the Notes. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe any, such restrictions. None of the Issuer, the Guarantors or their respective representatives are making any representation to any offeree or any purchaser of the Notes regarding the legality of any investment in the Notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a further description of certain restrictions on the Offering and sale of the Notes and the distribution of the Offering Memorandum, see "*Plan of Distribution*" and "*Transfer Restrictions*."

To purchase the Notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell the Notes or possess or distribute this Offering Memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the Notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Issuer, the Guarantors or their respective affiliates will have any responsibility therefor.

No action has been taken by the Initial Purchasers, the Issuer, the Guarantors or any other person that would permit an Offering or the circulation or distribution of this Offering Memorandum or any offering material in relation to the Issuer, the Guarantors or the Notes in any country or jurisdiction where action for that purpose is required.

The Notes will only be issued in fully registered form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented by one or more global notes in registered form without interest coupons attached (the "**Global Notes**"). The Global Notes will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary. See "*Book Entry, Delivery and Form*."

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including "*Description of the Notes*" and "*Book-entry, Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. We accept no 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.

The distribution of this Offering Memorandum and the offer and sale of the Notes may be restricted by law in certain jurisdictions. You must inform yourself about, and observe, any such restrictions. See "*Notice to Certain European Investors*," "*Plan of Distribution*" and "*Transfer Restrictions*" elsewhere in this Offering Memorandum. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this Offering Memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We are not, and the Initial Purchasers are not, making an offer to sell the Notes or a solicitation of an offer to buy any of the Notes to any person in any jurisdiction except where such an offer or solicitation is permitted.

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit them for trading on the Euro MTF Market.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, BNP PARIBAS (THE "**STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT 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 OBLIGATION ON THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) TO DO THIS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*."

NOTICE TO INVESTORS

NOTICE TO INVESTORS IN THE UNITED STATES

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes are being offered and sold outside the United States to persons purchasing the Notes in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and within the United States to "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A of the U.S. Securities Act ("**Rule 144A**"). Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this Offering Memorandum, see "*Transfer Restrictions*."

The Notes described in this Offering Memorandum have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), 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 or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Regulation (EU) 2017/1129, as subsequently amended and supplemented (the "**Prospectus Regulation**"), from the requirement to produce and publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the European Economic Area (the "**EEA**") of the Notes should only do so in circumstances in which no obligation arises for us or any of the Initial Purchasers to produce a prospectus pursuant to Article 3 of the Prospectus Regulation, in each case, in relation to such offer. Neither we nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for us or any of the Initial Purchasers to publish a prospectus for such.

Prohibition of Sales to Certain 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 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**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

None of the Issuer or the Initial Purchasers has authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

The attached Offering Memorandum has been prepared on the basis that any offer of the securities in any Member State of the EEA (each a "**Relevant State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the securities. The attached Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation. The securities described in the attached Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor (as defined above) in a Relevant State. No key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling any in scope securities or otherwise making them available to retail investors in a Relevant State has been or will be prepared. Offering or selling the Notes or otherwise making them available to any retail investor in a Relevant State may be unlawful.

Each person located in a Relevant State to whom any offer of securities is made, or who receives any communication in respect of an offer of securities, or who initially acquires any securities, or to whom the securities are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the Issuer that: (i) it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation (or any other relevant laws in that Relevant State); and (ii) it is not a retail investor (as defined above).

MiFID II product governance / Professional investors and Eligible Counterparties only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the securities 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 Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

United Kingdom

The attached Offering Memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of such securities. The attached Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation. 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 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 by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of 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 Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling any Notes or otherwise making them available to retail investors in the UK has been or will be prepared. 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. References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the EUWA or have been implemented in UK domestic law, as appropriate.

The attached Offering Memorandum has not been approved by an authorized person in the United Kingdom and is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**")), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are 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 2000) 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**"). The attached Offering Memorandum 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 the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of the Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Notes other than in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to us. UK MiFIR product governance / Professional investors and Eligible Counterparties only target market.

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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); 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 "**UK distributor**") should take into consideration the manufacturers' target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Italy

The Offering of the Notes has not been registered with or cleared by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to formal review or clearance by CONSOB. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of this Offering Memorandum or any other offering circular, prospectus, form of application, advertisement or other offering material or document relating to the Notes to be issued, may be distributed in the Republic of Italy either on the primary or on the secondary market, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2(e) of the Prospectus Regulation, and any application provision of Legislative Decree No. 58 of February 24, 1998, as amended and implemented (the "**Italian Financial Act**"), and Italian CONSOB regulations; or

(ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, the Italian Financial Act and the implementing CONSOB regulations, including the CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**") and any other applicable Italian laws and regulations.

The Initial Purchasers have each represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy under paragraph (i) or (ii) above must be in compliance with the selling restrictions under (i) and (ii) above and must be:

(a) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r, of the Italian Financial Act), to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, CONSOB Regulation No. 20307 of February 15, 2018, as amended ("**Regulation 20307**"), Italian Legislative Decree No. 385 of September 1, 1993, as amended (the "**Italian Banking Act**"), the Issuer Regulation and any other applicable laws or regulations;

(b) in compliance with all relevant Italian securities, tax, exchange control and any other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, issued on August 25, 2015 (as amended on August 10, 2016, on November 2, 2020 and as further amended from time to time)) or any other relevant Italian competent authority; and

(c) in compliance with any other applicable laws and regulations imposed by CONSOB, the Bank of Italy or any other Italian competent authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer, sale, delivery or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

For selling restrictions in respect of Italy, see also "*Notice To Certain European Investors*" and "*European Economic Area*" above.

Sweden

This Offering Memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Prospectus Regulation nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this offering memorandum or will examine, approve or register this offering memorandum. Accordingly, this offering memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Prospectus Regulation.

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

http://www.oblible.com

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains certain "forward-looking statements" within the meaning of the securities laws of the United States and certain other jurisdictions, including prospective financial information and forecasts. All statements other than statements of historical fact contained in this Offering Memorandum, including, but not limited to, statements about our intentions, beliefs or current expectations regarding our future long-term financial targets, financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and country in which we operate, are forward looking statements and are contained in various sections, including, without limitation, under the headings "*Summary*," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*." Words such as "believe," "anticipate," "estimate," "expect," "intend," "predict," "project," "could," "may," "will," "plan," "seek," "continue" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

We may from time to time make written or oral forward-looking statements in other communications. Forward-looking statements include statements concerning our financial targets, plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under "*Risk Factors*," as well as those included elsewhere in this Offering Memorandum. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. In addition, even if our actual results are consistent with the forward-looking statements contained in the Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause actual results to differ materially from those referenced in forward-looking statements, some of which are beyond our control, include, but are not limited to, the following:

- the highly competitive market in which we operate, actions of our competitors and our failure to successfully respond to competitive pressures;
- macroeconomic factors and the general economic conditions worldwide;
- consolidation or vertical integration of our customers;
- displacement of consumer spending on high-end design products by spending on other activities;
- our clients' ability to appeal to the tastes of end-customers or to identify and respond to changing trends and product demand;
- the negative impact of cyclical downturns in the automotive industry;
- the impact of epidemics or global health pandemics, such as the COVID-19 pandemic;
- any increase in the prices of the raw materials we employ in our manufacturing processes, to the extent we are not able to pass on such price increases to our customers;
- our ability to maintain our partnerships with key clients;
- our ability to properly source raw materials and maintain our relationships with key suppliers of raw materials;
- our ability to accurately forecast demand for certain of our products and to adequately manage our product inventory;
- risks associated with our strategy of acquiring selected value-accretive companies;

- our ability to successfully integrate new companies we acquire into our manufacturing, distribution and sales processes;
- risks associated with fluctuations in currency exchange rates;
- any disruptions relating to our production facilities or interruptions of product manufacturing;
- any disruptions relating to our supply chain;
- any accidents at our production facilities or finishing and distribution centers;
- availability of labor;
- disputes and other legal or regulatory proceedings;
- product liability claims;
- infringements of intellectual property rights by us or by third parties against us;
- our ability to comply with anti-corruption and anti-bribery laws and regulations;
- our ability to comply with environmental requirements and regulations;
- risks associated with environmental, social and governance matters;
- certifications by industry standard-setting bodies;
- breakdowns in our information technology systems;
- our ability to comply with tax laws, changes in tax laws or challenges to our tax position;
- our ability to comply with applicable data protection laws or maintain confidentiality of personal data that we handle;
- labor disputes or work stoppages;
- we have not included IFRS financial information in this Offering Memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS;
- risks related to the Group's corporate and financial structure, the Notes, the Guarantees and the Collateral; and
- other risk factors discussed in this Offering Memorandum.

This list of important factors is not exhaustive. You should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

CERTAIN DEFINITIONS

As used in this Offering Memorandum:

"**2023 Acquisitions and the Mapel Financing**"	the Imatex Acquisition, the Mapel Acquisition and the drawdown of the financing necessary to complete the Mapel Acquisition, collectively
"**Agents**"	the Paying Agent, the Transfer Agent, the Registrar and the Security Agent and the Calculation Agent, collectively, and "**Agent**" means any of them individually
"**Agreed Security Principles**"	the agreed security principles as set forth in an annex to the Indenture and summarized in "*Description of the Notes—Security—General*"
"**Bermas**"	Bermas Maracanaù Indùstria e Comércio de Couro L.t.d.a.
"**Brusarosco de Mexico**"	Brusarosco de Mexico SA
"**CAGR**"	compound annual growth rate
"**Calculation Agent**"	Elavon Financial Services DAC
"**Clearstream**"	Clearstream Banking, S.A.
"**Collateral**"	the Issue Date Collateral and the Post-Issue Date Collateral, collectively
"**Common Depositary**"	the common depositary for the Global Notes for the accounts of Euroclear and Clearstream
"**CONSOB**"	*Commissione Nazionale per la Società e la Borsa* (the Italian securities exchange commission)
"**EEA**"	European Economic Area
"EEA Member State"	a member state of the EEA
"**Elmo**"	Elmo Sweden AB
"**Elmo Acquisition**".....	the acquisition of Elmo by Rino Mastrotto, completed in 2010
"**Euro**" or "**€**" or "**euros**"	the lawful currency of the member states of the European Union participating in the third stage of the European Union's Economic and Monetary Union
"**Euroclear**"	Euroclear Bank SA/NV
"**Events occurred after Q1-2024**"	refers to certain information relating to our capitalization, calculated by updating the balance sheet as of March 31, 2024, with certain management estimates of balance sheet data as of May 31, 2024, as further detailed in the table and related notes under "*Capitalization*," but excluding the Transactions
"**Exchange**"	Luxembourg Stock Exchange
"**Existing Facilities**"	collectively: (i) the €185.0 million facilities under a senior facilities agreement dated as of July 25, 2019 (as amended and restated from time to time, including on May 14, 2021)

	by and between, among others, the Issuer and the lenders named therein, which will be repaid in full and extinguished on the Issue Date with the proceeds of the offering of the Notes; and (ii) the €15.0 million loan under a facility agreement dated as of February 27, 2024 by and between, among others, the Issuer and the lender named therein, which will be repaid in full and extinguished on the Issue Date with the proceeds of the offering of the Notes
"**Gold Leather**"	Gold Leather S.à r.l.
"**Group,**" "**we**," "**us**" and "**our**"	refer to Rino Mastrotto Group S.p.A. and its consolidated subsidiaries from time to time
"**Guarantors**"	Elmo, Mapel Components, Mapel Textile, RMG Leather and Tessitura Oreste Mariani, collectively
"**IFRS**"	means International Financial Reporting Standards as adopted by the European Union.
"**Imatex**"	Imatex23 S.r.l.
"**Imatex Acquisition**"	The acquisition by the Issuer of Imatex23 S.r.l. completed on November 8, 2023
"**Indenture**"	the indenture, along with any supplemental indenture, governing the Notes to be dated as of the Issue Date and to be entered into by, among others, the Issuer, the Guarantors, the Trustee and the Security Agent
"**Initial Purchasers**"	BNP Paribas, Intesa Sanpaolo S.p.A. and UniCredit Bank GmbH, collectively
"**Intercreditor Agreement**"	the intercreditor agreement to be entered into on or prior to the Issue Date by and between, among others, the Issuer, the Trustee, certain creditors under the Revolving Credit Facility, and the Security Agent, as amended, supplemented and restated from time to time
"**Issue Date**"	the date on which the Notes will be delivered in book-entry form through a common depository for Euroclear and Clearstream
"**Issue Date Collateral**"	Subject to certain limitations (including the Agreed Security Principles) and certain perfection requirements: (i) the first ranking pledge over the shares of the Issuer held by Gold Leather representing 69.8% of the share capital of the Issuer and (ii) security interests granted on an equal and ratable first-priority basis over the material bank account(s) of the Issuer opened in Italy on which the proceeds of the Notes would be credited and on which the Revolving Credit Facility would be utilized
"**Issuer**" or "**Company**" or "**Rino Mastrotto**"	Rino Mastrotto Group S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy
"**Italian GAAP**"	Italian laws governing the preparation of financial statements, as interpreted and integrated by the accounting

	principles established by the *Organismo Italiano di Contabilità* – OIC
"**Mapel**"	Mapel Group S.r.l.
"**Mapel Acquisition**"	The acquisition by the Issuer of Mapel Group S.r.l. completed on December 14, 2023
"**Mastrotto Family Members**"	Rino Mastrotto, Matteo Mastrotto and Barbara Mastrotto
"**Member State**"	each member state of the European Union
"**Morellino**"	Morellino S.r.l.
"**Notes**"	the €320.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2031
"**Nuova Osba**"	Nuova Osba S.r.l.
"**Offering**"	the offering of the Notes hereby and the use of proceeds therefrom
"**Offering Memorandum**"	this offering memorandum in relation to the Offering
"**Paying Agent**"	Elavon Financial Services DAC
"**Post-Issue Date Collateral**"	Within 60 days from (and excluding) the Issue Date, subject to certain limitations (including the Agreed Security Principles) and certain perfection requirements: (i) the first ranking pledge over the shares of the Issuer beneficially owned by the Mastrotto Family Members (through a separate newly incorporated entity, investment vehicle or fiduciary company) representing collectively 30.1% of the share capital of the Issuer, (ii) the first-ranking pledge over the shares of Elmo held by the Issuer representing 100% of the share capital of Elmo, (iii) the first-ranking pledge over the shares of RMG America held by the Issuer representing 100% of the share capital of RMG America, (iv) the first-ranking pledge over the shares of RMG Leather held by RMG America representing 90% of the share capital of RMG Leather, (v) the first-ranking pledge over the quotas of Mapel held by the Issuer representing 60% of the quotas of Mapel, and (vi) the first-ranking pledge over the shares of Tessitura Oreste Mariani held by the Issuer representing 76% of the share capital of Tessitura Oreste Mariani
"**Registrar**"	Elavon Financial Services DAC
"**Relevant State**"	a Member State of the EEA, as considered from time to time
"**Revolving Credit Facility**"	a revolving credit facility for an amount up to €50.0 million
"**RMG America**"	RMG of America LLC
"**RMG Leather**"	RMG Leather USA LLC
"**SEC**"	the U.S. Securities and Exchange Commission
"**Securities Act**"	U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**Security Agent**"	U.S. Bank Trustees Limited

"**Sponsor**" or "**NB Renaissance**"	any one or more funds, limited partnerships, other similar vehicles or accounts and/or other entities owned, managed, controlled and/or advised (directly or indirectly) by Neuberger Berman AIFM S.à r.l. or by Renaissance AIFM S.à r.l., acting as alternative investment fund manager, or any of their respective Affiliates or successors or any entity controlled by all or substantially all of the managing directors of such funds from time to time
"**RMG Acquisition**"	means the acquisition by Gold Leather, an entity wholly owned by NB Renaissance, of 69.8% of the Issuer's share capital, completed in 2019
"**Tessitura Oreste Mariani**"	Tessitura Oreste Mariani S.p.A.
"**Transactions**"	has the meaning given to such term in "*Summary—The Transactions*"
"**Transfer Agent**"	Elavon Financial Services DAC
"**Trustee**"	U.S. Bank Trustees Limited
"**U.S. dollars**" or "**$**".....	the lawful currency of the United States
"**United States**" or "**U.S.**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

GLOSSARY

As used in this Offering Memorandum:

"**AFTM**"	means a set of leather quality standards widely used in the leather-making industry
"**Automotive & Mobility**"	the business unit of the Group dedicated to the manufacturing and supply of top grain leather for steering wheels and seats and internal panels
"**Code of Conduct and Ethics**"	the code of conduct and ethics adopted by Rino Mastrotto
"**COVID-19**"	an infectious disease related to the virus "SARS-CoV-2" and which is commonly associated to a severe acute respiratory syndrome
"**Embroidery**"	means the art of decorating fabric or other materials using a needle to stich thread or yearn
"**ESG**"	means environmental, social and corporate governance
"**ESG Action Plan**"	the ESG action plan adopted by Rino Mastrotto, setting out the ESG goals the Group aims to fulfill by 2025
"**Full-grain**"	means the strongest and most durable part of the hide of an animal, which is just below the hair and has not been sanded, buffed or snuffed (as opposed to corrected grain), which means it displays the more natural characteristics of leather
"**Grain**"	means the composition and appearance of the hide
"**Interior Design**"	the business unit of the Group specialized in the leather upholstery market for indoor and outdoor furniture, combined with the offering of textile fabrics and other components
"**Leather**"	our product and services offering consisting in the manufacturing and supply of superior quality calf and bovine leather
"**Luxury Creations**"	the business unit of the Group dedicated to the manufacturing and supply of calf and bovine leather, textile fabrics and other components and value added services, mainly used for the production of bags and shoes
"**NCBA**"	the Italian National Collective Bargaining Agreement for different industry sectors
"**OEM**"	means original equipment manufacturer
"**Raw hide**"	means the original animal skin that has been cured and removed of fur, meat, and fat
"**Sustainability Policy**"	the sustainability policy adopted in 2022 by Rino Mastrotto in 2022, as updated in 2023
"**Textile & Components**"	our product and services offering consisting in the manufacturing and supply of high-quality textile fabrics and specific components

"**Value-added Services**".....	our offering of value added services for leather and textile fabrics, such as embossing, printing, cutting and embroidery decorations

PRESENTATION OF FINANCIAL INFORMATION

Historical Financial Information

Financial Statements

All historical financial information presented in this Offering Memorandum is that of the Issuer and its consolidated subsidiaries (the "**Group**"). Accordingly, unless otherwise stated, all references to "we," "us," "our" or the "Group" in respect of historical financial information in this Offering Memorandum are to the Group on a consolidated basis.

This Offering Memorandum includes the financial statements listed below, which have been translated into English for the purposes of inclusion in this Offering Memorandum:

(i) the unaudited interim consolidated financial statements of the Issuer and its subsidiaries as of and for the three months ended March 31, 2024, including comparative information for the three months ended March 31, 2023, prepared in accordance with Italian GAAP (the "**Unaudited Interim Consolidated Financial Statements**"); and

(ii) the audited consolidated financial statements of the Issuer and its subsidiaries as of and for the years ended December 31, 2023, 2022 and 2021, prepared in accordance with Italian GAAP (the "**Audited Consolidated Financial Statements**", together with Unaudited Interim Consolidated Financial Statements, the "**Financial Statements**").

Our Audited Consolidated Financial Statements have been audited by Deloitte & Touche S.p.A., as set forth in their audit reports included elsewhere herein. Unless otherwise stated, no other financial information presented in this Offering Memorandum has been audited.

The Audited Consolidated Financial Statements have been prepared in the English language and in a different format and classification with respect to statutory consolidated financial statements previously audited by Deloitte & Touche S.p.A. on which separate reports for statutory purposes have been issued. The Unaudited Interim Consolidated Financial Statements and the Audited Consolidated Financial Statements are prepared in accordance with the accounting standards issued by the Italian Accounting Organization (Organismo Italiano di Contabilità, O.I.C.) ("**Italian GAAP**"). In preparing the Financial Statements, however, we reclassified and renamed certain Italian GAAP line items in a manner that makes them more easily comparable to the financial information of businesses that apply IFRS. For a summary of differences between Italian GAAP and IFRS, see "*Annex A—Summary of Certain Differences between Italian GAAP and IFRS*."

In making an investment decision, you must rely upon your own examination of the terms of this Offering and the financial information contained in this Offering Memorandum. Further, Italian GAAP differs in certain significant respects from IFRS and U.S. GAAP. You should consult your own professional advisors for an understanding of: (i) the differences in Italian GAAP and other generally accepted accounting principles and how those differences could affect the financial information contained in this Offering Memorandum; and (ii) the impact that future additions to, or amendments of, Italian GAAP principles, or the adoption of IFRS or U.S. GAAP principles, may have on our results of operations and/or financial condition, as well as on the comparability of prior periods. See "*Annex A—Summary of Certain Differences between Italian GAAP and IFRS*" for a discussion of these and certain other significant differences. Future developments or changes in Italian GAAP and IFRS may give rise to additional differences between Italian GAAP and IFRS. Historically, the Group has prepared its financial statements in accordance with Italian GAAP. Because there are differences between Italian GAAP and IFRS, if we were to prepare in the future our financial statements on the basis of IFRS instead of Italian GAAP, there would be differences in the Group's results of operations, cash flows and financial condition, including levels of indebtedness.

The preparation of financial statements in conformity with Italian GAAP requires the use of certain critical accounting estimates. It also requires the board of directors to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our financial statements, are disclosed in our Financial Statements. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Accounting Policies and Estimates*."

Unaudited Pro Forma Financial Information

We present in this Offering Memorandum certain unaudited pro forma consolidated financial information of the Group for the financial year ended December 31, 2023 (the "**Annual Unaudited Pro Forma Consolidated Financial Information**") and certain unaudited pro forma consolidated financial information of the Group for the three months ended March 31, 2023 (the "**Interim Unaudited Pro Forma Consolidated Financial Information**" and, together with Annual Unaudited Pro Forma Financial Information, the "**Unaudited Pro Forma Financial Information**"), which gives retrospective effect to the Imatex Acquisition, the Mapel Acquisition and the drawdown of the financing necessary to complete the Mapel Acquisition (collectively, the "**2023 Acquisitions and the Mapel Financing**") on our consolidated income statement, as if they had taken place on January 1, 2023. However, when calculating the Annual Unaudited Pro Forma Consolidated Financial Information, since Imatex was incorporated only on May 16, 2023, the Annual Unaudited Pro-Forma Consolidated Financial Information only includes the result of operations of Imatex for the period from May 16, 2023 to December 31, 2023. See "*Annex B—Unaudited Pro Forma Consolidated Financial Information*."

The accounting policies adopted for preparing the Unaudited Pro Forma Financial Information are those used for preparing the Financial Statements.

When analyzing the Unaudited Pro Forma Financial Information correctly, investors are cautioned to consider that:

(i) the Unaudited Pro Forma Financial Information has been prepared based on certain assumptions, *i.e.*, the 2023 Acquisitions and the Mapel Financing occurred on January 1, 2023; accordingly actual results may vary from the pro forma financial results that are presented herein, which would not necessarily have been achieved; and

(ii) the Unaudited Pro Forma Financial Information does not constitute a forecast since it was prepared to represent only the effects that can be identified and measured, without considering the potential impact of changes in management policies and operational decisions as a consequence of the Mapel Acquisition and the Imatex Acquisition.

The Unaudited Pro Forma Financial Information presented in this Offering Memorandum is for information purposes only and is intended to show investors the effects of the 2023 Acquisitions and the Mapel Financing on the results of the Group as if the 2023 Acquisitions and the Mapel Financing had taken place on January 1, 2023. However, when calculating the Annual Unaudited Pro Forma Consolidated Financial Information, since Imatex was incorporated only on May 16, 2023, the Annual Unaudited Pro-Forma Consolidated Financial Information only includes the result of operations of Imatex for the period from May 16, 2023 to December 31, 2023. Furthermore, in light of the different purposes of the Unaudited Pro Forma Financial Information as compared to the historical financial statements and the different methods of calculation of the effects of the 2023 Acquisitions and the Mapel Financing on the pro forma consolidated income statement, the Unaudited Pro Forma Financial Information should be read and examined separately, without establishing any accounting relationship between such Unaudited Pro Forma Financial Information and the Financial Statements.

Investors are cautioned that the Unaudited Pro Forma Financial Information is not prepared in accordance with Italian GAAP, IFRS, any generally accepted auditing standards nor by SEC rules regarding the presentation of pro forma information under Article 11 of Regulation S-X or the Prospectus Regulation. The historical results presented in this Offering Memorandum are not necessarily indicative of the results to be expected for any future period.

The Unaudited Pro Forma Financial Information presented herein has been prepared for illustrative purposes only and is not necessarily representative of our results for such prior period or indicative of the results that may be expected for the year ended December 31, 2024 or future periods. Such financial information is a non-GAAP measure and has not been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance investors place on this information should fully take this into consideration. Neither our independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the Unaudited Pro Forma Financial Information, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, such unaudited financial information. There are inherent limitations when evaluating the Unaudited Pro Forma Financial Information and, accordingly, you should not consider such

unaudited financial information contained in this Offering Memorandum in isolation and as a substitute of the financial information presented herein under Italian GAAP.

Impact of Acquisitions Carried Out by the Group in the Periods under Review

Our operating results and their comparability for the periods under review are impacted by the effects of certain acquisitions made by the Group. In the periods under review, we completed value accretive acquisitions of companies and products that have been a significant driver of both organic and non-organic growth in our operations, breadth of our product and service offerings, and results of operations. These acquisitions have affected the comparability of our results of operations for the periods presented and the comparability of our results of operations for future periods may be affected by additional acquisitions. In particular, we completed the following acquisitions: (1) Carroll Leather, one of the largest American warehouses and service centers, focused on upholstery leather, on June 30, 2021, (2) Morellino and Morelab, key players in value-added services for leather and textile, on February 28, 2022, (3) Tessitura Oreste Mariani, a company specialized in luxury textiles for the fashion industry, on October 11, 2022, (4) Imatex, a textile manufacturer specialized on jacquard textile, on November 8, 2023 and (5) Mapel, a specialized manufacturer of textile apes and components, on December 14, 2023. Due to the changes in our scope of consolidation as a consequence of each of such acquisitions, our results of operations in the periods under review may not be entirely comparable. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Acquisitions.*"

***As adjusted* financial data**

We present in this Offering Memorandum certain unaudited "*as adjusted*" financial information and other data as of and for the twelve months ended March 31, 2024, on a pro forma basis, with respect to the income statement data, and based on our Financial Statements, with respect to certain balance sheet data, (i) updated to reflect certain information relating to our capitalization, calculated by updating the balance sheet as of March 31, 2024, with certain management estimates of balance sheet data as of May 31, 2024 ("**Events occurred after Q1-2024**"), as further detailed in the table and related notes under "*Capitalization*" and (ii) on an as adjusted basis to give effect to the Transactions and the application of the proceeds therefrom. This *as adjusted* financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Transactions all occurred at any historical date or what our actual cash position or indebtedness would have been had the Transactions all occurred on at any historical date, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The *as adjusted* financial information has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, the Prospectus Regulation or any generally accepted accounting standards and should not be considered as an alternative to performance measures derived in accordance with Italian GAAP or any other generally accepted accounting principles. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards. See "*Summary Financial and Other Information—Other Financial Information*" and "*Capitalization*."

The *as adjusted* financial information should not be considered indicative of actual results that would have been achieved had the Offering been completed on the dates indicated and do not purport to indicate our future consolidated results of operations. Results indicated by *as adjusted* financial information may not be realized, and funds depicted by certain of these measures may not be available for management's discretionary use if such results are not realized. The actual results may differ significantly from those reflected in the *as adjusted* financial information for a number of reasons and you should not place undue reliance on the *as adjusted* financial information, and no opinion or any other form of assurance is provided with respect thereto.

The *as adjusted* financial information should be read in conjunction with the information contained in "*Summary Financial and Other Information—Other Financial Information*", "*Use of Proceeds*" and "*Capitalization*", in each case, included elsewhere in this Offering Memorandum.

Unaudited Management Reporting Data

Certain unaudited historical financial information and non-GAAP financial measures and ratios, such as the breakdown of our revenue by product, end-market and geography, Revenue Growth CAGR (ex. acquisitions), have been derived from our internal management reporting used by our management on an ongoing basis

("**Unaudited Management Reporting Data**"). For additional information on revenue data, see "*Summary Financial and Other Information—Other Financial Information*."

The Unaudited Management Reporting Data have not been prepared in accordance with Italian GAAP and have not been audited, reviewed or verified, and no procedures have been completed by our external auditors, consultants or experts with respect thereto. Investors are cautioned that the internal accounting system we use to prepare the Unaudited Management Reporting Data does not reflect certain accounting principles under Italian GAAP, IFRS or any other generally accepted accounting principles. The presentation of the Unaudited Management Reporting Data in this Offering Memorandum may not be comparable to presentation of similarly titled measures prepared under Italian GAAP or IFRS by other companies. Any or all of this additional financial information should not be considered in isolation or as an alternative measure of performance under Italian GAAP. Financial information marked as "unaudited" in tables in this Offering Memorandum is not extracted from our audited Financial Statements and is based on calculations of figures derived from our audited Financial Statements, Unaudited Management Reporting Data or certain other internal accounting and reporting systems, and may not be reconcilable with the information extracted from our Financial Statements. See also "*Risk Factors— Risks Related to Our Financial Information—We have included unaudited financial information in this Offering Memorandum derived from Unaudited Management Reporting Data, and there are material differences and inherent limitations between our financial position and our results of operations prepared in accordance with Italian GAAP and the Unaudited Management Reporting Data*."

Non-GAAP Measures

In this Offering Memorandum, we present certain financial measures that are not recognized by Italian GAAP or any other generally accepted accounting principles. We refer to these measures as "non-GAAP measures" as they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with Italian GAAP, or are calculated using financial measures that are not calculated in accordance with Italian GAAP. In particular, we present certain financial measures of the Issuer and ratios related thereto in this Offering Memorandum, and other measures and ratios that are not recognized by, or presented in accordance with, Italian GAAP (collectively, the "**Non-GAAP Measures**"). We use such measures to assess the operating financial performance and liquidity of our business. We believe that these and similar measures are used widely by the investment community, securities analysts and other interested parties, as supplemental measures of financial performance and liquidity and are intended to assist in the analysis of our results of operations, profitability and ability to service debt.

The Non-GAAP Measures that we use in this Offering Memorandum are defined as follows:

- "**EBITDA**" is defined as the sum of profit for the year, income taxes, financial income, financial expenses and depreciation and amortization.
- "**Adjusted EBITDA**" is defined as the sum of profit for the year/period, income taxes, financial income, financial expenses, depreciation and amortization adjusted for certain items we believe are not reflective of the underlying operating activities of our business, including, among others, unrealized exchange gains/(losses), M&A costs, agents severance costs and employees severance costs, COVID-19 cleaning expenses, other adjustments and R&D expenses.
- "**Adjusted EBITDA margin**" is defined as the ratio of Adjusted EBITDA to revenue and is used by the Group, expressed as a percentage, as a supplemental measure of operating performance.
- "**Adjusted Free Operating Cash Flow**" is defined as Adjusted EBITDA less maintenance capital expenditures.
- "**Cash Conversion**" is defined as the ratio of Adjusted Free Operating Cash Flow to Adjusted EBITDA, expressed as a percentage, and is used by the Group for as a supplemental measure of performance and liquidity.
- "**Adjusted Cash Flow before debt service and M&A**" is defined as the Adjusted Free Operating Cash Flow adjusted for Change in net working capital, expansion capital expenditures and Income tax paid for the relevant period.

- "**Change in Net Working Capital**" is defined as the sum of the change in Inventories, Trade Receivables, Trade Payables and Other working capital items, derived from the Consolidated Statement of Cash Flows for the relevant period.

- "**Revenue Growth CAGR (ex. acquisitions)**" is defined as the compound annual growth rate, expressed as a percentage, of revenue between the year ended December 31, 2021, the year ended December 31, 2022, and the year ended December 31, 2023, excluding the revenue contribution of the businesses acquired in the three years ended December 31, 2021, 2022 and 2023. Revenue Growth CAGR (ex. acquisitions) is not a measure presented in accordance with Italian GAAP. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our revenue growth that is calculated in accordance with Italian GAAP.

- "**Structuring Adjusted EBITDA**" is defined as Adjusted EBITDA for the twelve months ended March 31, 2024, calculated on a pro forma basis derived from the Unaudited Pro Forma Financial Information as further detailed in "*Annex B—Unaudited Pro Forma Consolidated Financial Information,"* which reflects the pro forma adjustments as a result of the 2023 Acquisitions and the Mapel Financing, adjusted for certain estimated cost savings synergies in production and certain estimated increase in selling prices with specific clients.

- "**Structuring Adjusted EBITDA margin**" is defined as the ratio of Structuring Adjusted EBITDA to pro forma revenue for the twelve months ended March 31, 2024, expressed as a percentage, and is used by the Group as a supplemental measure of operating performance.

- "**Net working capital**" is defined as current assets less current liabilities adjusted for other current financial assets, cash and cash equivalent, current borrowings and current other financial liabilities.

- "**Trade working capital**" is defined as current assets less current liabilities adjusted for current tax receivables, deferred tax assets, other receivables, prepaid expenses and accrued income, other current financial assets, cash and cash equivalent, current borrowings, current other financial liabilities, tax liabilities, social security payables, other liabilities and accrued expenses.

- "**Trade working capital ratio**" is defined as the ratio of Trade working capital to revenue.

- "**Capital expenditures**" is defined as the sum of payments for property, plant and equipment and payments for intangible assets. Management also tracks and analyzes our capital expenditures by purpose in terms of (i) maintenance capital expenditures which refer to ongoing maintenance of existing property, plant and equipment and (ii) expansion capital expenditures.

- "**Total Gross Financial Indebtedness**" is defined as the sum of current borrowings, current other financial liabilities, non-current borrowings and non-current other financial liabilities.

- "**Total Net Financial Indebtedness**" is defined as Total Gross Financial Indebtedness less other current financial assets and Cash and Cash Equivalents.

- "***As Adjusted* Total Cash and Financial Assets**" is defined as cash and cash equivalents and other current financial assets on the date indicated, *as adjusted* to (i) reflect certain adjustments for the Events occurred after Q1-2024 and (ii) give effect to the Transactions as described in "*Use of Proceeds*", as further explained under "*Capitalization.*"

- "***As Adjusted* Total Gross Financial Indebtedness**" is defined as Total Gross Financial Indebtedness (excluding the impact of amortized costs) of the Issuer on the date indicated, *as adjusted* to (i) reflect certain adjustments for the Events occurred after Q1-2024 and (ii) give effect to the Transactions as described in "*Use of Proceeds,"* as further explained under "*Capitalization."*

- "***As Adjusted* Total Net Financial Indebtedness**" is defined as *As Adjusted* Total Gross Financial Indebtedness of the Issuer less *As Adjusted* Total Cash and Financial Assets, each as of the date indicated, *as adjusted* to give effect to (i) certain adjustments for the Events occurred after Q1-2024 and (ii) the Transactions as described in "*Use of Proceeds*," as further explained under "*Capitalization.*"

- "**Ratio of *As Adjusted* Total Gross Financial Indebtedness to Structuring Adjusted EBITDA**" is defined as *As Adjusted* Total Gross Financial Indebtedness *divided* by Structuring Adjusted EBITDA.

- "**Ratio of *As Adjusted* Total Net Financial Indebtedness to Structuring Adjusted EBITDA**" is defined as *As Adjusted* Total Net Financial Indebtedness *divided* by Structuring Adjusted EBITDA.

- "***As Adjusted* Cash Interest Expense**" is defined as the interest expense of the Issuer for the twelve months ended March 31, 2024, as adjusted to give effect to the Transactions and the use of proceeds therefrom, as set forth under "*Use of Proceeds*." This estimate reflects the issuance of the Notes at a price of 100%. *As Adjusted* Cash Interest Expense assumes that the Revolving Credit Facility was undrawn throughout the relevant period, as further described under "*Capitalization*."

- "**Ratio of Structuring Adjusted EBITDA to *As Adjusted* Cash Interest Expense**" is defined as Structuring Adjusted EBITDA *divided* by *As Adjusted* Cash Interest Expense.

For additional information, see "*Summary Historical Financial and Other Information—Other Financial Information*."

The information presented by each of the Non-GAAP Measures is unaudited and has not been prepared in accordance with Italian GAAP or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

An explanation of the relevance of each of the non-GAAP measures, a reconciliation of the non-GAAP measures to the most directly comparable measures calculated and presented in accordance with Italian GAAP and a discussion of their limitations is set out in this Offering Memorandum. See "*Summary Historical Financial and Other Information —Other Financial Information.*" We do not regard these non-GAAP measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with Italian GAAP or those calculated using financial measures that are calculated in accordance with Italian GAAP.

Our Non-GAAP Measures and ratios are not measurements of our performance or liquidity under Italian GAAP and should not be considered as alternatives to performance measures derived in accordance with Italian GAAP or any other generally accepted accounting principles. Our Non-GAAP Measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under GAAP. Some of the limitations of Non-GAAP Measures are that:

- they do not reflect our cash expenditures or future requirements for capital investments or contractual commitments;

- they do not reflect changes in, or cash requirements for, our working capital needs;

- they do not reflect the significant interest expense or cash requirements necessary to service interest or principal payments on our debt;

- they do not reflect any cash income taxes that we may be required to pay;

- they are not adjusted for all non-cash income or expense items that are reflected in our statements of profit and loss and comprehensive income;

- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and

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

Because of these limitations, the Non-GAAP Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations or as measures of performance in order to assist in the analysis of our operating results and

profitability. You should compensate for these limitations by relying primarily on our Financial Statements and using these Non-GAAP Measures only as a supplement to evaluate our performance. Please see "*Summary Historical Financial and Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Unaudited Interim Consolidated Financial Statements and the Audited Consolidated Financial Statements (including the related notes), included elsewhere in this Offering Memorandum.

Unaudited Pro Forma Financial Information for the Twelve Months Ended March 31, 2024

This Offering Memorandum also presents and discusses certain unaudited financial information of the Group for the twelve months ended March 31, 2024 calculated (x) on a pro forma basis, which has been derived by (i) adding our historical unaudited interim consolidated financial statements data for the three months ended March 31, 2024, to our (ii) annual unaudited pro forma financial information data for the year ended December 31, 2023, and then (iii) subtracting our interim unaudited pro forma financial information for the three months ended March 31, 2023 and (y) on an actual basis, which has been derived by (i) adding our unaudited interim consolidated financial statements data for the three months ended March 31, 2024, to our (ii) annual audited information data for the year ended December 31, 2023, and then (iii) subtracting our unaudited interim consolidated financial statements data for the three months ended March 31, 2023.

This unaudited pro forma financial information for the twelve months ended March 31, 2024 presented herein has not been audited or reviewed, is not required by or presented in accordance with Italian GAAP or any other generally accepted accounting principles, has been prepared for illustrative purposes only and may not necessarily be representative of our results for any future period. This unaudited aggregated financial information should not be considered as an alternative to performance measures derived in accordance with Italian GAAP or any other generally accepted accounting principles. You should not place undue reliance on the unaudited financial information, and no opinion or any other form of assurance is provided with respect thereto.

Rounding

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or in thousands, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. In addition, as a result of such rounding, the totals of certain financial information presented in tabular form may differ from the information that would have appeared in such totals using the unrounded financial information.

MARKET AND INDUSTRY DATA

In this Offering Memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. Certain management analysis and estimates on market data and economic and industry data and forecasts used in this Offering Memorandum were based on internal surveys, customer feedback, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. These third-party sources include information according to industry and market data presented as "management analysis of industry data", which derive from management analysis of industry information elaborated in previous years by a global management consulting company, presented as "third-party analysis of industry data," which management believes to be accurate. In considering the industry and market data included in this Offering Memorandum, prospective investors should note that this information may be subject to significant uncertainty due to differing definitions of the relevant markets and market segments described. While the market and industry information used throughout this Offering Memorandum has been accurately reproduced, we cannot give any assurance on the accuracy and completeness of such information and all the projections they contain are based on significant assumptions. We do not have access to the facts and assumptions underlying any market data, statistical information and economic indicators contained in these third-party sources. We also do not have access to the facts and assumptions underlying the projections made in these reports and various economic and other factors may cause actual results to differ from these projections. See also "*Information Regarding Forward-Looking Statements*".

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industry in which we operate, our position in the industry, our market share and the market shares and positioning of various industry participants based on our experience, our own investigation of market conditions, internal studies and estimates, as well as our review of industry publications, including information made available to the public by our competitors. None of the Issuer, the Group or the Initial Purchasers can assure you of the accuracy and completeness of, or take any responsibility for, such data. Moreover, the perimeter of the markets in which we operate as determined by us may differ compared to that used or identified by industry consultants or the management analysis referred to in this Offering Memorandum, by market participants, competitors and others for differing purposes, amongst others, due to the use of different assumptions, estimates or criteria. Any such difference may be material. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to the accuracy of such estimates and data or the accuracy of the underlying assumptions used to estimate such data. Our estimates involve risks and uncertainties and are subject to change based on various factors. In addition, certain information in this Offering Memorandum is not based on published data obtained from independent third parties, or extrapolations thereof, but consists of information and statements reflecting our best estimates based upon information obtained from trade and business organizations and associations, consultants and other contacts within the industries in which we operate, as well as information published by our competitors. See also "*Risk Factors*", "*Industry Overview*" and "*Business*" for further discussion.

Trademarks and Trade Names

We own or have rights to certain trademarks and trade names that we use in conjunction with the operation of our business. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Offering Memorandum are listed without the TM, ® and © symbols.

SUMMARY

This summary highlights selected information contained elsewhere in this Offering Memorandum. It is not complete and does not contain all the information that you should consider before investing in the Notes. The following summary should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this Offering Memorandum. You should read the entire Offering Memorandum, including the Financial Statements included elsewhere in this offering memorandum, before making an investment decision. See the section entitled "Risk Factors" for factors that you should consider before investing in the Notes. In this Offering Memorandum, unless otherwise attributed to the source, we have also included information according to industry and market data presented as "management analysis of industry data," which derives from management analysis of industry information elaborated in previous years by a global management consulting company, presented as "third-party analysis of industry data," which management believes to still be accurate and not superseded by more recent information. Unless otherwise stated, all references to "we," "us," or "our" in respect of historical financial information in this Offering Memorandum are to the Issuer and its consolidated subsidiaries, with respect to years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2024 and 2023. See "Presentation of Financial Information."

Overview

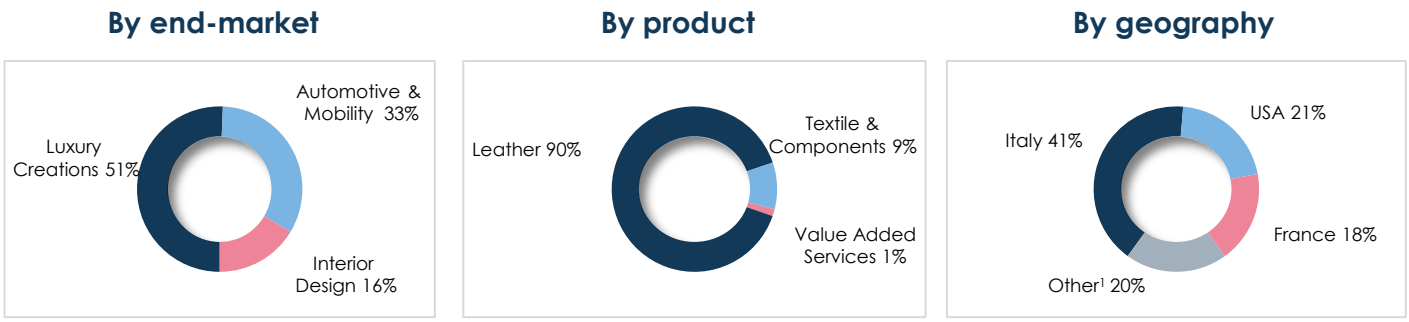
We are a leading supplier of high-quality leather and textile materials, providing a full suite of value-added services, such as printing, laser engraving, cutting and embroidery decorations on both fabric and leather products, mainly for luxury and premium clients across the fashion, automotive and mobility as well as interior design industries (including some of the most recognizable and iconic high-street fashion houses and luxury automotive brands), combining artisanal craftmanship with state-of-the-art industrial processes in all the key steps of the value-chain. For the year ended December 31, 2023, we recorded revenue of €331.6 million (and, on a pro forma basis, of €348.3 million), Adjusted EBITDA of €71.7 million and Adjusted EBITDA margin of 20.6%, in each case on a pro forma basis. For the twelve months ended March 31, 2024, on a pro forma basis, we recorded revenue of €340.8 million, Adjusted EBITDA of €72.5 million and Adjusted EBITDA margin of 21.3%. Our Structuring Adjusted EBITDA and Structuring Adjusted EBITDA margin for the twelve months ended March 31, 2024, on a pro forma basis, were €75.4 million and 22.1%, respectively.

Our business is built around three business units, serving customers in attractive end-markets, namely Luxury Creations, Automotive & Mobility, and Interior Design, which are characterized by positive long-term growth prospects and high barriers to entry. Within our end-markets, the luxury and premium segments constitute our primary focus and drive large part of our growth, due to the fact that high-quality materials play a key differentiating role to address evolving quests for premiumization, elevation and more refined materials. The end-markets in which we operate recorded constant growth over the years, with the Luxury Creations end-market growing at a CAGR of approximately 7% between 2019 and 2023, luxury cars production market within the Automotive & Mobility end-market growing at a CAGR of approximately 5% over the same period, and the high-end Interior Design market growing at a CAGR of approximately 6% between 2019 and 2023, according to third-party analysis of industry data.

We manage a leading integrated platform of high-quality materials and value-added services, capturing multiple revenue streams via a best-in-class offering for luxury brands. According to management analysis of industry data, we believe that we are the leading strategic partner for luxury fashion houses, being the largest global supplier of top-quality calf and bovine natural leather, with a market share of approximately 10% in 2023. Our Luxury Creations business unit specializes in the manufacturing and supply of top-quality calf and bovine leather, high-end textile fabrics, with a focus on jacquard for luxury fashion houses, mainly used for the production of luxury bags and shoes. Our offering is complemented by value-added services, such as printing, cutting and embroidery decorations, and, in recent years, by highly synergistic textiles, tapes and components (such as handles). In the Automotive & Mobility end-market, we believe that we are the leading supplier worldwide of top grain leather for steering wheels with approximately 21% market share in 2023, with recent expansion into synthetic leather. Moreover, we have a strong reputation in the Interior Design end-market, with our brand Elmo being among the most recognized leather brands in the market (according to management analysis of industry data) where the company has a market share of approximately 10% of the high-end upholstery leather volumes, and a growing presence in textiles thanks to the recent acquisition of Imatex, a textile manufacturer specialized in jacquard fabrics for high-end furniture.

As part of our strategy of competitive repositioning towards luxury and premium segments with higher margins and pricing, between 2018 and 2023 we increased our focus on the Luxury Creations end-market. For the year ended December 31, 2023, Luxury Creations was our largest business unit, accounting for 51% of our revenue on a pro forma basis, followed by the Automotive & Mobility business unit, accounting for 33% of our revenue on a pro forma basis and by the Interior Design business unit, accounting for 16% of our revenue on a pro forma basis.

The charts below show a breakdown of our diversified portfolio by end-market, product and geography as of percentage of our revenue on a pro forma basis for the year ended December 31, 2023.



Note: (1) Mainly including Czech Republic, Romania, Slovakia, China, Lithuania.

We have long-term, strategic partnerships with global luxury and premium customers, underpinned by hard to replicate value proposition resulting in recurring revenue and a solid share of purchase, being the sole supplier for certain of their most iconic products. We are recognized as partner of choice for our customers thanks to our distinctive technological edge, the high-level of service (including best-in-class delivery time), and industry leading ESG credentials based on a well-rounded action plan supported by substantial investments. Our customer base, comprised of more than 2,500 customers, includes some of the most recognizable and iconic high-street brands in the Luxury Creation industry with whom we enjoy longstanding partnerships dating back to more than 15 years in most of the cases, as well as well-recognized luxury and premium OEM in the Automotive & Mobility space and certain other mid-market brands, with whom we enjoy longstanding partnerships dating back to more than 20 years in most of the cases. Our customer base is complemented by some of the most renowned and iconic brands in the Interior Design arena. We believe that our customer base is well-diversified, with our top five customers accounting for approximately 34% of our revenue for the year ended December 31, 2023 and no single customer accounting for more than 13% over the same period, and is well balanced to ensure stability of cashflows, on the back of the recurring nature of Luxury Creation orders, coupled with the multi-year nature of Automotive & Mobility contracts, providing good visibility on future revenue.

We operate 16 production facilities across Italy, Europe, the United States and Central and Latin America and employ approximately 1,350 people as of March 31, 2024. Thanks to our operational set-up we are able to ensure proximity to our main customers and suppliers, while maintaining the ability to properly control raw materials sourcing, ensuring logistic optimization. Our production facilities are state-of-the-art thanks to full-cycle maintenance programs that we periodically perform, resulting into limited requirements for recurring capital expenditures (amounting to €2.7 million, €4.0 million, and €5.1 million for the years ended December 31, 2021, 2022 and 2023, respectively).

We have maintained an attractive financial performance with demonstrated ability to preserve margins across cycles ensuring best-in-class cash conversion. We manage our business with a focus on achieving and maintaining strong revenue generation and profitability. We have a strong track-record of revenue growth, which increased from €290.3 million for the year ended December 31, 2021 to €331.6 million (€348.3 million on a pro forma basis) for the year ended December 31, 2023, and a solid Revenue Growth CAGR (ex. acquisitions) at 2.3% for the year ended December 31, 2023. Our organizational structure and our luxury and premium clients allow us to maintain sustainable profitability levels (Structuring Adjusted EBITDA margin of 22.1% for the twelve months ended March 31, 2024, calculated on a pro forma basis) and best-in-class cash conversion (approximately 93% on average over the period from 2021 to 2023).

We have a high profile and committed management team with a long-term track record of delivering sustainable value creation also through selected value-added opportunities, with seamless integration of 7 acquisitions over the past 5 years.

Our Strengths

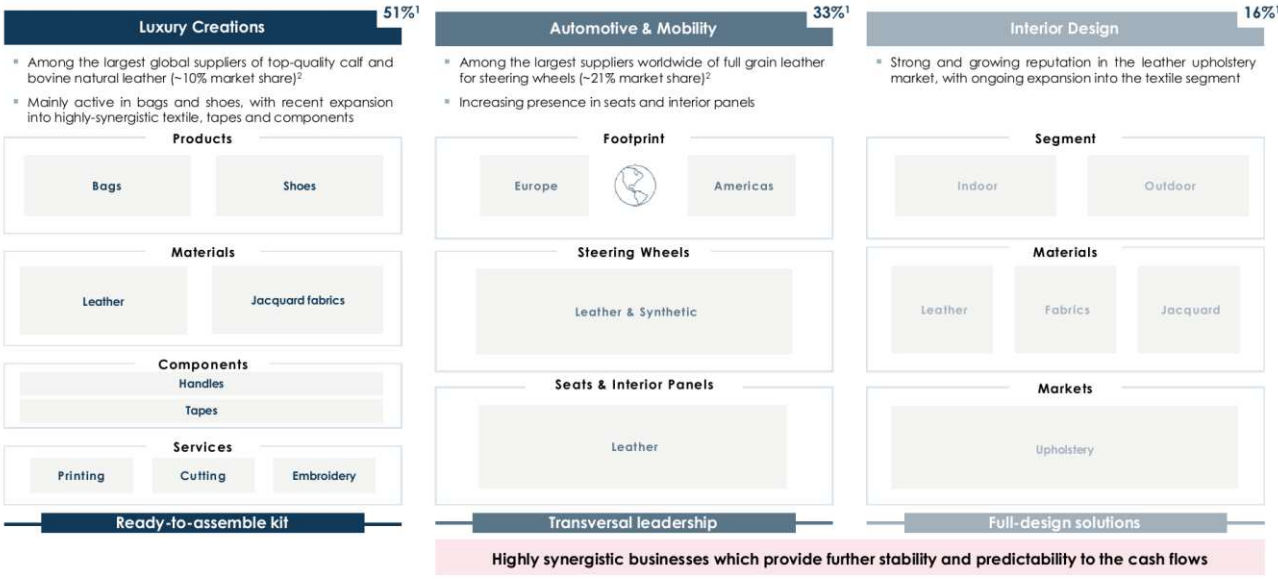
Leading integrated platform of high-quality materials and value-added services, capturing multiple revenue streams by deploying a best-in-class offering for luxury brands.

We operate an integrated multi-material and value-added service platform in the luxury space. Born as a supplier of high-quality leather in 1958, we successfully diversified toward textiles, components and value-added services and we are now positioned as one-stop-shop supplier for our customers across three highly synergistic business units:

- **Luxury Creations**: according to management analysis of industry data, we believe we are the largest global supplier of top-quality calf and bovine natural leather with approximately 10% market share in 2023. We recently expanded into textiles (such as jacquard textiles for luxury bags and shoes), tapes and components and value-added services such as printing, cutting, sewing and embroidery. For the year ended December 31, 2023, on a pro forma basis Luxury Creations generated 51% of our revenue.

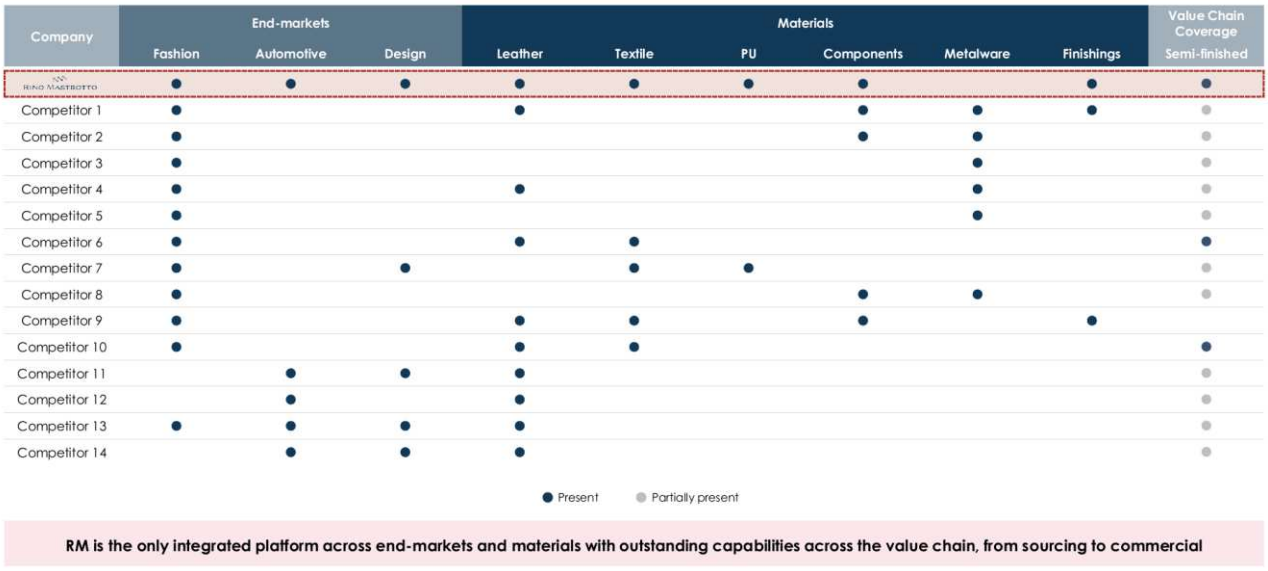
- **Automotive & Mobility**: according to management analysis of industry data, we believe we are the first supplier worldwide of top grain leather for steering wheels with approximately 21% market share in 2023, and have recently expanded into synthetic leather. We also enjoy a growing presence in seats and interior panels, where luxury and premium OEMs are expected to continue to rely on genuine leather to differentiate themselves from other automotive segments (according to management analysis of industry data). For the year ended December 31, 2023, on a pro forma basis Automotive & Mobility generated 33% of our revenue.

- **Interior Design**: we believe we have a strong reputation in the leather upholstery market, with our brand Elmo being among the most recognized leather brands in the market, and a growing presence in textiles thanks to our recent acquisition of Imatex, a textile manufacturer specialized in jacquard fabrics for high-end furniture. We can provide a full set of design solutions which encompass both the interior and the exterior segments. According to management analysis of industry data, we have a strong reputation in the Interior Design end-market, with our brand Elmo being among the most recognized leather brands in the market, where the company has a market share of approximately 10% of the high-end upholstery leather volumes. For the year ended December 31, 2023, on a pro forma basis Interior Design generated 16% of our revenue.



Source: internal management data. Notes: (1) Revenues breakdown as of 2023, pro forma for the Imatex Acquisition and the Mapel Acquisition; (2) According to Management analysis of industry data.

We are a worldwide integrated platform across our end-markets and materials, with outstanding capabilities across the value chain. Our business units are deeply integrated with the aim to drive cross-sharing of innovations and technologies, which generally we co-develop together with our luxury and premium customer base. Moreover, our business units serve highly-diversified end-markets, each with different inherent drivers and underlying dynamics, which enable us to balance out potential declines, ensuring steadiness and predictability of cash flows. For instance, we generated approximately €118 million in Adjusted Cash Flow before debt service and M&A over the period 2021-2023.

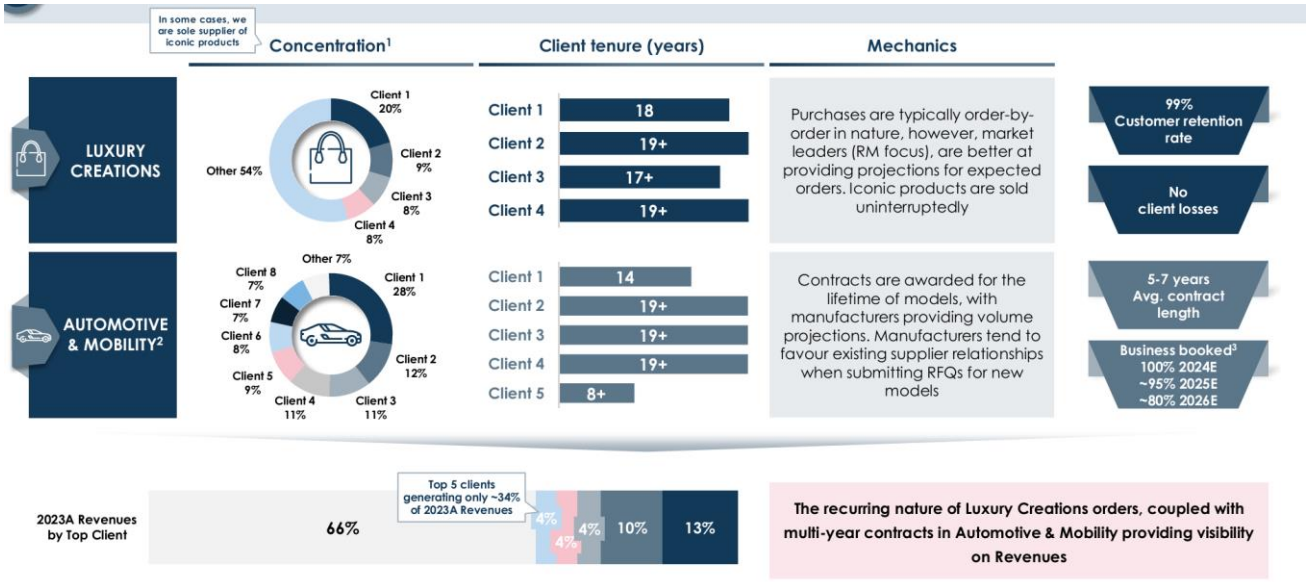


Source: independent third-party analysis.

We have solid and well-recognized capabilities across the entire value chain and, according to management analysis of industry data, we are the only integrated platform in terms of (i) end-markets (encompassing Luxury Creations, Automotive & Mobility and Interior Design) and (ii) supply materials (spanning from leather to textile, polyurethane, components and finishings). Our one-stop-shop offering ensures substantial cross-selling opportunities within the Group and greatly simplifies the supply chain optimization for our luxury and premium clients, which would typically have to source each component separately. For example, for one of the most iconic bags of one of our key clients, a high-end renowned luxury fashion house, we provide (i) side leather and interior lining through our Basmar production facility, (ii) jacquard fabric through our subsidiary Tessitura Oreste Mariani and (iii) handles and tapes through the recently acquired company, Mapel.

Long-term close partnerships with a diversified base of iconic brands underpinned by hard to replicate value proposition resulting in high share of purchases.

Our customer base includes some of the most recognizable and iconic high-street brands in the Luxury Creation industry, as well as well-recognized luxury and premium OEMs in the Automotive & Mobility business unit, with whom we enjoy longstanding partnerships. We believe that our customer base is well-diversified, with our top five customers accounting for approximately 34% of our revenue for the year ended December 31, 2023 and no single customer accounting for more than 13% over the same period, and is well balanced to ensure stability of cashflows. In addition the recurring nature of our Luxury Creations orders, coupled with the multi-year nature of Automotive & Mobility contracts, provide good visibility on future revenue.

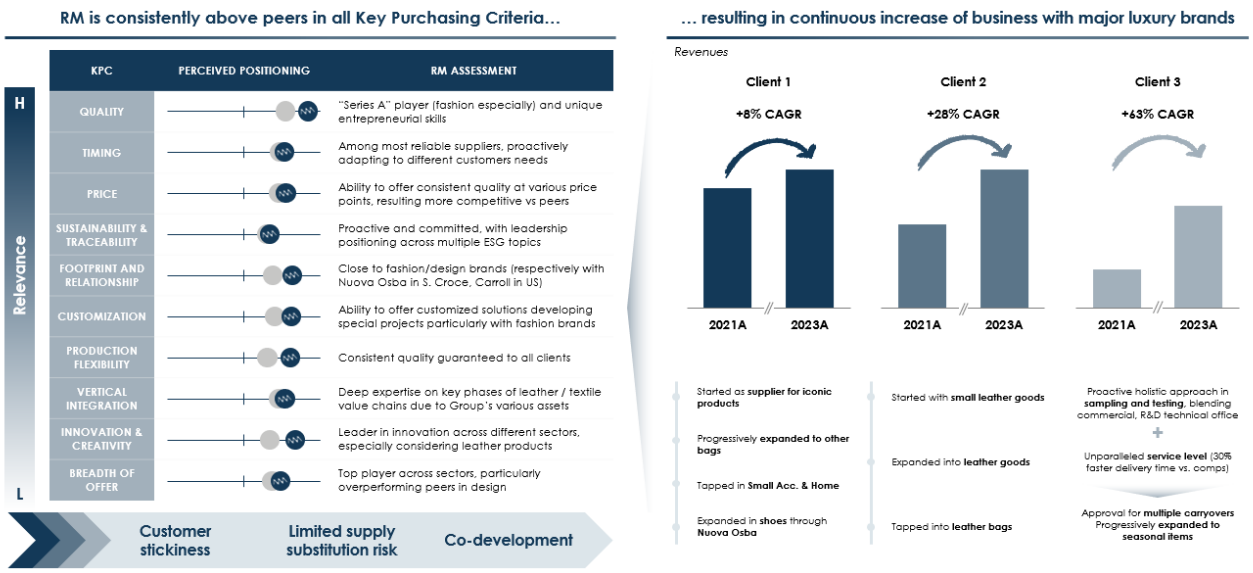


Source: internal management data. Notes: (1) Average revenue for 2021-2023; (2) Automotive clients are showed based on the final OEM. Generally, seats clients are directly served, while steering wheels OEMs are served through Tier 1 suppliers; (3) Awarded business order book estimate.

Within our Luxury Creations business unit, over the past 5 years, we have never experienced client losses, and we have a 99% customer retention rate to date. Our four largest customers accounted for 20%, 9%, 8% and 8%, respectively, of our average revenue for the years ended December 31, 2021, 2022 and 2023, with whom we enjoy a mutually beneficially partnership lasting over 18 years on average. Although contracts in this space are typically based on individual orders, market leaders (which are our primary focus) are better at providing forecasts for expected orders, with some of their most iconic products sold uninterruptedly. We recently negotiated a price increase with a key customer in our Luxury Creations business unit starting from July 2024.

Within our Automotive & Mobility business unit, we have longstanding partnerships spanning between eight and 20 years with our diversified top client base, including major OEMs. Our four largest customers accounted for 28%, 12%, 11% and 11%, respectively, of our average revenue, for the years ended December 31, 2021, 2022 and 2023. We supply our Automotive & Mobility clients directly with respect to seats and either directly or through Tier 1 suppliers with respect to steering wheels. Our customer base ranges between the mass and luxury segments, but our key focus remains on the luxury and premium segment. Contracts are awarded for the lifetime of product models (5-7 years average contract length), with manufacturers providing volume projections and thus visibility on revenue.

According to management analysis of industry data, we believe we consistently outperforming most of our competitors in the main factors that represent key purchasing criteria for our clients, namely quality, timing, pricing, sustainability and traceability, footprint and relationships, customization, production flexibility, vertical integration, innovation and creativity, and breadth of the offering. Such performance, consistent across our three business units, coupled with recurring co-development activities with our key customers results into high switching costs for our clients and continuous share of purchase increase with key brands. For example, our relationship with our top client in the Luxury Creations business unit, a high-end renowned luxury fashion house, exemplifies our strong and growing partnerships with key clients: we began as a supplier of only a few iconic products, then expanded to other bags & small accessories, and finally entered the shoes segment as well, allowing our business to expand at a 8% CAGR between 2021 and 2023, with revenue reaching €34 million for the year ended December 31, 2023 as compared to €30 million for the year ended December 31, 2021.



Source: independent third-party analysis and internal management data.

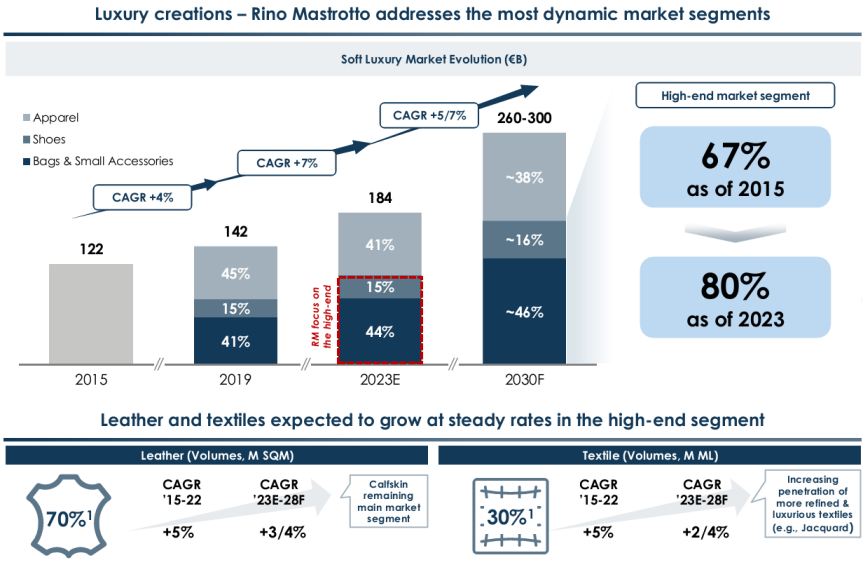
Strongly positioned on diversified and large end-markets with high barriers to entry.

We operate in large and diversified end-markets, namely Luxury Creations, Automotive & Mobility and Interior Design, characterized by positive long-term growth prospects and high barriers to entry.

Luxury Creations

We address the soft luxury market, whose growth was estimated at over 7% CAGR between 2019 and 2023 and is expected to continue to grow substantially at the same pace (according to third-party analysis of industry data). Within the soft luxury market, we cover the most dynamic market segments, including "bags & small accessories" and shoes, which represent approximately 60% of the soft luxury market. Our focus is on the high-end segment, which increased its total share of the soft luxury market from 67% for the year ended December 31, 2015 to 80% for the year ended December 31, 2023, outperforming the less attractive accessible segment.

In terms of supply materials, for the year ended December 31, 2023 the leather market represented approximately 70% of the high-end segment for "bags & small accessories" and shoes (with calfskin remaining the main material), while textiles represented the remaining 30% (with increasing penetration of more refined materials such as jacquard textiles). In terms of volume growth, both leather and textiles grew at approximately 5% CAGR between 2015 and 2022 and, notwithstanding the overall macroeconomic environment, is expected to grow at a 2-4% CAGR between 2023 and 2028, according to third-party analysis of industry data.



Source: independent third-party analysis and internal management data. Note: (1) Soft luxury market volume share as of financial year 2023.

We believe that the growth of the soft luxury market is underpinned by the following key long-term trends:

(i) *Accessorization*: bags & small accessories and shoes are outperforming apparel, with market leaders paving the way driven by consumer quests for recognizability and by the relevant role that both bags and shoes play in acquiring new customers. We believe that providing an integrated offer to our luxury clients remains a key competitive advantage, creating a barrier to entry to potential new entrants.

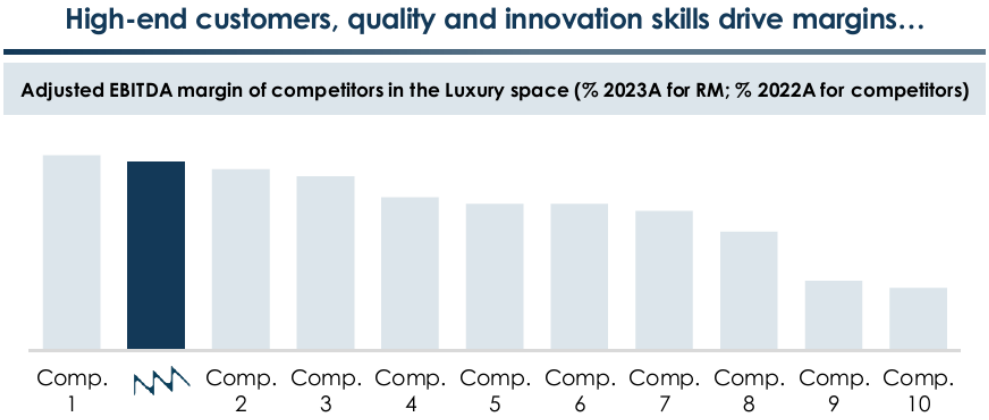
(ii) *General elevation*: as customers become more sophisticated, demanding and interested in luxury standards, requiring more distinctive and fashionable products, they drive price increases and set higher expectations in terms of quality. We believe that providing high-quality products to our luxury clients is critical for addressing such evolving market needs.

(iii) *High-low strategy*: we observe that successful brands are effectively playing a "high-low" strategy, where they introduce and strengthen their offer at entry prices to capture younger clients maintaining creativity and product quality (such as with wallets or mini-bags), while contextually catering to the higher end of their customer base. We believe this trend creates the need to provide an integrated offer and quick and value-added services to capture evolving market dynamics.

(iv) *Broadening of the customer base*: a growing number of high-net-worth individuals will result in increased average spend and improved resiliency across cycles (according to third-party analysis of industry data).

Within the high-end soft luxury market, we believe we are uniquely positioned when compared to our competitors, having best in class positioning across the most important key purchasing criteria, according to an independent third-party analysis. We deliver top quality products in a quick manner (30% faster on average than our competitors according to management analysis of industry data) and at competitive prices. In addition, we have proven innovation capabilities, co-developing products on a recurring base alongside our customers. This is proven by the longstanding partnerships we enjoy with most of our key luxury customers, covering 21 among some of the major global high-end fashion houses. We are among the top suppliers of some of the most recognizable and iconic high-street brands and are capable to intercept insurgent brands very quickly.

We believe that our high-end customer base, quality and innovation skills result in margins above our competitors in the luxury space and solid market shares. According to management analysis of industry data, we are the leader in calf and bovine leather globally with 10% market share as of 2022. In particular, calf and bovine leather represent combined approximately 62% of the high-end global leather market. In textiles we have roughly approximately 6-7% market share within the high-end segment, with significant improvement margins.



Source: independent third-party analysis and internal management data.

Automotive & Mobility

We believe that the automotive market is at a favorable point in its cycle, rebounding after the slowdown following the COVID-19 pandemic and subsequent geo-political and macro-economic tensions, with supporting dynamics in the luxury and premium segments, favoring demand for leather, which remain the go-to material for luxury and premium interiors enhancing the driving experience given its look, elegance, comfort and durability.

Over the period between 2019 and 2023, luxury cars production volumes have grown at a CAGR of approximately 5%, premium cars production volumes have grown at a CAGR of approximately 3%, outpacing mass cars production volumes growth, according to third-party analysis of industry data.

With respect to the genuine leather interiors market, we have observed a relatively small decrease in both steering wheels and seats volumes, but we believe that a significant share of leather substitution has already occurred and is now plateauing (particularly with respect to steering wheels). According to third-party analysis of industry data, (i) the seats segment will continue to benefit from an increase in interiors size per vehicle (such as from the sale of SUVs), with genuine leather forecasted to be only limitedly replaced by alternative materials and remaining the preferred option for luxury and premium vehicles and (ii) the steering wheels segment will continue to maintain a stronger penetration of genuine leather as compared to other car components, due in part to the higher durability of genuine leather than alternative materials and resistance to wear, with sizeable opportunities in the upper-premium segments. In the steering wheels business, we expanded our offering to synthetic leather to capture a portion of the market where we are not present, while, in the seating segment, we are an incumbent player with a limited market share in a larger market.

We have been able to successfully reposition our Automotive & Mobility business unit to intercept evolving market trends by, on the one hand, increasing the share of luxury and premium revenue as a percentage of total Automotive & Mobility revenue from 38% in 2019 (of which 6% from luxury vehicles and 32% from premium vehicles) to 55% (of which 8% from luxury vehicles and 47% from premium vehicles) in 2023 and, on the other hand, introducing synthetic leather options for steering wheels, which we started offering to clients from May 2024, complementing our genuine leather offering.

In terms of positioning, we believe that we are the leading producer of steering wheels globally with approximately 21% market share in 2023 and we have a growing presence in the seats market (according to management analysis of industry data). We have also been recently mandated by certain luxury and premium OEMs in the Automotive & Mobility industry to produce seats and/or interior panels for some of their key car models. This is the result of our unique competitive edge, which stems from the fact that we are a global vertically integrated platform, which enables us to provide top-notch services to our customers and supply top-quality products at competitive prices.

Interior Design

The high-end Interior Design market, historically a steady-growing market that grew at a CAGR of approximately 4% over the period 2015-2019, experienced a strong acceleration in the last few years after the COVID-19 pandemic, growing at a CAGR of 6% over the period 2019-2023 according to third-party analysis of industry data. We believe this market is now at an attractive entry-point in its cycle, currently going through a normalization phase after the COVID-19 pandemic, with favorable tailwinds expected to hold in the long-term with expected CAGR ranging between 5% and 7% CAGR between 2023 and 2028.

We observe the following main trends in the high-end design furniture market:

- the increasing importance of the interior spaces: as a result of the higher amount of time spent at home during the COVID-19 pandemic, houses became the focal point of individual lives, resulting in growing focus on interior design as means for self-expression, as well as increased interest in higher quality materials;
- the sophistication in customer taste is also affecting the commercial sector, where the demand is shifting towards high-end materials;
- outdoor furniture is increasingly gaining relevance as a living extension of interior spaces, driving the growth of fabrics demand, more suitable for outdoor applications;
- high level of taste localization, with the European market more fabric driven, the Asian market seeing increase in leather penetration, while the American market keeping a more balanced mix, always with higher leather penetration in higher-end segments;
- sustainability-related customer and policy demands pushing high-end designer to commit to more environmentally friendly material sourcing and to increase offer of sustainable material alternatives, yet eco-leather market penetration remains marginal over the total.

Within the high-end Interior Design market, we have a 10% volume market share in leather in 2023, and we believe we are strongly positioned to take advantage of the supportive industry tailwinds, enjoying unrivalled reputation in high-end upholstery through Elmo and Carroll, leveraging on our flexible one stop shop and tailor-made proposition. We believe Elmo is one of the few leather brands that is globally recognized in the interior design segment by architects and designers for very high-quality projects.

ESG industry leader with a clear action plan.

Leather is, by its nature, a sustainable and biodegradable product that supports the circular economy as raw hides, the key resource in the leather production process, are a by-product of the meat food production process, which would otherwise be disposed of as waste. We are committed to operating in compliance with environmental requirements and continuously work to reduce the environmental impact of our activities and promote environmentally friendly innovations in our industry.

Over the last years, we have accelerated our effort to integrate ESG topics into our day-to-day business operations. In terms of governance, since 2019, we committed to offering our clients clear and tangible reporting on our ESG impact, goals and achievements, by compiling annual sustainability reports. Similarly, in terms of environmental action, we placed a significant effort in tackling the most important challenges. In 2012 we developed a first Life Cycle Analysis (LCA) to provide insights on our product greenhouse gas (GHG) emissions, and in 2018 we completed the first GHG scope 1 and 2 emissions assessment for some production facilities (enlarged to all our production facilities in 2019), which enables us to make focused and informed decisions to minimize our environmental impact. We have proactively optimized our operational footprint and processes to reach higher efficiency through the introduction of lower-impact technologies (*i.e.*, from sludge treatment to automating chemical formulas weighting and mixing). We have shifted our sourcing (from leather to chemicals and energy) towards lower-impact solutions (such as renewable energies and Zero Discharge of Hazardous Chemicals (ZDHC) compliant chemicals sourcing).

These efforts have resulted in tangible results, matching our clients' needs, and allowing us to be one of the preferred partners for several high-end players across the Luxury Creations, Automotive & Mobility and Interior Design end-markets (according to management analysis of industry data). In particular, we reduced relative scope 1 and 2 GHG emissions by 42% market based intensity over three years (2019-2022), thanks to (i) a shift to renewable electric energy (from approximately 21% in 2019 to approximately 75% in 2022), (ii) the benefits deriving from the use of a co-generation power plant, paired with a progressive optimization of production processes (approximately 10% less of water consumption per square meter of leather produced) and (iii) the use of higher-quality chemicals (approximately 90% of chemical volumes used in our main Luxury Creations production facilities are currently ZDHC compliant or document compliant, whereas we had no tracking in and before 2019).

According to management analysis of industry data, we enjoy a strong ESG positioning, already ranking among best-in-class leather manufacturers. We are among the few suppliers in the leather manufacturing industry to publicly provide a structured and transparent reporting of our ESG impact, and among those that actively prioritize ESG, outperforming the majority of peers across most ESG-related parameters. We hold an advanced positioning across most of the material environmental topics (from waste management to water and chemicals usage), leveraging strong in-house capabilities (such as internal effluent treatment, physical and chemical test lab, etc.) as well as proactive research in process optimization (including "zero waste" concept production facilities).

We also invest in research and development to improve the sustainability of our products, reduce raw materials consumption, and recycle waste from our operations. Our capital expenditures related to ESG topics, costs and investments, increased from around €0.1 million for the year ended December 31, 2021, to € 1.2 million (of which €0.9 million were used for investments) for the year ended December 31, 2022 and increased further to almost €3.8 million in 2023 (of which €3.4 million were used for investments), mostly in relation to certifications, purchase of green energy, carbon offsets, tests on water and products, reporting, consultancies, new solar panel plants and innovative technologies. We have also developed (and will continue to develop) new technologies for the tanning phases, in respect of which we expect to significantly reduce water and chemicals consumptions. We have also developed a new category of products using reconstituted leather (containing at least 50% of recycled leathers) and patented composite materials that require substantially less raw materials.

Our products made by using recycled leathers are obtained from used natural shredded leather fibers and have the appearance and feel of genuine leather.

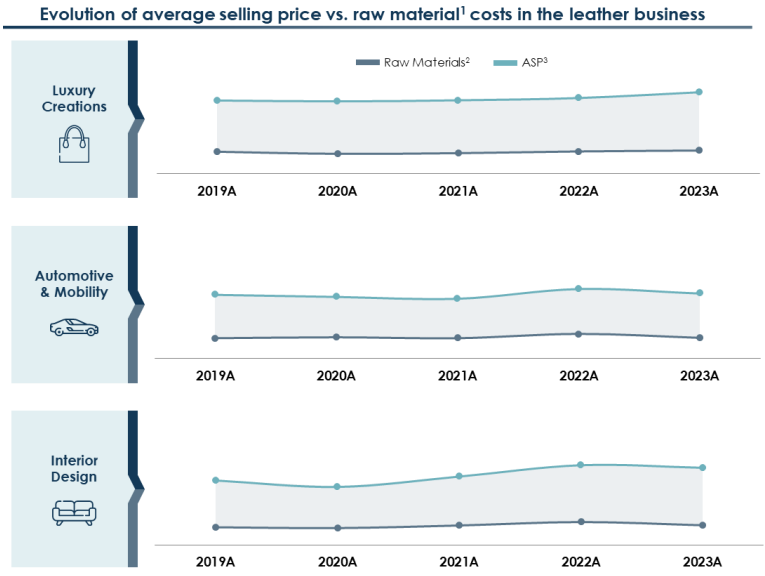
Attractive financial performance with demonstrated ability to preserve margins across cycles and high cash conversion.

We manage our business with a focus on achieving and maintaining strong revenue generation and profitability. We have a strong track-record of revenue growth, which increased from €290.3 million for the year ended December 31, 2021 to €331.6 million (€348.3 million on a pro forma basis) for the year ended December 31, 2023 and a solid Revenue Growth CAGR (ex. acquisitions) at 2.3% for the year ended December 31, 2023, coupled with a successful integration of selected value-accretive acquisitions, such as Nuova Osba in 2020, Carroll Leather in 2021, Morellino, Morelab and Tessitura Oreste Mariani in 2022 and Imatex and Mapel in 2023.

We proved our ability in passing-through cost inflation having preserved a solid profitability thanks to the following dynamics:

- *Luxury Creations*: thanks to the nature of the industry, which entails a constant development of new articles and collections and allows us to continuously update pricing to account for fluctuations in raw material costs, and by our ability of dynamically change the sourcing of raw materials by type and geography to optimize the sourcing mix.
- *Automotive & Mobility*: as contracts are indexed to raw material costs with inflation having a limited time lag allowing us to maintain margins even during periods of economic downturn despite the long-term nature of contracts.
- *Interior Design*: as the premium segment of upholstery is characterized by individual contracts and yearly collections allowing us to pass-through cost inflation regularly when negotiating new contracts.

For the twelve months ended March 31, 2024 (on a pro forma basis), our Structuring Adjusted EBITDA amounted to €75.4 million, underpinned by consistent contribution margin development supported by strong pass-through abilities and controlled sourcing strategy, along with disciplined approach with regards to personnel, outsourcing, manufacturing and other administrative and general expenses. The following chart compares the evolution of our average selling price across our business units against the evolution of raw materials costs in the leather production process.



Source: independent third-party analysis. Notes: (1) Excludes Carroll leather and changes in inventory; (2) Chemicals and raw hides; (3) Average selling price.

Furthermore, our business model ensures limited maintenance capital expenditures, contributing to a strong and consistent cash conversion over the past three years averaging approximately 93% of our Adjusted EBITDA.

During the last three years, our maintenance capital expenditures have averaged approximately €4.0 million per annum (consistent with our historical trend), and we expect our investment outlays to remain stable as a percentage of our revenue in the medium term. Also, our trade working capital needs are limited and predictable (characterized by limited seasonality), representing 26.6% and 23.8% of our revenue for the years ended December 31, 2021 and 2022, respectively, and 27.0% of our revenue for the year ended December 31, 2023 (on a pro forma basis). As a result, we have been able to generate approximately €118 million of Adjusted Cash flow before debt service and M&A over the period 2021-2023.

High profile and committed management with a long-term track record of delivering sustainable value creation also through selected value-added opportunities.

One of our core strengths is our highly experienced management team, led by Matteo Mastrotto (CEO), combining leading professionalized figures blended with an experienced entrepreneurial family with a deep knowledge of the industry and materials. The Mastrotto family is also directly invested in the business retaining an approximately 30% share, representing a significant incentive to deliver the medium-term business plan alongside NB Renaissance. We intend to draw from the market expertise, business relationships, knowledge and experience of NB Renaissance, who has a strong expertise and an extensive and successful track record of investing in companies in the Italian market.

Our top management consists of a leadership team, including Antonio Perosa (CFO), Fabrizio Viscolani (Head of Operations), Alberto Gallina (Head of ESG) and Nicola Masiero (R&D), as well as business unit managers, namely Matteo Mastrotto (Luxury Creations), Barbara Mastrotto (Automotive & Mobility) and Alberto Atrofini (Interior Design). Our management team has an excellent track record of successfully running and growing businesses, achieving EBITDA growth, both organically and through compelling value accretive add-ons.

We have been very selective in our acquisition approach, choosing one-to-one deals over competitive processes, and looking for targets that have synergy, commercial fit, and organic growth potential. Between 2019 and 2023, we evaluated over 170 opportunities and then completed only the following acquisitions: (1) Nuova Osba on June 30, 2020 (to expand in the luxury footwear market and increase proximity to Italian Luxury brands), (2) Carroll Leather on June 30, 2021 (distributor, to strengthen our presence in the US market), (3) Morellino (manufacturer specialized in printing and embossing, to enrich our value-added services) and Morelab (manufacturer specialized in finishing techniques, to broaden our value-added services) on February 28, 2022 , (4) Tessitura Oreste Mariani on October 11, 2022 (textile manufacturer, to widen the textiles offering with tangible cross-selling opportunities), (5) Imatex on November 8, 2023 (manufacturer specialized in textiles for interior design) and (6) Mapel on December 14, 2023 (manufacturer specialized in tapes and components).

Our Strategies

Maintain and grow our leading position in Luxury Creations, Automotive & Mobility and Interior Design businesses by leveraging high-quality products and longstanding partnerships with our clients.

As an established integrated platform for luxury brands, we intend to continue to reinforce and grow our leading market position in the Luxury Creations and steering wheels businesses and capitalize and strengthen our seats and interior panels and Interior Design businesses. We believe that we are well-positioned to benefit from global growth trends in our core markets, leveraging on our best-in-class positioning across key purchasing criteria (according to management analysis of industry data), hard-to-replicate product quality and recurring co-development activities with our customers resulting into high switching costs and continuous share of purchase increase with key brands. In particular:

- *Luxury Creations:* we intend to continue to develop and scale our existing client portfolio, leveraging on cross selling synergies while acquiring new brands and customers by: (i) capitalizing market growth on the back of superior performance of our key clients; (ii) succeeding new client wins also leveraging on insurgent brands; and (iii) continuing to unlock cross-selling synergies by providing multiple materials to our customers.

- *Automotive & Mobility:* we believe we are well positioned to capture increasing market shares, leveraging on product diversification to: (i) capture ample white space in leather seats and interior panels (where we have a 2% market share for the year ended December 31, 2023, according to management analysis of

industry data); (ii) leverage our leading position in leather steering wheels to maintain our market shares; and (iii) further push on synthetic leather offering.

- *Interior Design:* we intend to expand our market positioning by capitalizing on the attractive entry-point and superior reputation that we have especially through our subsidiary Elmo. We will continue to: (i) target a long runway of white spaces to continue to grow and scale our offering; and (ii) cross-sell our textile offering to existing leather customers through the re-launch of Imatex.

Capitalize on the evolving market trends and right size our business positioning leveraging on one-stop shop proposition and multi-material offering.

We intend to continue to address the evolving market needs focusing on high-end clients and leveraging on our one-stop shop proposition and multi-material offering.

We expect that the luxury and premium segments will keep driving the demand for higher-quality products across our end-markets and we intend to continue to pursue such trend further diversifying and repositioning our business in line with the historical path. In particular, we will continue to diversify our offering towards a balanced mix of leather, textile, synthetic and value-added services across our end-markets, in order to continue to position as one-stop-shop supplier for our customers, cross-sell and cross-share product innovation among business units, while diversifying and thus naturally hedging potential business fluctuations in our end-markets. Our strategy will continue to evolve around luxury and premium clients, selecting those with high grow potentials and which grant recurring revenue streams, as we have successfully done in the past.

Drive margin expansion.

We intend to continue to optimize our business mix by focusing even more on the Luxury Creations end-market to increase our margins.

We will also continue to improve integration across our Group by centralizing procurement: our unique business model allows leather production to be relocated between production facilities. This enables us to optimize how we use the capacity of different production facilities, lowering the costs of outsourcing and logistics. We are also actively exploring the insourcing of the trimming process to increase yield and reduce quality damage.

In addition, we intend to deploy our new technology in the production process which is expected to deliver efficiencies and savings.

Pursuing potential acquisitions and value accretive add-on opportunities.

We continuously evaluate potential acquisitions, collaborations and other business combinations that will enhance our existing product offering and support the creation of a leading multi-materials platform, maintaining a highly disciplined approach, in line with the past. In addition, we seek to strategically invest in key market segments where attractive opportunities that could complement our organic growth strategy may arise and where we believe we have significant expertise in identifying, executing and integrating acquisitions while remaining focused on our financial policy. We will continue focusing on synergistic targets which ensure businesses fit and organic growth potential. Seamless integration and achievement of cost and revenue synergies will remain our key priority to ensure a successful and sustainable external growth strategy. If we believe that growth in selected areas domestically (and potentially internationally) could be undertaken more efficiently and cost-effectively through acquisitions of companies or certain assets, we would consider expansion through focused strategic acquisitions.

Continue delivering superior profitability and strong cash conversion.

We have demonstrated our ability to grow our business not just in size, but also in terms of profitability, delivering a positive organic growth and successfully integrating acquired businesses. For the twelve months ended March 31, 2024 (on a pro forma basis), our Structuring Adjusted EBITDA reached €75.4 million, with a Structuring Adjusted EBITDA margin of 22.1%, notwithstanding the inflationary environment. This results are mainly attributable to our focus on the luxury and premium segments, the quality of our products and our best-in-class level of service. Our goal is to maintain our profitability in the future by, among others, leveraging on our lean and cost-efficient business model as well as on our longstanding partnerships with customers and suppliers to secure the best terms and conditions.

In addition, we intend to continue converting our EBITDA generation into free cash flow by maintaining our historically low levels of maintenance capital expenditure and managing our trade working capital so that it continues to increase moderately over time in line with the expansion of our business.

Focus on continuously improving our ESG performance.

We intend to position ourselves as the partner of choice when it comes to the leather products industry's environmental performance improvements. Environmentally sustainable production is becoming an increasingly important aspect of our industry. The majority of our customers are increasingly focused on sustainability, and our ability to provide sustainable solutions can contribute to our customers' sustainability targets. As a result, for the next years, we have developed a comprehensive action plan supported by a set of specific objectives aimed at reaching a leadership positioning among leather manufacturers, tackling the most important topics sought after by fashion-luxury, automotive luxury and premium and interior design luxury players. In particular, our main goals are:

- providing key brands full greenhouse gases emissions reporting (scope 1, 2 and 3) by the end of 2024;
- implementing a new LCA tool to strengthen our positioning towards our clients, allowing for a quick and precise mapping of greenhouse gases emissions (based on primary data) of almost the full product portfolio;
- helping clients to reach their scope 3 decarbonization targets, by setting our own decarbonization targets in line with SBTi requirements starting from a new 2023 baseline, establishing clear trajectories (facility by facility) and developing a structured monitoring process for track decarbonization roadmap progresses;
- continue working on optimization processes to reduce our environmental footprint (targeting 100% of renewable electric energy purchased from the grid by the end of 2024, and a new photovoltaic plant at Morellino premises by the end of 2024); and
- extending third parties' certifications to increase transparency and traceability (including the implementation of LWG in all production facilities by the end of 2024 and obtaining Ecovadis score by the end of 2024).

In terms of traceability, we target to achieve a leadership positioning through the extension of third parties' certifications to all our production facilities, in addition to the certifications already obtained: (i) Leather Working Group (LWG), obtained for 6 wet process production facilities; (ii) Global Organic Textile Standard (GOTS) certification, obtained for Tessitura Oreste Mariani; and (iii) Global Recycle Standard (GRS) certification, obtained for Tessitura Oreste Mariani and for Mapel.

Recent Developments

Current Trading

Based on preliminary results derived from our unaudited management accounts and other information currently available, we estimate that our revenue for the five months ended May 31, 2024 increased to €155.1 million as compared to €150.8 million in the five months ended May 31, 2023, representing an estimated 2.8% increase. Revenue growth was driven by higher prices in our Luxury Creations business unit (thanks to a combination of price increases and improved products' mix), and accretive contribution of acquired companies. We estimate that Adjusted EBITDA for the five months ended May 31, 2024 was €31.2 million, an increase of €5.2 million compared to Adjusted EBITDA of €26.0 million for the comparable period in the prior year, representing an estimated increase of 20.1% and a growth of 6.2% in Adjusted EBITDA from the comparable period in the prior year (on a constant perimeter basis, including the pro forma effect of the Mapel Acquisition and the Imatex Acquisition in the period ended May 31, 2023). Based on the foregoing management estimates, Adjusted EBITDA for the twelve months ended May 31, 2024 (on a pro forma basis) was €73.5 million. The increase in Adjusted EBITDA was primarily driven by (i) the increased revenue contribution of our Luxury Creations business unit which carries higher margins *vis-à-vis* our Automotive & Mobility and Interior Design business units and (ii) accretive contribution of acquired companies. In addition, based on the foregoing management estimates, our Structuring Adjusted EBITDA for the twelve months ended May 31, 2024 was (on a pro forma basis) €76.1 million. Based on preliminary results derived from our unaudited management accounts and other

information currently available, we also estimate that as of May 31, 2024, our cash and cash equivalents and other current financial assets were €50.7 million (compared to €35.3 million as of March 31, 2024), due to the positive cash generation registered in the period, and our gross financial indebtedness was €195.2 million (compared to €191.7 million as of March 31, 2024), due to the utilization of some bilateral facilities. Accordingly, based on the foregoing preliminary results, we estimate that the ratio of *As Adjusted* Total Net Financial Indebtedness to Structuring Adjusted EBITDA for the last twelve months ended May 31, 2024 (on a pro forma basis), would be 3.7x.

The preliminary financial results presented above are derived from our accounting records and internal management accounts. This information has not been audited or reviewed, nor have any procedures been performed by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on it, and no opinion or any other form of assurance is provided with respect thereto. Our preliminary financial results are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change and are not intended to be a comprehensive statement of our financial or operational results for the five months ended May 31, 2024 and 2023. The preliminary financial results presented above may change and those changes may be material. See "Risk factors" and "Information Regarding Forward-looking Statements" for a discussion of factors that could affect our future performance and results of operations.

Potential Acquisition

We are in advanced negotiations to finalize the acquisition of one of our third-party suppliers in the Luxury Creations business unit, aimed at further expanding our internal value-chain in textiles through the addition of the twisting process. The purchase price of the acquisition is approximately €0.5 million. This acquisition is currently expected to occur by no later than July 31, 2024, subject to customary closing conditions. However, no assurance can be given that this acquisition will be completed by such date or at all.

The Transactions

We intend to use the gross proceeds from the Offering (i) to repay in full and cancel outstanding indebtedness under the Existing Facilities, including accrued and unpaid interest thereon, (ii) to fund a distribution to the shareholders of the Issuer, (iii) for general corporate purposes, which may include potential future investments and (iv) to pay fees and expenses associated with the Transactions. See also "*Use of Proceeds*."

In connection with the Transactions, a revolving credit facility of up to an amount of €50.0 million (the "**Revolving Credit Facility**") will be made available to the Issuer on or after to the Issue Date. The Revolving Credit Facility will be secured by first-ranking security interests granted on an equal and ratable first-priority basis over the Collateral. In the event of enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, if any, have been repaid in full. See "*Description of certain financing arrangements—Intercreditor Agreement*." Although we currently expect the Revolving Credit Facility to remain undrawn on the Issue Date, in the event that available cash on the Issue Date is lower than our estimate due to, among other things, a negative movement in working capital, we may drawdown amounts under the Revolving Credit Facility on or about the Issue Date to fund any shortfall to complete the Transactions (as defined below).

Throughout this Offering Memorandum, we collectively refer to entering into the Revolving Credit Facility, the Offering and the application by the Issuer of the proceeds of the Offering to repay in full and cancel outstanding indebtedness under the Existing Facilities, including accrued and unpaid interest thereon, fund a distribution to the shareholders of the Issuer, and to pay certain fees and expenses in connection with such transactions as the "**Transactions**." See "*Use of proceeds*," "*Capitalization*," "*Description of certain financing arrangements*," "*Description of the Notes*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and capital resources*."

The Issuer

The Issuer was incorporated in Italy as a joint stock company (*società per azioni*) on March 2, 1989. The Issuer is registered under number 01402740060 with the Companies Register of Vicenza (*Camera di Commercio di*

Vicenza), LEI code no. 81560023CC212E3A5E06, and has its registered office in Vicenza, Italy, Via dell'Artigianato 100, 36070.

As of the date of this Offering Memorandum, the Issuer has an authorized share capital of €39,000,000.00 divided into 75,215,350.00 fully paid shares without nominal value. As of the date of this Offering Memorandum, (i) NB Renaissance indirectly holds 69.8% of the share capital of the Issuer through the intermediate company Gold Leather, (ii) the Mastrotto Family Members hold 30.1% of the share capital of the Issuer and (iii) 0.1% of the share capital of the Issuer is held by certain directors, managers, key employees and/or consultants of the Group under a management co-investment plan. Within 60 days from the Issue Date, the Mastrotto Family Members will either incorporate a new entity or investment vehicle to directly hold their respective shares of the Issuer or enter into fiduciary arrangements such that their respective shareholding in the Issuer will be held by a single fiduciary entity on their behalf on a fiduciary basis, to facilitate the granting of the share pledge over the shares of the Issuer beneficially owned by them in order to secure the Notes by such date.

For an overview of our corporate structure, see "*Summary Corporate and Financing Structure*."

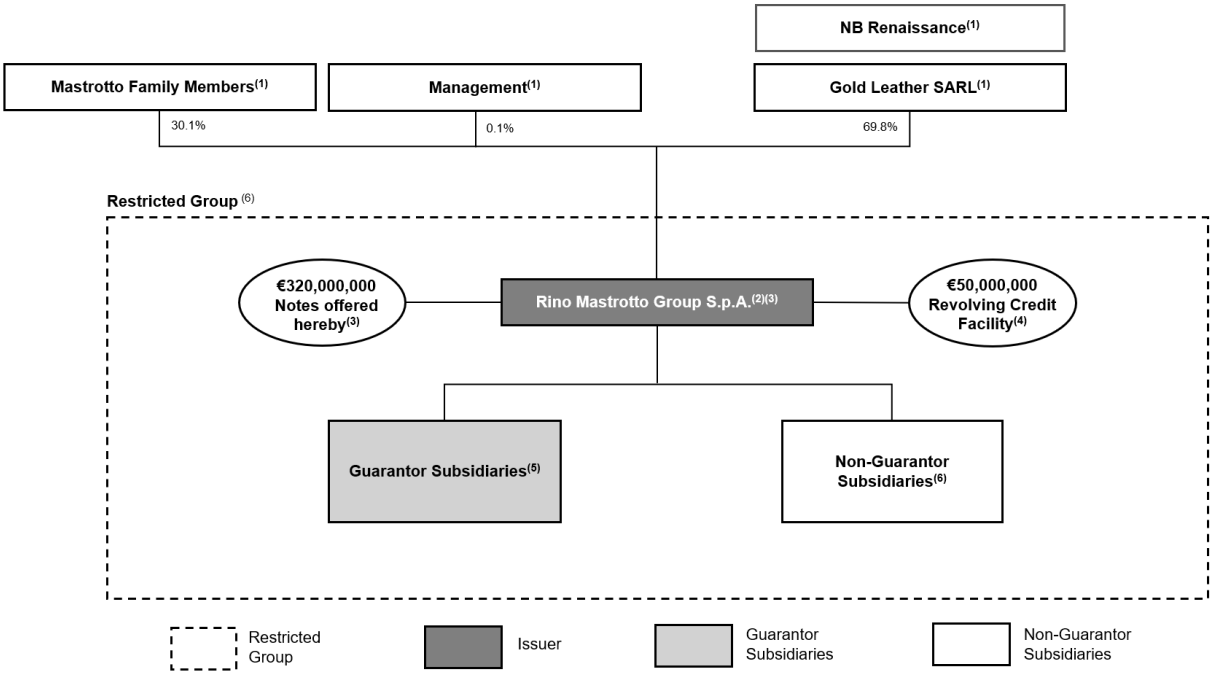
Principal Shareholder

NB Renaissance Partners is an investment firm with a focus on companies with a high growth potential primarily headquartered in Italy. Founded in 2015 by the management team as the spin-off of Intesa Sanpaolo Private Equity sponsored by Neuberger Berman Group LLC ("**Neuberger Berman**"), NB Renaissance Partners currently manages €2.8 billion in assets and is invested in 12 companies with an aggregate turnover of approximately €6 billion, including: U-Power, Engineering, Bending Spoons, Inetum, Arbo, Neopharmed Gentili and Sicit. NB Renaissance is focused on value creation initiatives including the implementation of ESG best practices and buy-and-build, and leverages a strong network in Italy catered by a dedicated team of 30 professionals based in Milan and Luxembourg, supported by Neuberger Berman's global private markets platform. Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. As of December 31, 2023, Neuberger Berman had $463 billion in client assets, including approximately $153 billion in alternative assets (mainly private equity). Neuberger Berman employs over 2,800 professionals, of which 751 are investment professionals averaging 18 years of industry experience, across 39 cities and 26 countries globally.

On April 29, 2024, Neuberger Berman Europe Limited ("**NBEL**"), a company controlled by Neuberger Berman, and Renaissance Partners S.à r.l. ("**RP**"), entered into a reorganization agreement to reorganize their joint venture operations related to the direct private equity business ("**Direct PE Business**") carried out by Neuberger Berman Renaissance S.à r.l., a company owned by NBEL, for 51%, and RP, for 49% of its shareholding. As a result, NBEL will reduce its investment in the Direct PE Business, through a newly incorporated company named Renaissance Partners 2 S.à r.l. ("**RP 2**"), from control to a minority position. Simultaneously, RP will increase its interest in the Direct PE Business, through RP 2, becoming the controlling shareholder. Following the completion of this transaction, which is subject to several conditions precedent set out in the reorganization agreement, it is expected that the Direct PE Business will be transferred, by means of a demerger, to Renaissance AIFM S.à r.l., a company directly controlled by RP 2. This transaction is expected to occur by no later than December 31, 2025. However, no assurance can be given that this transaction will be completed by such date or at all.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagrams show a simplified summary of our corporate structure and principal financing arrangements *as adjusted* for the Offering and the use of proceeds therefrom as described in the "*Use of Proceeds*." The information below is intended for illustrative purposes only and does not represent all debt obligations of the legal entities presented. For a summary of certain debt obligations referenced below, see "*Description of the Notes*," "*Capitalization*" and "*Description of Certain Financing Arrangements*."



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(1) As of the date of this Offering Memorandum, the Issuer's shares are held by: (i) investment fund NB Renaissance (the "**Sponsor**"), through the intermediate company Gold Leather S.à r.l. ("**Gold Leather**"), that owns 69.8% of the Issuer's shares; (ii) the Mastrotto Family Members, who collectively own 30.1% of the Issuer's shares; and (iii) certain directors, managers, key employees and/or consultants of the Group, that collectively own 0.1% of the Issuer's shares under a management co-investment plan. Following the Issue Date, our majority shareholder Gold Leather may consider a partial demerger transaction in accordance with the requirements of the Intercreditor Agreement, which will require, *inter alia*, that any successor companies accede to the Indenture, the Intercreditor Agreement, the Security Documents to which Gold Leather is a party, and the Revolving Credit Facility. Any such demerger transaction is subject to certain conditions and may not be completed. See "*Principal Shareholders."*

(2) The Issuer is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy. See "*Management*" and "*Principal Shareholders*." The Issuer is offering €320.0 million in aggregate principal amount of Notes. The gross proceeds from the Offering will be used, directly or indirectly, (i) to repay in full and cancel outstanding indebtedness under the Existing Facilities, including accrued and unpaid interest thereon, (ii) to fund a distribution to the shareholders of the Issuer, (iii) for general corporate purposes, which may include potential future investments and (iv) to pay fees and expenses associated with the Transactions. See "*Summary—The Transaction*" and "*Use of Proceeds*."

(3) On or about the Issue Date, subject to certain limitations (including the Agreed Security Principles and certain perfection requirements, the Notes will be secured by (i) a first ranking pledge over the shares of the Issuer held by Gold Leather, an entity wholly owned by NB Renaissance, representing 69.8% of the share capital of the Issuer and (ii) security interests granted on an equal and ratable first-priority basis over the material bank account(s) of the Issuer opened in Italy on which the proceeds of the Notes would be credited and on which the Revolving Credit Facility would be utilized ("**Issue Date Collateral**"). Subject to certain limitations (including the Agreed Security Principles) and certain perfection requirements, the Notes will be secured within 60 days from (and excluding) the Issue Date, by (i) a first ranking pledge over the shares of the Issuer beneficially owned by the Mastrotto Family Members (through a newly incorporated entity, investment vehicle or fiduciary company) representing 30.1% of the share capital of the Issuer, (ii) a first-ranking pledge over the shares of Elmo held by the Issuer representing 100% of the share capital of Elmo, (iii) a first-ranking pledge over the shares of RMG America held by the Issuer representing 100% of the share capital of RMG America, (iv) a first-ranking pledge over the shares of RMG Leather USA LLC ("**RMG Leather**") held by RMG America representing 90% of the share capital of RMG Leather, (v) a first-ranking pledge over the quotas of Mapel Group S.r.l. ("**Mapel**") held by the Issuer representing 60% of the quotas of Mapel, and (vi) a first-ranking pledge over the shares of Tessitura Oreste Mariani S.p.A. ("**Tessitura Oreste Mariani**") held by the Issuer representing 76% of the share capital of Tessitura Oreste Mariani (the "**Post-Issue Date Collateral**" and, together with the Issue Date Collateral, the "**Collateral**"). Within 60 days from the Issue Date, the Mastrotto Family Members will either incorporate a new entity or investment vehicle to directly hold their respective shares of the Issuer or enter into fiduciary arrangements such that their respective shareholding in the Issuer will be held by a single fiduciary entity on their behalf on a fiduciary basis, to facilitate the granting of the share pledge over the shares of the Issuer beneficially owned by them in order to secure the Notes by such date. The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Certain Financing Arrangements—Intercreditor Agreement" and "Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*." Under the terms of the Intercreditor Agreement (as defined herein) in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the obligations under or in respect of the Revolving Credit Facility certain hedging obligations and certain future indebtedness permitted by the

Indenture (subject to the Intercreditor Agreement or any additional intercreditor agreement), if any, have been repaid in full. See also "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral— The enforcement of the multiple share pledges forming part of the Collateral may be complex, involve long recovery times and a low recovery rate.*"

(4) The security interests and the Guarantees will be subject to significant contractual and legal limitations. The security interests in the Collateral and the Guarantees may be released under certain circumstances.

(5) On July 2, 2024 the Issuer entered into the Revolving Credit Facility that provides for up to €50.0 million of senior secured revolving credit. The Issuer is the original borrower under the Revolving Credit Facility. The Collateral will also secure the Revolving Credit Facility on a super senior basis pursuant to the Intercreditor Agreement. For further information on the Revolving Credit Facility, see "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*" and "*Risk Factors—Risks Related to our Indebtedness—We are subject to restrictive covenants under the Revolving Credit Facility Agreement and the Indenture that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities*."

(6) On the Issue Date, the Notes will be obligations of the Issuer and will not be guaranteed by any of the Issuer's subsidiaries. Within 60 days of the Issue Date, the Notes will be guaranteed by Elmo, Mapel Components, Mapel Textile, RMG Leather and Tessitura Oreste Mariani (collectively, the "**Initial Guarantors**" and together with any other entity that will guarantee the Notes, the "**Guarantors**" and each a "**Guarantor**"). The guarantee by each of the Guarantors (together, the "**Guarantees**" and each a "**Guarantee**") will be a general senior obligation of the Guarantor and, together with its obligations under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank *pari passu* in right of payment to all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including the senior guarantee given in favor of the Revolving Credit Facility and certain hedging obligations, if any, will rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to its Guarantee, will be effectively senior in right of payment to existing and future unsecured obligations of such Guarantor to the extent and value of the Collateral (as defined below) that is available to satisfy the obligations under such Guarantor's Guarantee and will be structurally subordinated to any existing or future indebtedness of such Guarantor's subsidiaries that do not guarantee the Notes. The Issuer and the Initial Guarantors in aggregate accounted for 90.8% of our revenue and 88.4% of our Adjusted EBITDA, in each case for the twelve months ended March 31, 2024 (on a pro forma basis), and, as of March 31, 2024, in aggregate accounted for 87.6% of our total assets.

(7) The Issuer's subsidiaries that will not guarantee the Notes generated 9.2% of our revenue and 11.6% of our Adjusted EBITDA, in each case for the twelve months ended March 31, 2024 (on a pro forma basis), and as of March 31, 2024, represented 12.4% of our total assets, in each case before giving effect to consolidation adjustments. As of March 31, 2024, the amount of indebtedness outstanding at the Issuer's subsidiaries that will not guarantee the Notes was *de minimis*.

THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "*Description of the Notes*" Section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

"**Issuer**"	Rino Mastrotto Group S.p.A., a private joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy (the "**Issuer**").
"**Notes offered**"	€320.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2031.
"**Interest Rate**"	Three-month EURIBOR (subject to a zero floor), plus 4.750% *per annum*, reset quarterly, as determined by the Calculation Agent.
"**Issue Date**"	July 22, 2024.
"**Issue Price**"	99.500%
"**Maturity Date**"	July 31, 2031.
"**Interest Payment Dates**"	Interest on the Notes will be paid quarterly in arrears on each January 31, April 30, July 31 and October 31 of each year, commencing on October 31, 2024. Interest on the Notes will accrue from the Issue Date.
"**Form and Denomination**" ...	The Notes will be issued in global registered form, will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof and will be maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
"**Ranking of the Notes**"	The Notes will: • be general senior obligations of the Issuer; • rank *pari passu* in right of payment to all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the Revolving Credit Facility; • rank senior in right of payment to any future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes; • be effectively subordinated to any existing and future indebtedness (including obligations to trade creditors) of the Issuer and its subsidiary that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness; • subject to the Agreed Security Principles, the Intercreditor Agreement and the limitations described in "*Description of the Notes*" and in "*Risk Factors—Risks related to the Notes, the Guarantees and the Collateral—Creditors under the Revolving Credit Facility Agreement and counterparties to certain hedging obligations, if any, are entitled to be repaid with the proceeds of the Collateral realized in any enforcement procedure in priority to the Notes*" and "*Holders of the Notes will not control certain decisions regarding the Collateral*" be guaranteed on a senior secured basis by each Guarantor.

"**Guarantee**"	On the Issue Date, the Notes will be obligations of the Issuer and will not be guaranteed by any of the Issuer's subsidiaries. Within 60 days of the Issue Date, the Notes will be guaranteed by Elmo, Mapel Components, Mapel Textile, RMG Leather and Tessitura Oreste Mariani (collectively, the "**Initial Guarantors**" and together with any other entity that will guarantee the Notes, the "**Guarantors**" and each a "**Guarantor**"). The guarantee by each of the Guarantors (together, the "**Guarantees**" and each a "**Guarantee**") will be a general senior obligation of each of the Guarantors and, together with their obligations under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank *pari passu* in right of payment to all existing and future indebtedness of such Guarantors that is not expressly subordinated in right of payment to their Guarantees, including the senior guarantee given in favor of the Revolving Credit Facility and certain hedging obligations, if any, will rank senior in right of payment to all existing and future indebtedness of such Guarantors that is expressly subordinated in right of payment to their Guarantees, will be effectively senior in right of payment to existing and future unsecured obligations of such Guarantors to the extent and value of the Collateral (as defined below) that is available to satisfy the obligations under such Guarantors' Guarantee and will be structurally subordinated to any existing or future indebtedness of such Guarantors' subsidiaries that do not guarantee the Notes.
"**Ranking of Guarantees**".....	The Guarantees of each Guarantor will: • be general senior obligations of that relevant Guarantor; • rank *pari passu* in right of payment with all of the applicable Guarantor's existing and future senior indebtedness that is not expressly subordinated to such Guarantee, including that Guarantor's obligations under the Revolving Credit Facility; • rank senior in right of payment to all existing and future indebtedness of the applicable Guarantor that is expressly subordinated in right of payment to its Guarantee; and • be effectively subordinated to any existing and future indebtedness of the relevant Guarantor that is secured by property or assets that do not secure its Guarantee, to the extent of the value of the property and assets securing such indebtedness. The Guarantees will be subject to certain material limitations pursuant to applicable laws and may be released under certain circumstances set forth in the Indenture. For further information, please see "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"
"**Security**"	On or about the Issue Date, subject to certain limitations, including the Agreed Security Principles and certain perfection requirements, the Notes will be secured by (i) a first ranking pledge over the shares of the Issuer held by Gold Leather, an entity wholly owned by NB Renaissance, representing 69.8% of the share capital of the Issuer and (ii) security interests granted on an equal and ratable first-priority basis over the material bank account(s) of the Issuer opened in Italy on which the proceeds of the Notes would be credited and on which the Revolving Credit Facility would be utilized ("**Issue Date Collateral**"). Subject to certain limitations, including the Agreed Security Principles and certain perfection requirements, the Notes will be secured within 60 days from

	(and excluding) the Issue Date, by (i) a first-ranking pledge over the shares of the Issuer beneficially owned by the Mastrotto Family Members representing 30.1% of the share capital of the Issuer (through a newly incorporated entity, investment vehicle or fiduciary company), (ii) a first-ranking pledge over the shares of Elmo held by the Issuer representing 100% of the share capital of Elmo, (iii) a first-ranking pledge over the shares of RMG America held by the Issuer representing 100% of the share capital of RMG America, (iv) a first-ranking pledge over the shares of RMG Leather held by RMG America representing 90% of the share capital of RMG Leather, (v) a first-ranking pledge over the quotas of Mapel held by the Issuer representing 60% of the quotas of Mapel, and (vi) a first-ranking pledge over the shares of Tessitura Oreste Mariani held by the Issuer representing 76% of the share capital of Tessitura Oreste Mariani (the "**Post-Issue Date Collateral**" and, together with the Issue Date Collateral, the "**Collateral**"). See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral— The enforcement of the multiple share pledges forming part of the Collateral may be complex, involve long recovery times and a low recovery rate*." The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Limitations on the Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations."* The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Limitations on the Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*." The Collateral will be subject to certain material limitations pursuant to applicable laws and may be released under certain circumstances set forth in the Indenture.
"**Use of proceeds**".....	We expect the gross proceeds from the Offering to be approximately €318.4 million. The proceeds from the Offering will be used, directly or indirectly, (i) to repay in full and cancel outstanding indebtedness under the Existing Facilities, including accrued and unpaid interest thereon, (ii) to fund a distribution to the shareholders of the Issuer, (iii) for general corporate purposes, which may include potential future investments and (iv) to pay fees and expenses associated with the Transactions. See "*Use of Proceeds*."
"**Optional redemption**".....	All or a portion of the Notes may be redeemed at any time prior to July 31, 2025, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date plus a "make-whole" premium, as described in this Offering Memorandum. The Notes may be redeemed at any time on or after July 31, 2025, at the redemption prices set forth in this Offering Memorandum.
"**Additional amounts; tax redemption**".....	All payments made by or on behalf of the Issuer or the Guarantors under or in respect of the Notes or the Guarantees, as applicable, will be made free and clear or and without withholding or deduction for, or on account of, any taxes or other governmental charges, except to the extent required by law. If any withholding or deduction is required by the law of a relevant jurisdiction, subject to certain exceptions, the Issuer or the Guarantors will pay additional amounts as may be necessary in order that the net amounts

	received in respect of such payments, after such withholding, or deduction (including any such withholding or deduction from such additional amounts) will not be less than the amounts which would have been received in respect of such payments in the absence of such withholding or deduction. Subject to and as set out in "*Description of the Notes—Withholding Taxes*," the Issuer or any Guarantors, as applicable, under certain circumstances, will not be liable to pay any additional amounts to holders of the Notes in relation to, among other things, any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended, or supplemented from time to time) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*." Neither the Issuer nor the Guarantors will have any obligation to pay additional amounts in respect of the Notes, among other things, for any withholding or deduction imposed on or with respect to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), commonly referred to as the Foreign Account Tax Compliance Act ("**FATCA**"), any U.S. Treasury Regulations promulgated thereunder, any law implementing an intergovernmental approach to FATCA or any agreement between the Issuer, Guarantors or a paying agent and the United States, the Republic of Italy or any authority of any of the foregoing implementing FATCA. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA. The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain developments affect taxation. If the Issuer decides to exercise such redemption right, it must pay holders of such Notes a redemption price equal to 100% of the principal amount of the Notes being redeemed, together with accrued and unpaid interest, if any, to the redemption date, and additional amounts with respect thereto. See "*Description of the Notes—Redemption for Taxation Reasons*."
"**Original Issue Discount**"	The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. If the stated principal amount of the Notes exceeds their "issue price" (as defined in "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*") by an amount equal to or more than a statutorily defined *de minimis* amount, the Notes will be treated as issued with OID for U.S. federal income tax purposes. In such case, a U.S. Holder (as defined in "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*"), would be required for U.S. federal income tax purposes to include any amounts representing OID in gross income (as ordinary income) as the OID accrues (on a constant yield to maturity basis) in advance of the receipt of cash payments to which such income is attributable regardless of such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. For further discussion, see "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*."
"**Change of control**".....	Upon the occurrence of certain defined events constituting a change of control or upon certain asset sales, each holder of Notes of any series may require the Issuer to repurchase all or a portion of the Notes of such series at a price equal to 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date. However, a change of control will not be deemed to have occurred if, pro forma for such change of control, a specified consolidated total net

	leverage ratio is not exceeded in connection with such event. See "*Description of the Notes—Change of Control*."
"**Certain covenants**".....	The Indenture governing the Notes will limit, among other things, our ability to: • incur additional indebtedness; • pay dividends or make other distributions; • make certain other restricted payments; • investments; • create liens; • enter into any agreement that would limit the ability of our restricted subsidiaries to pay dividends or make other payments to us; • transfer or sell assets; • impair the security interest; • merge or consolidate with other entities; and • enter into certain transactions with affiliates. Each of the covenants is subject to a number of significant exceptions and qualifications. For a more detailed description of these covenants, see "*Description of the Notes—Certain Covenants*."
"**Transfer restrictions**"	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See "*Transfer Restrictions*." Holders of the Notes will not have the benefit of any exchange or registration rights.
"**No Prior Market**".....	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
"**Listing**".....	Application has been made to admit the Notes for listing on the Official List of the Luxembourg Stock Exchange as of the Issue Date and to trading on the Euro MTF Market in accordance with the rules thereof.
"**Trustee and Security Agent**".	U.S. Bank Trustees Limited.
"**Paying Agent and Calculation Agent**"	Elavon Financial Services DAC.
"**Registrar and Transfer Agent**"……..	Elavon Financial Services DAC.
"**Listing Agent**"	Matheson LLP.

"**Governing Law of the Indenture and the Notes**"..... New York law.

"**Governing Law of the Intercreditor Agreement**..... English law.

SUMMARY HISTORICAL FINANCIAL AND OTHER INFORMATION

The following tables set forth certain of our historical consolidated financial and other information. Our summary historical consolidated financial and other information set forth below as of and for the years ended December 31, 2023, 2022 and 2021 has been derived from the Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum. Our summary historical consolidated financial and other information set forth below as of and for the three months ended March 31, 2024, and 2023 has been derived from the Unaudited Interim Consolidated Financial Statements included elsewhere in this Offering Memorandum. Such historical consolidated financial and other information has been prepared in accordance with Italian GAAP. See "Presentation of Financial and Other Information."

Furthermore, we present in this Offering Memorandum certain unaudited pro forma consolidated financial information of the Group for the financial year ended December 31, 2023 and for the three months ended March 31, 2023, which gives retroactive effect to the 2023 Acquisitions and the Mapel Financing on our consolidated income statement, as if they had taken place on January 1, 2023. See "Annex B— Unaudited Pro Forma Consolidated Financial Information" and "Presentation of Financial Information."

We also present below information presenting our pro forma results of operations for the twelve months ended March 31, 2024, which has been derived by adding our unaudited interim consolidated financial statements data for the three months ended March 31, 2024, to our annual unaudited pro forma financial information data for the year ended December 31, 2023, and subtracting our interim unaudited pro forma financial information for the three months ended March 31, 2023. The unaudited pro forma financial information for the twelve months ended March 31, 2024, presented herein has not been audited or reviewed, is not required by or presented in accordance with Italian GAAP or any other generally accepted accounting principles, has been prepared for illustrative purposes only and may not necessarily be representative of our results for any future period.

*We also presented certain unaudited "*as adjusted*" financial information and other data as of and for the twelve months ended March 31, 2024, on a pro forma basis, with respect to the income statement data, and based on our Financial Statements, with respect to certain balance sheet data, (i) updated to reflect certain adjustments for the Events occurred after Q1-2024 as detailed herein under "Capitalization" and (ii) on an as adjusted basis to give effect to the Transactions and the application of the proceeds therefrom. This* as adjusted *financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Transactions all occurred on April 1, 2023 or what our actual cash position or indebtedness would have been had the Transactions all occurred on March 31, 2024, nor does it purport to project our indebtedness, cash position or interest expense at any future date.*

The summary consolidated financial information below includes certain non-GAAP measures that we use to evaluate our economic and financial performance. These measures are not identified as accounting measures under Italian GAAP and therefore should not be considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with Italian GAAP or those calculated using financial measures that are prepared in accordance with Italian GAAP. See "Annex A—Summary of Certain Differences Between Italian GAAP and IFRS."

Prospective investors should read the summary consolidated financial information and other data presented below in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements, included elsewhere in this Offering Memorandum.

Summary Consolidated Income Statement

	Year ended December 31,				Twelve months ended March 31,
(in € million)	**2021**	**2022**	**2023**	**2023** *pro forma*	**2024** *pro forma*
Revenue	290.3	318.6	331.6	348.3	340.8
Other income	27.7	32.1	33.6	33.9	34.0
Total revenue and other income	**318.0**	**350.7**	**365.2**	**382.2**	**374.8**
Purchase of goods and changes in inventory	163.2	184.2	182.1	183.6	177.5
Costs of services	55.1	61.6	64.4	68.0	68.2
Costs for leases and rentals	0.4	0.5	0.6	0.9	0.9
Personnel costs	46.0	50.3	57.6	61.2	62.4
Other operating costs	1.4	2.0	1.6	1.6	1.6
Depreciation and Amortization	21.4	23.5	25.5	28.3	29.0
Impairment of trade receivables	0.1	0.2	0.2	0.2	0.2
Total operating costs	**287.6**	**322.3**	**332.0**	**343.8**	**339.8**
Operating Profit	**30.4**	**28.5**	**33.2**	**38.4**	**35.0**
Financial income	0.1	0.3	1.2	1.2	1.3
Financial expenses	(9.5)	(10.5)	(14.6)	(16.7)	(18.1)
Net exchange rate (losses)/gains	2.0	1.4	(0.9)	(0.9)	0.1
Result from investments accounted for using the equity method	(0.5)	(0.3)	(1.3)	(1.3)	0.7
Profit before taxes	**22.5**	**19.4**	**17.6**	**20.7**	**19.0**
Income taxes	(6.9)	(5.4)	(6.6)	(8.2)	(6.9)
Profit for the year	**15.6**	**14.0**	**11.0**	**12.5**	**12.1**

	Three months ended March 31,		
(in € million)	**2023**	**2024**	**2023** *pro forma*
Revenue	91.4	88.1	95.6
Other income	7.5	7.6	7.5
Total revenue and other income	**98.9**	**95.7**	**103.1**
Purchase of goods and changes in inventory	52.3	46.9	53.0
Costs of services	16.9	17.8	17.5
Costs for leases and rentals	0.2	0.3	0.3
Personnel costs	14.3	16.3	15.0
Other operating costs	0.4	0.3	0.4
Depreciation and Amortization	7.1	8.3	7.7
Impairment of trade receivables	0.0	0.0	0.0
Total operating costs	**91.2**	**89.9**	**93.9**
Operating Profit	**7.7**	**5.8**	**9.2**
Financial income	0.2	0.3	0.2
Financial expenses	(2.4)	(4.4)	(2.9)
Net exchange rate (losses)/gains	(0.4)	0.8	(0.3)
Result from investments accounted for using the equity method	(0.7)	1.3	(0.7)
Profit before taxes	**4.4**	**3.8**	**5.5**
Income taxes	(1.8)	(1.1)	(2.3)
Profit for the period	**2.6**	**2.7**	**3.2**

Summary Consolidated Statement of Financial Position Data

	As of December 31,			As of March 31,
(in € million)	**2021**	**2022**	**2023**	**2024**
Non-Current Assets	**288.8**	**296.2**	**348.3**	**344.1**
Current Assets	**200.0**	**209.7**	**206.5**	**208.2**
Of which cash and cash equivalents	*74.2*	*71.1*	*46.6*	*34.8*
Total Assets	**488.8**	**505.9**	**554.8**	**552.3**
Total Equity	**218.2**	**241.1**	**257.7**	**259.9**
Total Liabilities	**270.6**	**264.8**	**297.1**	**292.4**
Total Equity and Liabilities	**488.8**	**505.9**	**554.8**	**552.3**

Summary Consolidated Statement of Cash Flows Data

	For the year ended December 31,			For the three months ended March 31,	
(in € million)	**2021**	**2022**	**2023**	**2023**	**2024**
Net cash flow from / (used in) operating activities (A)	60.5	37.3	31.3	(0.1)	(8.6)
Net cash flow (used in) investing activities (B)	(27.2)	(24.3)	(72.8)	(4.0)	(4.3)
Net cash flow from / (used in) financing activities (C)	12.4	(16.1)	17.1	(7.8)	1.0
Increase / (decrease) in cash and cash equivalents (A+B+C)	**45.7**	**(3.1)**	**(24.4)**	**(11.9)**	**(11.9)**
Cash and cash equivalents at the beginning of the year/period	**28.5**	**74.2**	**71.1**	**71.1**	**46.6**
Cash and cash equivalents at the end of the year/period	**74.2**	**71.1**	**46.6**	**59.2**	**34.8**

Other Financial Information

(in € million, except for percentages and ratios)	As of or for the year ended December 31, 2021	2022	2023	2023 *pro forma*	As of or for the twelve months ended March 31, 2024 *pro forma*
EBITDA[(1)]	53.3	53.1	56.5	64.5	64.8
Adjusted EBITDA[(2)]	56.2	56.7	63.8	71.7	72.5
Adjusted EBITDA margin[(3)]	19.4%	17.8%	19.2%	20.6%	21.3%
Net working capital[(4)]	60.1	66.4	78.2	–	–
Trade working capital[(4)]	77.3	75.7	93.9	–	–
Trade working capital ratio[(4)]	26.6%	23.8%	28.3%	27.0%	–
Capital expenditures[(5)]	7.1	11.6	25.8	–	–
Adjusted Free Operating Cash Flow[(6)]	53.5	52.7	58.7	–	–
Cash conversion[(6)]	95.2%	92.9%	92.0%	–	–
Adjusted Cash flow before debt service and M&A[(6)]	62.9	34.1	21.0	–	–
Total Gross Financial Indebtedness [(7)]	178.4	168.5	188.3	–	–
Total Net Financial Indebtedness [(8)]	104.2	95.0	140.6	–	–
Revenue Growth CAGR (ex. acquisitions)[(8)]					2.3%
Structuring Adjusted EBITDA[(2)]					75.4
Structuring Adjusted EBITDA margin[(3)]					22.1%
As Adjusted Total Cash and Current Financial Assets [(9)]					51.4
As Adjusted Total Gross Financial Indebtedness [(10)]					328.1
As Adjusted Total Net Financial Indebtedness [(10)]					276.7
As Adjusted Cash Interest Expense [(11)]					30.0
Ratio of *As Adjusted* Total Gross Financial Indebtedness[(10)] to Structuring Adjusted EBITDA[(2)]					4.4x
Ratio of *As Adjusted* Total Net Financial Indebtedness[(10)] to Structuring Adjusted EBITDA[(2)]					3.7x
Ratio of Structuring Adjusted EBITDA[(2)] to *As Adjusted* Cash Interest Expense [(11)]					2.5x

(in € million, except for percentages and ratios)	As of or for the three months ended March 31, 2023	2024	2023 Pro Forma
EBITDA[(1)]	13.7	16.2	15.8
Adjusted EBITDA[(2)]	14.9	17.8	17.0
Adjusted EBITDA margin[(3)]	16.3%	20.2%	17.8%
Net working capital[(4)]	76.9	98.4	–
Trade working capital[(4)]	89.1	113.8	–
Capital expenditures[(5)]	5.0	4.4	–
Total Gross Financial Indebtedness [(7)]	162.1	191.1	–
Total Net Financial Indebtedness [(8)]	101.4	155.8	–

(1) We define EBITDA as the sum of profit for the year, income taxes, financial income, financial expenses and amortization and depreciation. EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, Italian GAAP or other generally accepted accounting principles. We believe that EBITDA provides useful information with respect to our overall operating performance. However, this measure is not a measurement of our financial performance under Italian GAAP or other generally accepted accounting principles and should not be considered in isolation or as an alternative to operating result, operating cash flows or any other measures of performance prepared in accordance with Italian GAAP or other generally accepted accounting principles or as an alternative to cash flow from operating, investing or financing activities as a measure of liquidity. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*".

(2) We define *Adjusted EBITDA* as the sum of profit for the year/period, income taxes, financial income, financial expenses, and amortization and depreciation adjusted for certain items that we believe are not reflective of the underlying operating performance, including unrealized exchange gains/(losses), M&A costs, agents severance costs and employees severance costs, COVID-19 cleaning expenses, other adjustments and R&D expenses (as detailed in the table below). We define *Structuring Adjusted EBITDA* as Adjusted EBITDA for the twelve months ended March 31, 2024, calculated on a pro forma basis derived from the Pro Forma Financial Information as further detailed in "*Annex B—Unaudited Pro Forma Consolidated Financial Information,"* which reflect the pro forma adjustments as a result of the 2023 Acquisitions and the Mapel Financing, as further adjusted for certain estimated cost savings synergies in production and certain estimated increase in selling prices with specific clients.

We believe Adjusted EBITDA and Structuring Adjusted EBITDA are useful metrics for investors to understand our results of operations and profitability because they permit investors to evaluate our recurring profitability from underlying operating activities. Additionally, we believe that Adjusted EBITDA and Structuring Adjusted EBITDA provide investors with a tool to compare the historical performance of our business across different periods as our adjustments to net profit from continuing operations and the exclusion of certain costs and expenses include items not considered by management to be attributable to the day-to-day operation of our business. We also use Adjusted EBITDA and Structuring Adjusted EBITDA internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as evaluating our underlying historical performance. Our presentation of Adjusted EBITDA and Structuring Adjusted EBITDA may be different from the presentation used by other companies and therefore comparability may be limited. Adjusted EBITDA and Structuring Adjusted EBITDA are Non-GAAP Measures, and the term Adjusted EBITDA and Structuring Adjusted EBITDA are not defined under Italian GAAP or any other generally accepted accounting principles. Consequently, the use of Adjusted EBITDA and Structuring Adjusted EBITDA has certain limitations. Adjusted EBITDA and Structuring Adjusted EBITDA are not a measure of profit for the year/period, operating profit, operating performance or liquidity presented in accordance with Italian GAAP. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net profit, operating profit or any other operating performance or liquidity measure calculated in accordance with Italian GAAP. Adjusted EBITDA and Structuring Adjusted EBITDA presented herein differs from Consolidated EBITDA as defined in the Indenture. For a more detailed description of the limitations of Adjusted EBITDA and Structuring Adjusted EBITDA as an analytical tool, see "*Presentation of Financial and Other Information—Non-GAAP Measures*."

The following table reconciles: (i) our Profit for the year/period, presented in our Financial Statements prepared in accordance with Italian GAAP, to EBITDA, (ii) EBITDA to Adjusted EBITDA, and (iii) Adjusted EBITDA to Structuring Adjusted EBITDA for the periods indicated therein.

(in € million)	**For the year ended December 31,**				**For the twelve months ended March 31,**
	2021	**2022**	**2023**	**2023** *pro forma*	**2024** *pro forma*
Profit for the year	15.6	14.0	11.0	12.5	12.1
Income taxes	6.9	5.4	6.6	8.2	6.9
Financial expenses	9.5	10.5	14.6	16.7	18.1
Financial income	(0.1)	(0.3)	(1.2)	(1.2)	(1.3)
Depreciation and Amortization	21.4	23.5	25.5	28.3	29.0
EBITDA	**53.3**	**53.1**	**56.5**	**64.5**	**64.8**
Unrealized exchange gains/(losses)[(a)]	(1.1)	(0.3)	1.4	1.4	0.9
M&A costs[(b)]	0.3	0.1	0.5	0.5	1.1
Agents severance costs and employees severance costs[(c)]	0.8	0.0	0.1	0.1	0.1
COVID-19 cleaning expenses[(d)]	0.1	0.1	0.1	0.1	0.1
Other adjustments[(e)]	1.5	2.3	3.0	3.0	3.1
R&D expenses[(f)]	1.3	1.4	2.2	2.2	2.4
Adjusted EBITDA	**56.2**	**56.7**	**63.8**	**71.7**	**72.5**
Run rate production cost savings[(g)]					2.3
Run rate luxury price negotiation[(h)]					0.6
Structuring Adjusted EBITDA					**75.4**

(a) *Unrealized exchange gains/(losses)* includes the unrealized portion of Net exchange rate (losses)/gains for the relevant periods.

(b) *M&A costs* includes the consultancy and legal fees incurred by the Group for the acquisition of Carroll Leather for the year ended December 31, 2021, for the acquisitions of Morellino and Tessitura Oreste Mariani for the year ended December 31, 2022, and for the acquisitions of Mapel and Imatex for the year ended December 31, 2023. These amounts are recorded within "costs of services" in the consolidated income statement.

(c) *Agents severance costs and employees severance costs* includes an agent's termination fee for €0.7 million for the year ended December 31, 2021 and costs related to employees severance indemnities for €0.1 million, €0.0 million and €0.1 million for the years ended December 31, 2021, 2022 and 2023, respectively. These amounts are recorded within "costs of services" and "personnel costs", respectively, in the consolidated income statement.

(d) *COVID-19 cleaning expenses* includes the costs incurred by the Group for all the relevant periods for specific sanitizing activities due to the COVID-19 pandemic. These amounts are recorded within "costs of services" in our consolidated income statement.

(e) For the year ended December 31, 2021, *Other adjustments* consists of: an addback of €0.8 million in start-up costs incurred for new footprint for Interior Design; the reversal of €0.1 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue; an addback of €0.4 million in sponsorship marketing expenses; an addback of €0.3 million for consultancy fees for corporate projects; and an addback of €0.1 million in allowances of indirect tax receivables.
For the year ended December 31, 2022, *Other adjustments* consists of: an addback of €0.3 million for start-up costs incurred for Basmar purifier; an addback of €0.9 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue; an addback of €0.3 million for sponsorship marketing expenses; an addback of €0.2 million for other personnel costs for gifts to employees; an addback of €0.3 million for consultancy fees for corporate projects, and an addback of €0.3 million for allowances of indirect tax receivables.
For the year ended December 31, 2023, *Other adjustments* consists of: an addback of €0.7 million for start-up costs incurred for the set-up of the cutting center in Italy and the Morellino laboratory; an addback of €1.6 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue, an addback of €0.4 million for sponsorship marketing expenses; and an addback of €0.3 million for other personnel costs for gifts to employees.

(f) *R&D expenses* includes personnel expenses and other expenses incurred for the development of new products. These amounts are recorded within "personnel costs" in our consolidated income statement.

(g) *Run rate production cost savings* includes our excellence program started in June 2023. The adjustment aims at reflecting the full year effect of a series of cost saving activities implemented by us, which were identified and validated by an external consultant. There can be no guarantee that we will be able to realize the estimated benefits from these cost savings initiatives within the anticipated timeframe or at all.

(h) *Run rate luxury price negotiation* includes a price increase negotiated with a key client in the Luxury Creations business unit starting from July 2024. The adjustment reflects the price increase for three months as if it had occurred from January 1, 2024. There can be no guarantee that we will be able to realize the estimated benefits from these price negotiation initiatives.

	For the period ended March 31,		
(in € million)	**2023**	**2024**	**2023** *pro forma*
Profit for the period	2.6	2.7	3.2
Income taxes	1.8	1.1	2.3
Financial expenses	2.4	4.4	2.9
Financial income	(0.2)	(0.3)	(0.2)
Depreciation and Amortization	7.1	8.3	7.7
EBITDA	**13.7**	**16.2**	**15.8**
Unrealized exchange gains/(losses)[(a)]	0.4	(0.1)	0.4
M&A costs[(b)]	0.0	0.6	0.0
Other Adjustments[(c)]	0.4	0.5	0.4
R&D expenses[(d)]	0.4	0.6	0.4
Adjusted EBITDA	**14.9**	**17.8**	**17.0**

(a) *Unrealized exchange gains/(losses)* includes the unrealized portion of Net exchange rate (losses)/gains for the relevant periods.

(b) *M&A costs* includes the consultancy and legal fees incurred by the Group for a potential acquisition for the three months ended March 31, 2024. These amounts are recorded within "costs of services" in the consolidated income statement.

(c) *Other adjustments* consists of: (i) for the three months ended March 31, 2023, an addback of €0.4 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue, (ii) for the three months ended March 31, 2024, an addback of €0.1 million for start-up costs incurred for Cutting Center Italy of €0.1 million, an addback of €0.3 million of EBITDA result related to the business operated at the Galassia facility, which we intend to discontinue of €0.3 million, and an addback of €0.1 million consultancy fees for corporate projects.

(d) *R&D expenses* includes personnel expenses and other expenses incurred for the development of new products. These amounts are recorded within "personnel costs" in the consolidated income statement.

(3) We define *Adjusted EBITDA margin* as the ratio of Adjusted EBITDA to revenue, expressed as percentage, and is used by the Group, as a supplemental measure of operating performance. We define *Structuring Adjusted EBITDA margin* for the twelve months ended March 31, 2024, as the ratio of Structuring Adjusted EBITDA to pro forma revenue for the twelve months ended March 31, 2024, expressed as percentage, and is used by the Group, as a supplemental measure of operating performance. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net profit, operating profit or any other operating performance or liquidity measure calculated in accordance with Italian GAAP. See "*Presentation of Financial and Other Information—Non-GAAP Measures*."

(4) We define *Net working capital* as current assets less current liabilities adjusted for other current financial assets, cash and cash equivalent, current borrowings and current other financial liabilities and *Trade working capital* as current assets less current liabilities adjusted for current tax receivables, deferred tax assets, other receivables, prepaid expenses and accrued income, other current financial assets, cash and cash equivalent, current borrowings, current other financial liabilities, tax liabilities, social security payables, other liabilities and accrued expenses. We define *Trade working capital ratio* as the ratio of Trade working capital to revenue. The following table sets forth a calculation of our Net working capital, Trade working capital and the Trade working capital ratio as of the periods indicated therein.

	As of December 31,			As of March 31,	
(in € million)	**2021**	**2022**	**2023**	**2023**	**2024**
Current assets	200.0	209.7	206.5	208.4	208.2
Current liabilities	(79.9)	(87.0)	(109.5)	(80.6)	(94.0)
Working capital	**120.1**	**122.7**	**97.0**	**127.8**	**114.2**
Less:					
Other current financial assets	0.0	2.4	1.1	1.5	0.5
Cash and cash equivalent	74.2	71.1	46.6	59.2	34.8
Current borrowings	(13.8)	(16.7)	(28.2)	(8.8)	(18.5)
Current other financial liabilities	(0.4)	(0.5)	(0.7)	(1.0)	(1.0)
Net working capital	**60.1**	**66.4**	**78.2**	**76.9**	**98.4**
Less:					

Current tax receivables	3.7	10.2	9.3	10.4	9.8
Deferred tax assets	1.3	1.0	1.2	0.8	1.1
Other receivables	2.3	1.3	1.2	1.6	1.3
Prepaid expenses and accrued income	0.3	0.7	0.9	0.9	1.2
Tax liabilities	(4.2)	(2.4)	(2.8)	(4.0)	(3.0)
Social security payables	(3.1)	(3.5)	(3.9)	(2.1)	(2.5)
Other liabilities	(16.9)	(15.3)	(19.4)	(18.5)	(20.9)
Accrued expenses	(0.6)	(1.3)	(2.2)	(1.4)	(2.4)
Trade working capital	**77.3**	**75.7**	**93.9**	**89.0**	**113.8**
of which Inventories	*86.5*	*91.2*	*107.1*	*92.1*	*113.7*
of which Trade receivables	*31.8*	*31.9*	*39.2*	*41.9*	*45.8*
of which Trade payables	*(41.0)*	*(47.4)*	*(52.3)*	*(45.0)*	*(45.7)*
Trade working capital ratio	**26.6%**	**23.8%**	**28.3(*)%**	–	–

(*) Trade working capital ratio calculated using revenue on a pro forma basis as of December 31, 2023 is 27.0%.

(5) We define *Capital expenditures* as the sum of payments for property, plant and equipment and payments for intangible assets. The following table sets forth a calculation of our Capital expenditures for the periods indicated therein.

	For the year ended December 31,			For the three months ended March 31,	
(in € million)	**2021**	**2022**	**2023**	**2023**	**2024**
Payments for Property, plant and equipment	6.6	11.1	25.2	4.1	4.0
Payments for Intangible assets	0.5	0.5	0.6	0.9	0.4
Capital expenditures	**7.1**	**11.6**	**25.8**	**5.0**	**4.4**
Of which: maintenance capital expenditures	*2.7*	*4.0*	*5.1*	*1.3*	*1.7*
Of which: expansion capital expenditures	*4.4*	*7.6*	*20.7*	*3.7*	*2.7*

(6) We defined *Adjusted Free Operating Cash Flow* as Adjusted EBITDA less maintenance capital expenditures. We define *Cash conversion* as the ratio of Adjusted Free Operating Cash Flow divided by Adjusted EBITDA for the relevant period, expressed as a percentage. We define *Adjusted Cash Flow before debt service and M&A* as Adjusted Free Operating Cash Flow adjusted by Changes in Net Working capital, Expansion capital expenditures and Income tax paid. The following table sets forth a calculation of Adjusted Free Operating Cash Flow, Cash Conversion and Adjusted Cash Flow before debt service and M&A for the periods indicated therein.

	For the year ended December 31,		
(*in € million*)	**2021**	**2022**	**2023**
Adjusted EBITDA	56.2	56.7	63.8
Maintenance capital expenditures	(2.7)	(4.0)	(5.1)
Adjusted Free Operating Cash Flow	**53.5**	**52.7**	**58.7**
Cash conversion (as % of Adjusted EBITDA)	**95.2%**	**92.9%**	**92.0%**
Change in net working capital	19.7	(0.6)	(15.9)
Expansion capital expenditures	(4.4)	(7.6)	(20.7)
Income tax paid	(5.9)	(10.4)	(1.1)
Adjusted Cash Flow before debt service and M&A	**62.9**	**34.1**	**21.0**

(7) We define *Total Gross Financial Indebtedness* as the sum of current and non-current financial indebtedness. We define Total Net Financial Indebtedness as Total Gross Financial Indebtedness *less* other current financial assets and Cash and Cash Equivalent. The following table sets forth a calculation of Total Gross Financial Indebtedness and Total Net Financial Indebtedness for the periods indicated therein.

(in € million)	As of December 31,			As of March 31,	
	2021	**2022**	**2023**	**2023**	**2024**
Current borrowings	(13.8)	(16.7)	(28.2)	(8.8)	(18.5)
Current other financial liabilities	(0.4)	(0.5)	(0.7)	(1.0)	(1.0)
Current financial indebtedness	**(14.2)**	**(17.2)**	**(28.8)**	**(9.8)**	**(19.5)**
Non-current borrowings	(164.2)	(150.5)	(157.9)	(150.7)	(170.1)
Non-current other financial liabilities	0.0	(0.9)	(1.6)	(1.6)	(1.5)
Non-current financial indebtedness	**(164.2)**	**(151.3)**	**(159.5)**	**(152.3)**	**(171.6)**
Total Gross Financial Indebtedness	**(178.4)**	**(168.5)**	**(188.3)**	**(162.1)**	**(191.1)**
Other current financial assets	0.0	2.4	1.1	1.5	0.5
Cash and cash equivalent	74.2	71.1	46.6	59.2	34.8
Total Net financial indebtedness	**(104.2)**	**(95.0)**	**(140.6)**	**(101.4)**	**(155.8)**

(8) We define *Revenue Growth CAGR (ex. acquisitions)* as the compound annual growth rate, expressed as a percentage, of revenue between the year ended December 31, 2021 of €290.3 million excluding the contribution of the RMG Leather of €10.1 million acquired in 2021 (for a total amount of €280.2 million), the year ended December 31, 2022 of €318.6 million excluding the contribution of RMG Leather of €20.0 million and Morellino of €5.6 million acquired in 2022 (for a total amount of €292.9 million), and the year ended December 31, 2023 of €331.6 million excluding the contribution of RMG Leather of €18.6 million, Morellino of €4.8 million and Tessitura Oreste Mariani of €14.9 million acquired at the end of December 2022 (for a total amount of €293.2 million). Revenue Growth CAGR (ex. acquisitions) is not a measure presented in accordance with Italian GAAP. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our revenue growth that is calculated in accordance with Italian GAAP.

(9) *As Adjusted Total Cash and Current Financial Assets* reflects cash and cash equivalents and other current financial assets on the date indicated, *updated* to (i) reflect certain adjustments for the Events occurred after Q1-2024 and *as adjusted* to (ii) give effect to the Transactions as described in "*Use of Proceeds*," as further explained under "*Capitalization*".

(10) We define *As Adjusted Total Gross Financial Indebtedness* as Total Gross Financial Indebtedness (excluding the impact of amortized costs) of the Issuer on the date indicated, *updated* to (i) reflect the transactions occurred for the Events occurred after Q1-2024 and *as adjusted* to (ii) give effect to the Transactions as described in "*Use of Proceeds*", as further explained under "*Capitalization"*. We define *As Adjusted Total Net Financial* Indebtedness *As Adjusted* Total Gross Financial Indebtedness of the Issuer *less As Adjusted* Total Cash and Financial Assets, each as of the date indicated, *updated* to (i) reflect the transactions occurred for the Events occurred after Q1-2024 and *as adjusted* to (ii) give effect to the Transactions as described in "*Use of Proceeds*", as further explained under "*Capitalization*". For further details and computation, see "*Capitalization*."

(11) We define *As Adjusted Cash Interest Expense* as the interest expense of the Issuer for the twelve months ended March 31, 2024, as adjusted to give effect to the Transactions and the use of proceeds therefrom, as set forth under "*Use of Proceeds.*" This estimate reflects the average three-month EURIBOR for the period. *As Adjusted* Cash Interest Expense assumes that the Revolving Credit Facility was undrawn throughout the relevant period, as further described under "*Capitalization*." *As Adjusted* Cash Interest Expense is presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

Certain Key Performance Measures

The following table includes a breakdown of certain selected key performance measures for the periods indicated. Certain unaudited historical financial information presented in the tables below has been derived from our Unaudited Management Reporting Data and certain financial measures are "*non-GAAP measures.*" These key performance measures are operating measures that have not been audited or reviewed by our auditors. Accordingly, investors are cautioned not to place undue reliance on such Unaudited Management Reporting Data when making a decision to invest in the Notes. See "*Presentation of Financial Information—Unaudited Management Reporting Data*" and "*Presentation of Financial Information—Non-GAAP Measures*" and "*Risk Factors—Risks Related to Our Financial Information—We have included unaudited financial information in this Offering Memorandum derived from Unaudited Management Reporting Data, and there are material differences and inherent limitations between our financial position and our results of operations prepared in accordance with Italian GAAP and the Unaudited Management Reporting Data.*"

Revenue breakdown in the tables below are derived from Unaudited Management Reporting Data and therefore are not reflective of, and may not be reconciled to, our revenue calculated in accordance with Italian GAAP.

Revenue by Product

	For the year ended December 31,				For the three months ended March 31,	
	2021	2022	2023	2023 *pro forma*	2023	2024
(in € million)						
Leather	290.3	312.9	311.8	311.8	85.7	79.1
Textile & Components	-	-	14.9	31.7	4.4	7.5
Value Added Services	-	5.6	4.8	4.8	1.3	1.5
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

Revenue by End-market

	For the year ended December 31,				For the three months ended March 31,	
	2021	2022	2023	2023 *pro forma*	2023	2024
(in € million)						
Luxury Creations	148.0	156.7	162.0	176.2	46.8	44.4
Automotive & Mobility	94.9	103.0	115.1	115.1	29.1	27.8
Interior Design	47.3	58.9	54.5	57.0	15.5	15.9
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

Revenue by Geography(*)

	For the year ended December 31,				For the three months ended March 31,	
	2021	2022	2023	2023 *pro forma*	2023	2024
(in € million)						
Italy	120.9	134.1	127.2	143.9	37.1	37.3
France	42.2	49.4	62.5	62.5	17.0	17.2
United States	70.6	78.2	72.3	72.3	18.2	15.9
Other(1)	56.6	56.8	69.6	69.6	19.2	17.7
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

(*) Based on location of the clients, who in turn may sell to other geographies around the world.
(1) Other countries mainly include Czech Republic, Romania, Slovakia, China, Lithuania.

RISK FACTORS

This Offering involves a high degree of risk. You should carefully consider the risks described below as well as other information and data contained in this Offering Memorandum before making an investment decision. If any of the events described in the risk factors below occur, our business, financial condition and results of operations could be materially and adversely affected, which in turn could adversely affect our ability to repay the Notes. Prospective investors should note that the risks described below may not be the only risks we face. We have described only those risks that we currently consider to be material and there may be additional risks and uncertainties not presently known to us, or that we currently consider immaterial, that might also have a material adverse effect on our business, financial condition, or results of operations. In any such case, you may lose all or part of your investment in the Notes. The order in which these risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on our business, financial position and results of operations.

This Offering Memorandum also contains forward looking statements that are based on assumptions and estimates and involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum. See "Information Regarding Forward Looking Statements."

Unless the context indicates otherwise, in this Section references to "we," "us," "our," or the "Group," refer to the Issuer and its consolidated group.

Risks Related to Our Industry and Market

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

We are a supplier of high-quality leather, textiles, components and value-added services in the fashion, automotive and interior design industries. In particular, our Luxury Creations, Automotive & Mobility and Interior Design business units accounted for 51%, 33% and 16%, respectively, of our revenue on a pro forma basis for the year ended December 31, 2023. The industry in which we operate is highly competitive. We face significant competition, especially from existing competitors who seek to challenge our position, including by offering substantial discounts on their products. In addition, some of our customers may seek to, and have in the past sought to, integrate vertically and insource the products we currently supply. We believe that the principal competitive factors in the businesses in which we operate include quality of products, consistency in quality of supplies, delivery time, the technical know-how of internal research and product development teams, innovation in design, performance of the product, smooth logistics and availability, new product innovation and the ability to co-develop products with our customers. Our main competitors include European and other international participants, such as Gruppo Florence, Minerva Hub, Bonaudo, Incas and Limonta with respect to our Luxury Creations and Interior Design business units, and Pasubio, Dani, Bader, Lear Corporation and Scottish Leather Group with respect to our Automotive & Mobility business unit.

Some of our competitors include affiliates of our customers or are subsidiaries (or divisions or units) of companies that are larger and have greater financial and other resources than we do. As a result, our customers may favor such competitors for a variety of reasons. In addition, our competitors may foresee the course of market developments more accurately than we do, develop products that are superior to ours, may be able to deploy greater resources than ours, have the ability to produce similar products at a lower cost than we can or adapt more quickly than we do to new technologies or evolving regulatory, industry or customer requirements.

We may not be successful in developing new products for our clients or in manufacturing them in a timely manner or at all, and products or technologies developed by others may render our offerings obsolete or non-competitive. In addition, our customers may substitute our products with competing products or alternate technology, the market may not accept our innovations, our competitors may produce similar products more inexpensively, and we may not be able to adjust our cost structure in the event of contraction of demand. Should we fail to develop appropriate strategies as a response to these or similar market trends and should we fail to enhance existing products, develop new products or keep pace with developing technology, growth opportunities could be lost or we could lose existing customers. Furthermore, if we devote resources to the pursuit of new technologies and products that fail to satisfy our clients' demands or that fail to be or become

commercially viable, all or part of these research and development expenses may be lost and our business may suffer.

We may not be able to continue to compete favorably in this competitive industry and increased competition may have a material adverse effect on our business by reducing our ability to maintain sales and profit margins. If we fail to continue to compete effectively in the industries in which we operate, this could have a material adverse effect on our business, financial condition and results of operations.

We are affected by general economic conditions worldwide, and unfavorable economic conditions could result in a decline in the demand for our products and a material adverse effect on our financial performance.

Our revenue, profitability, cash flow and future growth are affected by general economic conditions, consumer confidence and spending patterns. The foregoing may also be adversely affected by negative local, regional, national or international political or economic trends, such as the implementation of protectionist policies by certain states, whether actual or perceived, or adverse developments such as wars and geopolitical tensions, pandemics or other health related crisis, increasing energy or other commodity prices and surging benchmark interest rates, as well as a highly inflationary environment, any of which may reduce consumers' ability or willingness to spend. In particular, our business is heavily dependent on the demand for luxury goods. Declining economic conditions in any of the markets in which we operate, economic stagnation as a result of geopolitical tensions and their associated effects or negative perceptions about economic conditions, could lead to a decrease in consumer spending and ultimately a decline in the demand for luxury products, which in turn would adversely affect our business. In particular, luxury products sold by our customers are discretionary items and sales of such items normally depend on positive consumer sentiment and the availability of discretionary income. See "*–Consumer spending on high-end products could be displaced by spending on other activities as driven by a number of factors*".

The current unstable geopolitical, macroeconomic and financial environment, including as a result of the ongoing military conflicts in Ukraine and the Middle East and global inflationary surge, both in Europe, where our revenue is concentrated, as well as globally, could affect our production capacity, results of operations and growth prospects. Global economic conditions have been, and are likely to continue to be, affected by concerns over increased geopolitical tensions as well as political developments affecting several countries. For example, in February 2022, a military conflict erupted between Russia and Ukraine. As a result of the conflict, countries and multinational organizations, such as the United States, the European Union, the United Kingdom, Switzerland, Canada, Japan and Australia, have announced and implemented a variety of sanctions against Russia, such as the designation of a number of persons and entities, including major Russian banks, in "blocked person" lists and the removal of certain Russian banks from the SWIFT system that facilitates the transfer of money between banks. At the same time, Russia has adopted a number of special countermeasures in connection with actions by a number of countries and international organizations that have imposed sanctions on Russian individuals and Russian counterparties. In October 2023, an escalation of the tensions in the Middle-East occurred after the Palestinian militant group Hamas launched an assault on southern Israel, followed by conflicts in and around the Red Sea, which are posing and could pose significant risks in the future to transportation, shipping and picking up in the area. As of the date of this Offering Memorandum, these conflict are still ongoing and the length, outcome and consequences of such military conflicts remain unpredictable. Such geopolitical tensions could also affect demand for luxury goods of customers from the affected areas, which could, in turn, negatively affect our business.

Tensions resulting from the conflict between Russia and Ukraine and the associated effects on the global economy including, among others, increasing energy prices and surging benchmark interest rates, the current tensions between China and the United States, continued hostilities in the Middle East and tensions in North Africa and Eastern Europe have adversely affected and could continue to negatively affect international economic conditions. The possibility that geopolitical tensions among the major world economies continue for an indefinite period of time or deteriorate further cannot be excluded. Material increases in global inflation since early 2022 and expectations that annual inflation may remain high for a long period of time (driven at least in part by the Russia-Ukraine conflict and the resulting impact on food and energy markets) have also forced central banks of the major world economies, including the U.S. Federal Reserve and the European Central Bank, to accelerate the withdrawal of emergency monetary policies and liquidity support measures put in place prior to and during the earlier stages of the COVID-19 pandemic and to significantly increase market interest rates in a very short timeframe. As some of these measures expire, are withdrawn or are no longer supported by

governments, and as global inflation levels and interest rates continue to remain high, economic growth may be negatively impacted, which in turn may adversely affect our business, results of operations and financial performance. These factors have also impacted the availability and price of energy and, in general, of raw materials, increased inflationary pressure on the global economy as well as led to bank failures, events involving limited liquidity, defaults, non-performance and other adverse corporate developments.

Further increases in global inflation levels would result in increased production costs through higher raw material costs and related transport costs, in addition to higher labor costs, and consequently increased pressure on margins. Production costs may vary significantly depending on several other factors, including the economic cyclicality of the target markets, supply scarcity, government measures and regulatory restrictions. Each of these events are, largely, beyond our control and difficult to predict. Any extended recession or other periods of declining economic conditions in the markets in which we operate, particularly conditions that negatively affect consumer spending, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The consolidation or vertical integration of our customers could adversely affect our business.

Certain of our customers have vertically integrated in recent years, and such vertical integration trend may continue. Vertical integration has allowed certain of our customers to streamline their operations by taking direct ownership of various stages of their production processes rather than relying on external suppliers like us. If we fail to respond to these trends, our volume growth could slow down or we may need to lower prices for our products, any of which would adversely affect our financial results.

Consolidation and vertical integration among our customers could result in an increasingly concentrated or self-sufficient customer base of large customers which could, among others, increase the bargaining power of our current and future customers and impact the terms of the services that we provide. Mergers of our customers with entities that are not our customers could also materially impact our financial position and results of operations. Any significant changes in the ownership or operation of our customers, as a result of consolidation or vertical integration, merger or otherwise, could adversely affect our business, financial condition and results of operations.

Consumer spending on high-end products could be displaced by spending on other activities as driven by a number of factors.

End consumers spending on luxury goods could decrease or be displaced by spending on other activities as driven by a number of factors including, general macroeconomic conditions and other factors that affect consumer discretionary spending, reduced purchasing power as a result of the economic effects caused by inflation and higher costs of living as well as other matters that influence consumer confidence and spending. Consumer spending may not rebound from the slowdown caused by the ongoing high inflation and recessionary risks. Even if it rebounds, it may not regain its historical rates in the short to medium term due to relative disposable income decreases and the spending habits of potential customers changing to reflect any increased uncertainty or apprehension regarding economic conditions, and it may not increase in certain product markets given changes in consumer interests. Moreover, occasional luxury buyers or one-time buyers who enter the luxury market during periods of economic prosperity, do not consistently engage with the luxury market, unlike repeat clientele, and are more likely to reduce their spending on luxury goods during periods of economic downturn. This could lead to a decrease in demand for luxury goods and, in turn, in our customers' demand for our products and services.

All of the above could negatively impact our clients and their businesses and, in turn, could negatively impact us. In particular, as a result of the aforementioned factors, we may face a decrease in demand from our clients, which could, in turn, have a material adverse effect on our business, financial condition and results of operations.

Our clients may fail to appeal to the tastes of end-customers or to identify and respond to changing trends and product demand.

The Luxury Creations, Automotive & Mobility and Interior Design end-markets are subject to rapidly changing consumer preferences and trends. The purchasing decisions of end-consumers are highly subjective and can be influenced by many factors, such as marketing programs, product design and brand image. End consumers tend

to be design conscious, have rigorous standards and sophisticated tastes, which can be difficult for our clients to satisfy or anticipate.

Our clients' success also depends on their ability to react to changing end customer and consumer demands, preferences and habits in a timely manner. For instance, the increasing trend towards the use of alternative materials to leather might require our clients to adapt to market demand. We cannot predict whether the new products launched by our clients will be well received by end-consumers, or even whether such new products will be introduced in a timely or cost-effective manner. Decisions regarding product design must be made months in advance of the time when consumer acceptance can be measured and, therefore, such decisions are inherently uncertain. An inability to keep pace with product development, anticipate consumer preferences, meet end-consumer demands or understand end-consumer habits could negatively affect our customers' demand and sales volumes. The occurrence of such events could, in turn, result in a decrease in our clients the demand of our products and services, which could have a material adverse effect on our business, financial condition and results of operations.

The automotive industry is cyclical and cyclical downturns in our business units negatively impact our business, financial condition, results of operations and cash flows.

We operate in the automotive leather industry, which accounted for 33% of our revenue on a pro forma basis for the year ended December 31, 2023, and, in particular, in the manufacturing of leather seats and internal panels and steering wheels. The volume of automotive production and the level of new vehicle purchases regionally and worldwide are cyclical and fluctuate from year-to-year, sometimes significantly. These fluctuations are caused by factors such as general economic conditions, interest rates, consumer confidence, consumer preferences (including the effects of the increase of the use of shared cars and mobility services), patterns of consumer spending, fuel costs and the automobile replacement cycle, and such fluctuations give rise to changes in demand for our products and may have a significant adverse impact on our results of operations. For example, following the outbreak of COVID-19, we experienced in 2021 a decrease in our revenue, compared to the year ended December 31, 2020, from the Automotive & Mobility business unit, amounting to €94.9 million for the year ended December 31, 2021, mainly due to a significant drop in demand in the automotive industry.

Although we maintain longstanding partnerships with our customers and have a significant amount of business booked in advance (which gives us visibility on revenue streams), given the variety of economic parameters influencing global automotive demand, the volume of automotive production has historically been, and will continue to be, characterized by a high level of fluctuation, making it difficult for us to accurately predict demand levels for our products aimed at the automotive sector. In addition, OEMs generally provide volume projections and do not commit to purchasing minimum quantities from their suppliers.

The highly cyclical and fluctuating nature of the automotive industry presents a risk that is outside and beyond our control and that cannot be accurately predicted. Moreover, a number of factors that we cannot predict can and have impacted cyclicality in the past. Decreases in demand for automobiles generally, or in the demand for automobiles incorporating our products in particular, could have a material adverse effect on our business, financial condition and results of operations.

Since our business is characterized by high fixed costs, we also risk underutilization of our facilities or having insufficient capacity to meet customer demand if the markets in which we are active either decline or grow faster than we have anticipated. An underutilization of our facilities could result in idle capacity costs, write-offs of inventories and losses on products due to falling average sale prices. Furthermore, falling production volumes cause declines in revenue and earnings.

Epidemics or global health pandemics, such as the COVID-19 pandemic, could have a material adverse effect on our business, results of operations and financial position.

Public health crises, epidemics or pandemics could materially and adversely affect our business. For example, the outbreak of COVID-19 in late 2019 detected in Wuhan, China, which caused a global pandemic, has resulted in authorities around the world, including those in Italy, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, curfews, lockdowns, quarantines and shutdowns of businesses and workplaces. Such measures had a material adverse impact on the global economy and affected our results of operations, causing a decrease in our revenue, particularly in the year ended December 31, 2020, due to lower

orders from our clients. Future economic downturns caused by epidemics or global pandemics, such as the COVID-19 pandemic, or any other public health crisis could materially and adversely affect our business, results of operations or financial condition.

Risks Related to Our Business

Changes in the costs of raw materials could adversely affect our business.

The primary raw materials that we source are raw hides, sourced from slaughterhouses for further processing, textile fibers, for our textile manufacturing activity, and chemicals, used in our production process and primarily for tanning. For the year ended December 31, 2023, 63%, 3%, and 30% of our total purchase of raw materials on a pro forma basis were allocated to purchases of raw hides, textile fibers and chemicals, respectively.

Our results can be adversely affected by changes in the prices of the raw materials we use. Although we have historically been able to pass increases in costs of raw materials to our customers and to dynamically change the sourcing of raw materials, particularly with respect to raw hides, by type and geography to optimize our sourcing mix and margins, and although some of the agreements we entered into with our customers in the Automotive & Mobility end-market protect us from increases in the cost of raw materials, it cannot be guaranteed that we will be able to do so in the future. Should prices of raw materials increase, we may be unable (wholly or partly) to transfer these increased costs to our customers through price adjustments or to optimize our sourcing mix, which could lead to a decrease in our gross margins. In turn, if we pass the increase in costs of raw materials on to our customers by raising our prices, the demand for our products may decline, in particular if competitors choose not to raise prices. Given that we do not normally use derivatives to hedge the price fluctuation risk of raw materials, if prices of raw materials are volatile in the future, we might need to constantly adjust our prices to maintain sufficient profitability, especially in an environment of rising raw material prices. In response to changes in demand levels, our competitors may price their products more aggressively in order to retain market share. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

Our business success depends on engaging and retaining key clients. Failure to renew agreements on acceptable terms or maintain business partnerships with our key customers or the termination of such agreements or business partnerships could harm our business.

Our top five customers in the Luxury Creations business unit represented 23.8% of our revenue for the year ended December 31, 2023, with no single customer accounting for more than 10.4% of our revenue. Our top five customers in the Automotive & Mobility business unit represented 26.3% of our revenue for the year ended December 31, 2023, with no single customer accounting for more than 12.8% of our revenue. Our top five customers in the Interior Design business unit represented 4.8% of our revenue for the year ended December 31, 2023, with no single customer accounting for more than 1.2% of our revenue. See also "*Business—Material Contracts*."

Our ability to generate revenue may also depend on our key customers renewing their contractual arrangements with us on acceptable terms and/or maintaining their business partnerships with us. Failure to renew contracts on acceptable terms or at all, or to maintain business partnerships with key customers could negatively impact our business. Relationships with certain of our key customers in the Luxury Creations business unit are governed by framework agreements, which govern the sale and purchase of products requested from time to time by means of single purchase orders and without minimum order requirements or exclusive rights in our favor. Relationships with our other core customers in the Luxury Creations business unit and with the majority of our customers in the Interior Design business unit are instead governed exclusively on the basis of single purchase orders. Although the framework agreements may provide for a fixed or indefinite term, the actual relevance and length of the business relationship depends on whether or not the customer issues purchase orders, as generally neither our framework agreements nor individual purchase orders provide for minimum order requirements beyond a given purchase order or exclusive rights in our favor. Therefore, our customers generally have the right to cancel, not to renew or to reduce purchase orders on short notice without cause and without incurring a significant penalty. While relationships with our clients in the Automotive & Mobility business unit are usually governed by long-term agreements, certain of our contracts with such customers could be terminated early by the respective counterparties as a result of a change of control and/or under other circumstances provided under the relevant contracts.

Further, there is no guarantee that our customers will renew their agreements with us or will continue submitting purchase orders. If our contracts are terminated by a material customer or not extended upon their termination, or if a material customer stops submitting purchase orders, if a material customer shifts business away from us, or if we are unsuccessful in retaining high renewal rates and contracts terms that are favorable to us and to maintain business relationships with our key customers, this may have a material adverse effect on our business, financial condition and results of operations.

We might be unable to properly source raw materials due to their unavailability, operational difficulties with our key suppliers or to deterioration of relationships with our key suppliers.

We normally source raw materials from a diversified network of suppliers. In the year ended December 31, 2023, no single supplier accounted for 8% or more of our total purchases of raw materials on a pro forma basis. Our top three largest suppliers of raw hides accounted for 7.5%, 6.6% and 5.0%, respectively, of our total purchase of raw materials on a pro forma basis for the year ended December 31, 2023. Our top three largest suppliers of textile fibers accounted for 0.2%, 0.2% and 0.2%, respectively, of our total purchase of raw materials on a pro forma basis for the year ended December 31, 2023. Our top three largest suppliers of chemicals accounted for 2.1%, 1.4% and 1.3%, respectively, of our total purchase of raw materials on a pro forma basis for the year ended December 31, 2023. Despite our efforts to rely on a diversified network of suppliers, we may be subject to a lower availability of raw materials in the future and thus forced to depend on a reduced number of suppliers. For example, we use raw hides as the key resource in the leather production process. As raw hides are a by-product of meat, their availability is strictly related to the demand for meat in the food industry, which is subject to seasonality trends. Changed consumers food habits towards vegan or vegetarian alternatives, or towards a limited meat consumption, would result in decreased demand for meat and, in turn, in the availability of raw hides. Moreover, availability of raw hides might also be affected by other factors, such as regulatory restrictions due to the spread of infectious diseases in animals, or by the introduction of new regulations or the implementation of voluntary restrictions by players in the food chain. This could result in an increase in the price of such raw materials and increased difficulties in the availability and supply of such products.

Furthermore, if the relationships with certain of our key suppliers were to deteriorate, we may experience increased costs and may not be able to develop relationships with new suppliers in a timely manner or in a manner that is sufficient to supply any shortfall. Such an outcome could occur if one or more of such key suppliers decides to no longer work with us, demands higher prices or more stringent payment terms or is unable to meet the quantity or quality of our product requirements, as a result of a natural disaster, pandemics, labor strikes, financial difficulties or other factors.

If we experience a significant increase in demand or need to replace an existing supplier or add new suppliers to the existing ones, substitute suppliers may not exist or be prepared to supply raw materials that meet our requirements and/or quality standards. For new or substitute suppliers, we may encounter lack of capacity or delays in delivery.

Even if we were able to identify new suppliers, we may experience delays, increased costs, product shortages and customer back orders as we transition our requirements of raw materials to alternative suppliers. Any such developments could increase our cost of sales and adversely affect our overall profit margins, which could, in turn, have a material adverse effect on our business, financial condition and results of operations.

Lastly, we depend on our suppliers to secure a sufficient supply and quality of raw materials, and, therefore, to maintain a high quality of our products. A decrease in the actual or perceived quality of our products and processes could damage our image and reputation, as well as our results of operations. Defective or low-quality products could result in loss of sales, loss of customers and loss of market acceptance, as well as in additional expenses related to compensation for damages incurred by our customers, or could damage our reputation and market perception, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Our business could be harmed if we are unable to accurately forecast demand for certain of our products and to adequately manage our product inventory.

The investments we make in our businesses are in part driven by our expectations of our clients' demand. For those products that are not made to order, we often forecast inventory needs and expenses and place orders

sufficiently in advance with our suppliers based on our estimates of future demand. We frequently adjust our estimates to reflect demand trends and have not experienced material issues in the past; however, our ability to accurately forecast client demand could be affected by many factors, including an increase or decrease in demand for our products and services or for our competitors' products and services, unanticipated changes in general market conditions and changes in economic conditions.

If we underestimate client demand for a particular product, our suppliers may not be able to deliver sufficient quantities of that product or material to meet our requirements, and we may experience increased delivery times or a shortage of that product available for sale or distribution. See "*–If our relationship with key suppliers of certain raw materials deteriorate or if we experience any operational difficulties with such key suppliers, our business and reputation could be adversely affected*". Alternatively, inventory levels in excess of demand may result in inventory write-downs or write-offs and the sale of excess inventory at further discounted prices, which could have a material adverse effect on our business, financial condition and results of operations.

We face risks associated with our value-accretive acquisitions strategy, some of which are beyond our control.

In the past, we have grown through a combination of organic development and acquisitions, and we intend to continue this combination in the future. In the periods under review, we have completed several sizeable acquisitions, including, Carroll Leather, one of the largest American warehouses and service centers focused on upholstery leather, in 2021, Tessitura Oreste Mariani, a specialized manufacturer of high-end textile products and processes for the luxury fashion industry, and Morellino, a key player in value added services for leather and textile, in 2022, and Mapel, a specialized manufacturer of textile tapes and components, and Imatex, a textile manufacturer specialized on jacquard fabrics for high-end furnishing, in 2023. In 2024, we started negotiations to acquire a company specialized in embroidery, with the aim of further expanding our value-added services offering.

We continuously evaluate potential acquisitions, partnerships and other business combinations to strategically enhance our existing product offering and we have made in the past and can continue to make acquisitions of different significance, certain of which may be material if entered into or completed, depending on the opportunities presented to us by the market. Our objective of completing new acquisitions in the future depends on the existence of suitable and attractive targets and our ability to identify them, which are in turn dependent on a number of factors, many of which are beyond our control, including, without limitation, the level of competition for acquiring companies and higher prices for such companies which may result from increased competition, our ability to raise the funds required for such acquisitions, the willingness of companies to be acquired, and our reputation as a reliable and trusted partner for manufacturing companies.

Our reliance on acquisitions and other transactions as means of growth entails certain risks. For example, we may fail to identify transactions that would enable us to execute our business strategy, as competition for target companies and development programs in our industry has intensified, resulting in decreased availability of, or increased prices for, suitable transactions.

We face the risk of a failure to realize the expected benefits of the acquisitions and of the incurrence of unexpected risks and obligations. While we conduct due diligence in preparation for each acquisition, it is possible that legal, tax and operational risks of the respective target, some of which may be unknown, could not be detected or were undisclosed to us at the time of the acquisition, may materialize, have more severe consequences than expected or increase the costs for the integration of a target. We may learn about such problems only after consummation of the acquisitions, in particular with respect to unknown side effects and issues relating to compliance with applicable laws and regulations. Debt incurrence to consummate acquisitions may also increase our leverage and, if the acquisition is of a significant size, such increase in leverage may be material. Furthermore, we may be required to make deferred payments in connection with our acquisitions.

If we fail to successfully identify and assess the risk related to any acquisitions or obtain adequate protection against such risk from the sellers, we may be exposed to legal, market or other risks related to the acquisitions we complete, which could, individually or in the aggregate, have a material adverse effect on our financial condition and results of operations.

In addition, our acquisitions of target companies may be subject to regulatory approval. There can be no assurance that we will be able to obtain regulatory approval for our future acquisitions without unreasonable expenses and within a reasonable time period or at all. Our failure to integrate acquired businesses, or to realize

the intended synergies, may prevent us from obtaining the advantages that the acquisitions were intended to create, or could have a material adverse effect on our business, financial condition or results of operations.

Our strategy of selectively pursuing acquisitions may present unforeseen integration obstacles and costs.

The implementation of our growth strategy depends, among others, on our ability to successfully integrate the new companies we acquire. There can be no assurance that we will be able to integrate newly acquired companies in a timely and cost-efficient manner or at all. Our assessments of acquisition targets may prove to be incorrect and in particular our expectations on growth, financial margins, cash flows and cost saving and revenue synergies.

Integration of acquired companies into our manufacturing, distribution and sales processes is a complex process and involves several regulatory, technical, operational and commercial factors, which may affect the success of our acquisition strategy. Similarly, unforeseen legal, regulatory, contractual and other issues may be disruptive. Our operations may also be affected as a result of, among other things, difficulties in integrating diverse business cultures which may be incompatible, problems in integrating information technology or other systems between the businesses. There is also a risk that key employees of companies we acquire or key employees necessary to successfully commercialize products and technologies that we acquire, may seek employment elsewhere, including with our competitors. Any failure to acquire, maintain and deploy adequate management, sales, administrative, technical and financial resources to support our expansion, could undermine our acquisition strategy.

The integration and expansion of the businesses we acquire may put a strain on our management resources, distracting our managers from their regular tasks and require additional management resources to be deployed, especially where a large scale acquisition is involved. There is no assurance that our current managerial, administrative, technical and financial resources will be sufficient to support our recent and proposed future expansion or that we will be able to acquire necessary additional resources on commercially acceptable terms or at all.

Should any of the above concerns arise in connection with any future acquisition, it could have a material adverse effect on our business, financial condition and results of operations.

We are subject to currency exchange rate fluctuations.

We conduct business in over 50 countries, including Europe, North America, and Asia and are thus exposed to the foreign exchange risk deriving from the different currencies in these markets. While our net exposure to fluctuations in exchange rates is limited, our results are subject to foreign exchange translation and transaction risks, particularly with respect to the U.S. dollar, the Brazilian real and the Swedish krona. Moreover, our US, Brazilian and Swedish entities, whose indebtedness and assets are denominated in U.S. dollars, Brazilian reals and Swedish krona, respectively, exposes our Group to the risk of depreciation of these currencies against the euro. Considering that our financial statements are prepared in euro, fluctuations in the exchange rates used to convert the financial statements of subsidiaries denominated in a foreign currency as part of the consolidation process might significantly affect results of operations, net financial debt, and consolidated net assets in our financial statements. For the years ended December 31, 2021, 2022 and 2023 and for the three months ended March 31, 2024 our net revenue in currencies other than the euro represented 28.9%, 32.4%, 27.2% and 25.3% of our net revenue, respectively, while costs in currencies other than the euro represented 27.7%, 32.4%, 30.5% and 26.4% of our total costs, respectively.

A portion of our balances in foreign currency is naturally hedged by underlying business activities, such as in the case of leather sales, where historically sales and costs have been substantially aligned. Notwithstanding the above, we do not employ financial derivatives to counter the risks associated with assets, liabilities and anticipated future cash flows denominated in foreign currency and to protect against significant future fluctuations in exchange rates against the euro, out accounting currency. As a result, to the extent that our revenue in foreign currencies are materially affected or that such financial instruments are not sufficient or not effective or due to a default risk of the relevant counterparty, fluctuations of local currencies could have a material adverse effect on our financial condition and results of operations.

Our business requires ongoing capital expenditures.

Our capital expenditures were €25.8 million for the year ended December 31, 2023. Although we anticipate that our available cash resources will be sufficient to fund our operating needs and capital expenditures for the foreseeable future, it cannot be excluded that, should we require additional funds for capital expenditures, we may not be able to obtain them on favorable terms, or at all.

Furthermore, we invest in research and development to innovate our product offering, improve the sustainability of our products, reduce raw materials consumption and recycle waste from our operations. Our investments in research and development were €2.2 million for the year ended December 31, 2023. If we devote resources to research and development that fail to satisfy our expectations or our clients' demands or that fail to be or become commercially viable, all or part of these research and development expenses may be lost. The occurrence of any of the aforementioned events could have a material adverse effect on our business, financial condition and results of operations.

A shift away from products that we produce could have a material adverse effect on our profitability and financial condition.

We produce and invest in products that we believe will be critical to our long-term growth and we need to continually adapt our expertise in response to technological innovations, customer requirements, industry standards and product instructions. Our ability to anticipate changes in technology and digital advancements and to successfully develop and introduce new and enhanced products or manufacturing processes on a timely basis is a significant factor in our ability to remain competitive. New technologies or changes in industry and customer requirements, such as the increasing trend towards alternative materials instead of leather, may render one or more of our current offerings obsolete, excessively costly or otherwise unmarketable. If there is a shift away from the use of our products, our costs may not be fully recovered. We may be placed at a competitive disadvantage if other technologies emerge as industry leading technologies, which could have a material adverse effect on our business, financial condition and results of operations.

Our order book estimates may not be indicative of our future revenue and if we are unable to meet the levels projected in our order book estimates, this could have a material adverse effect on our business.

We disclose and discuss in this Offering Memorandum our order book estimates as of December 31, 2023. Such estimates represent the sales that we expect to record in the event we receive firm production orders under contracts for vehicle programs that we have been awarded by OEMs or Tier 1 suppliers, including both those that are in production and those that are not yet in production. Order book estimate is not an accounting measure within the scope of Italian GAAP and has not been audited or reviewed. You should not place undue reliance on our awarded business order book estimates and our estimates do not purport to represent our financial position as of December 31, 2023 or any other date, nor does it purport to project our revenue or financial position for any future period or at any future date. Our awarded business order book estimates as presented herein is an estimate only. Our customers generally do not guarantee purchase volumes (as volumes track market trends) and have the right to terminate orders without penalties, so that our actual sales volumes, and thus the ultimate amount of revenue that we derive from such sales, are not committed. If actual production orders from our customers are not consistent with the projections we use in calculating the amount of our order book estimates, we could realize substantially less revenue over the life of the vehicle programs than our order book estimates. As a result of the above limitations, the amount of our order book estimates provided herein does not purport to represent what our actual realized revenue will be over any future period and should not be considered in isolation. Order book estimate information is based on available information and certain assumptions and estimates that we believe are reasonable but may differ materially from the actual amounts. The estimates and assumptions we use to inform our calculation of our awarded business order book estimates may differ from similar metrics reported by other companies in our industry. If we are unable to meet the levels projected in our order book estimates, this could have a material adverse effect on our business, financial condition, results of operations and our ability to perform our obligations under the Notes.

Significant disruptions of operations at our production facilities or cessation of product manufacturing may have a material adverse effect on our business.

We operate sixteen production facilities, eleven of which are located in Italy, one in Sweden, two in Mexico, one in the United States and one in Brazil. We operate our production machinery in shifts in an effort to increase

efficiency and offset the significant fixed costs associated with manufacturing. Significant disruptions of operations at our production facilities, such as due to theft, explosions, fires or any other accidents or acts of God including pandemics, natural disasters, floods, hurricanes and earthquakes may significantly reduce the productivity and profitability of a particular production facility, or our business as a whole, during and after such interruptions. For example, in 2019, there was a fire at the Basmar production facility, which resulted in a temporary disruption of the operations carried out in such facility.

We are also exposed to risks deriving from malfunctions and/or unplanned interruptions of production at one or more of our manufacturing facilities as a result of events beyond our control. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, revocation of (or disputes relating to) permits or licenses issued by public authorities, strikes or labor shortages, problems with raw materials, energy and environmental factors such as accidents or releases of chemicals to the environment. If problems are severe, we may be forced to temporarily suspend all or part of our production until the problems are rectified.

Although we believe that we have adopted and maintain adequate safety precautions, if one or more of our manufacturing facilities were to suffer a serious accident, breakdowns, equipment malfunction or other unexpected events, a part of our production capacity could be jeopardized and our revenue and net profit would be materially adversely affected until we repair or find a replacement for any such facility or machinery. Such events could result in delayed delivery timetables and additional costs to us and, while we maintain insurance to cover property and other asset damages, depending on the risk and type of asset or property insured, any losses related to a serious accident, equipment malfunction or other unexpected events could exceed the amount of this coverage. In addition, the refurbishment or reconstruction of any of our manufacturing facilities or the construction of new facilities could be subject to regulatory approval by the relevant health authorities of the jurisdictions in which they are located as well as the health authorities of some or all of the jurisdictions to which products from such manufacturing facilities are exported, which could result in significant delays in the resumption of product manufacturing.

In addition, although we currently have the necessary certifications (*i.e.*, fire prevention and usability) to operate our production facilities, if a regulatory authority does not approve a facility for the manufacturing of our products or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities. Our production facilities are also subject to periodic inspections by regulatory authorities to assess compliance with relevant regulations. If we were to violate the applicable regulations, we could be fined, and the competent regulator could impose a complete shutdown of the non-compliant manufacturing facility. The investigation and remediation of any identified problems can cause manufacturing delays, substantial expense, lost sales and the delay of new product launches.

Lastly, we are reliant upon a continuous and uninterrupted supply of electricity, gas and water to our manufacturing facilities to ensure the continued operation of our production lines and supply chain. An interruption to the supply of any of these utilities, even in the short-term, including but not limited to an outage in the electricity grid, a gas leak or issues with local water mains, could cause equipment shutdowns, mechanical failures and/or damage to our facilities and equipment. Any of the risks described above may have a material adverse effect on our business, financial condition and results of operations.

Disruptions in our supply chain could have a material adverse impact on our business, financial condition, results of operations and cash flows.

Since we rely, along with our customers and suppliers, on continued supply of raw materials, disruptions in our supply chain could materially impact our business. Disruptions could be caused by a multitude of factors, such closures of one of our production facilities or critical manufacturing lines due to mechanical breakdowns, electrical outages, fires, explosions or political upheaval, as well as logistical complications due to weather, earthquakes, other natural or nuclear disasters, pandemics, mechanical failures, delayed customs processing and other factors, such as geopolitical tensions or regulatory restrictions.

For example, our production processes are subject to the availability of water resources, which are influenced by various factors, including but not limited to, environmental conditions, climate change, and regulatory limits. We are also required to comply with regulatory restrictions on wastewater treatment imposed by local authorities. Restrictions on water usage due to droughts, resource management policies, or other environmental concerns, as well as restrictions to wastewater disposal, could lead to a potential reduction of available water

resources for our production needs, which could in turn lead to a reduction or, in most severe cases, temporary interruption of our production processes. The occurrence of the abovementioned events could have a material adverse effect on our business, financial condition and results of operations.

In addition, the supply has been affected by increasing volatility in the price of certain raw materials. Several players within our Luxury Creations, Automotive & Mobility and Interior Design end-markets are investing in building up their inventories to anticipate potential supply disruptions in order to meet their customers' demand, while others are actively investing in new facilities to manufacture products that they used to source from outside suppliers, including ourselves, in order to have full control of their supply chain. Additionally, if we are the cause for a customer being forced to halt production, the customer may seek to recoup all of its losses and expenses from us. Moreover, to hedge against swings in the prices of raw materials, certain market participants accumulated stock of raw materials, benefitting from price swings. Any disruptions in the supply chain affecting us or caused by us could have a material adverse impact on our business, financial condition and results of operations.

Accidents at our production facilities or finishing and distribution centers may cause third-party damages.

We operate sixteen production facilities. Accidents at our production facilities and distribution centers could result in injury to our employees or third parties.

We are also subject to various foreign and local laws and regulations pertaining to occupational health and safety that require us to maintain a safe workplace environment, maintain documentation of work-related injuries, illnesses and fatalities, complete workers' compensation loss reports, review the status of outstanding workers' compensation claims and complete certain annual filings and postings. Failure to comply with these and other applicable occupational health and safety requirements could result in fines and penalties, and could require us to undertake certain remedial actions or be subject to suspension of certain operations. From time to time, our employees are involved in health and safety-related incidents at our manufacturing facilities or might be affected by work-related illnesses. The occurrence of any of the aforementioned events could lead to a reputational damage and could negatively affect our business, financial condition and results of operations.

Stricter health and safety laws and enforcement policies could result in substantial costs and liabilities for us. Compliance with such laws could result in significant capital expenditures, as well as other costs, thereby potentially harming our business, financial condition and results of operations.

Availability of labor could negatively impact our operations.

We focus on leather manufacturing, textile fabrics manufacturing and value-added steps of the production chain, such as processing and finishing and cutting, printing and embossing. We consider these to be the more profitable steps of the production process and the ones that require the most highly-skilled labor. As a result, we require highly-skilled personnel and may encounter difficulties with the availability of labor. The market for highly-skilled personnel is competitive and we may not succeed in recruiting additional personnel, or we may fail to replace departing personnel with suitable successors. There may be a limited number of persons with the requisite skills to serve in this position and we cannot assure you that we will be able to identify or employ qualified internal or external candidates within a reasonable timeframe. Our efforts to retain and develop personnel may also result in additional expenses, which could adversely affect our business, financial condition and results of operations.

In addition, in some instances we may compete with our customers for qualified employees in a limited labor pool of adequately trained workers. These circumstances can slow our progress, potentially causing us to incur contractual liabilities to our customers and failing to upsize in order to meet potential increased demand. These circumstances may also cause us to incur additional, unanticipated costs that we might not be able to pass on to our customers.

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

We develop, manufacture and market a broad range of products which are available in different countries in Europe, North America and Asia. Such international networks provide us with a high degree of diversification across geographies. Both our own operations and those of our local sales and business partners in these regions may be subject to the following risks:

- changes in the rate of economic growth;
- unsettled political or economic conditions;
- expropriation or other governmental actions;
- social unrest, war, terrorist activities or other armed conflict;
- bribery and corruption;
- economic sanctions and instructions on exports and other transfers of goods;
- national and regional labor strikes;
- confiscatory taxation or other adverse tax policies;
- deprivation of contract rights;
- trade regulations affecting production, pricing and marketing of products;
- anti-trust risks;
- reduced protection of intellectual property rights;
- restrictions on the repatriation of income or capital;
- exchange controls;
- inflation; currency fluctuations and devaluation;
- compliance with environmental, health and safety requirements in each of the jurisdictions in which we operate; and
- changes in financial policy and availability of credit.

In addition, we or any of our local business partners may be subject to legal proceedings regarding bribery and corruption in these regions, and we are unable to ensure or monitor the lawful conduct of our business partners' operations. Our failure to anticipate or to adequately respond to such risks could adversely affect our financial condition, results of operations and our ability to perform our obligations under the Notes.

The loss of members of our senior management or our inability to attract and retain qualified senior management personnel could have an adverse effect on us.

We are highly dependent on our senior management and key employees. The loss of any senior manager or key employee may significantly delay or prevent the achievement of our drugs promotion or business objectives. If we were to unexpectedly simultaneously lose more than one member of our key management, our business, financial condition, and results of operations could be materially adversely affected.

We believe that our future success depends in part on our ability to retain our management team, which has substantial expertise in our industry. Our ability to maintain our competitive position depends in part on the performance of our senior management team. The market for qualified personnel is competitive and limited, and we may not succeed in recruiting additional personnel, or we may fail to replace departing personnel with suitable successors. As a result of improvements in the foreign and domestic economies, we may lose key employees or face problems hiring qualified key employees. Additionally, we might not be able to identify or employ qualified internal or external candidates within a reasonable timeframe. Our efforts to retain and develop personnel may also result in additional expenses, which could adversely affect our profitability. We cannot guarantee that key personnel, including executive officers, will remain in our employment or that we will be able to attract and retain qualified personnel in the future, which could have an adverse effect on our business.

Disputes and other legal or regulatory proceedings or audits by tax authorities could adversely affect our business, financial performance and prospects.

From time to time, we may be party to litigation, other disputes, regulatory proceedings or audits across a wide range of matters, including ones relating to product liability matters, regulatory, employment, intellectual property, environmental, trade relations, criminal and tax.

We are subject to routine tax audits by local tax authorities. For example, in 2023, we were subject to an audit by the Italian Revenue Agency (*Agenzia delle Entrate*) with respect to the 2020 fiscal year. As of the date of this Offering Memorandum, the audit is still ongoing and the Issuer has not been notified of any findings arising from such audit.

In general, claims against us or made by us in litigation, disputes, tax audits or other proceedings can be expensive and time consuming and could result in settlements, injunctions or damages that could significantly affect our business, prospects, financial condition, liquidity, results of operations and cash flows. Since litigation and the outcome of any audits by tax and regulatory authorities is inherently uncertain, it is not possible to predict the final resolution of the litigation, disputes, proceedings or audits to which we currently are or may in the future become party to, and the impact of certain of these matters may have a material adverse effect on our business, financial condition and results of operations.

Product liability claims, warranty and recall costs could damage our reputation and market perception, which in turn could have an adverse effect on our business.

We face an inherent business risk of exposure to product liability claims in the event of the failure of our products to perform to specifications, or if our products are alleged to result in property damage, bodily injury or harm (also including allergic reactions) or death. More specifically, product defectiveness could be related both to non-conformity with required quality standards and to non-conformity with chemical standards (*i.e.* harmful substance content). We are generally required under our customer contracts to indemnify our customers for product liability claims in respect of our products. Accordingly, we may be materially and adversely impacted by product liability claims. We regularly carry out quality checks and inspections on the raw materials purchased by us and on the products manufactured by us; however, it cannot be guaranteed that such raw materials and/or products will comply with the required standards and/or that they will not be found to be defective. For example, some products manufactured by us were recalled and might be recalled in the future due to non-conformity or alleged non-conformity with required quality standards.

In addition, our customers demand that we bear the cost of the repair and replacement of defective products which are either covered under their warranty or are the subject of a recall by them. Warranty provisions are established based on our best estimate of the amounts necessary to settle existing or probable claims on product defect issues. Recall costs are costs incurred when government regulators or our customers decide to recall a product due to a known or suspected performance issue and we are required to participate either voluntarily or involuntarily. Currently, under most customer agreements, we only account for existing or probable warranty claims. The obligation to repair or replace such products could have a material adverse effect on our business, financial condition and results of operations.

Defective products could result in loss of sales, loss of customers and loss of market acceptance, as well as in additional expenses related to compensation for damages incurred by our customers. In turn, any major defect in one of our products could also have a material adverse effect on our reputation and market perception, which in turn could have an adverse effect on our business, financial condition and results of operations.

Infringements of intellectual property rights by us or by third parties against us may affect our performance.

As of December 31, 2023, we had 52 trademarks, some of which are currently set to expire as early as 2025 and we expect to renew prior to such expiration, and 17 domain names. Our future success will depend on our ability to protect such intellectual property as well as our unregistered know-how and trade secrets against infringements by third parties. However, there can be no assurance that any of our brands and processes can be adequately protected through intellectual property rights. Furthermore, we may not have the resources to protect our intellectual property against infringements by third parties (*i.e.*, due to a lack of evidence or the cost of proceedings) and such protection may not be effective in all cases. We also seek to protect our trade secrets, unregistered proprietary know-how and processes through confidentiality and non-disclosure agreements with

our customers, third-party service providers, employees, consultants and other third parties. If these agreements are breached, we may not have adequate remedies for such breaches. Disputes may arise concerning the ownership of intellectual property or the applicability of such confidentiality agreements. Furthermore, confidential information may otherwise become known to our competitors. The failure to adequately protect our intellectual property, trade secrets, unregistered proprietary know-how and processes could affect our ability to compete or have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that an intellectual property infringement claim could not be brought against us and that we would not be found to have infringed on the commercial property rights of others. Moreover, certain agreements with our customers in the Luxury Creations business unit provide them with an indemnification right in the event we infringe their copyright, patent, design rights, trademarks or other intellectual property rights. While we are not currently involved in any pending patent infringement actions, we may become involved in such claims in the future and we may also be subject to damages or an injunction preventing us from marketing, selling or using some of our products in the event of a successful claim of patent or other intellectual property infringement. Furthermore, a significant third-party claim could result in management's attention being distracted from current operations. The outcome of intellectual property related proceedings could adversely affect, hinder, delay or prevent the use, marketing or sale of our products or processes. We may also be required to pay substantial damages or change our product offerings. Any of the above could affect our ability to compete, which in turn could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to successfully obtain rights to required third-party intellectual property or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business, financial condition or results of operations.

Impairment of goodwill and other intangible assets may adversely affect our results of operations.

As a consequence of our acquisition strategy, we regularly recognize significant amounts of intangible assets and goodwill on our balance sheet. As of December 31, 2023, we had intangible assets of €59.1 million and goodwill of €170.4 million.

All of our intangible assets are initially measured at cost. Intangible assets other than goodwill, or with a finite useful life, are amortized on a straight-line basis over their useful life. At the end of each financial year, or when there is any indication that an intangible asset may be impaired, its recoverable amount is calculated pursuant to impairment tests. We recognize the difference between the carrying amount and the recoverable amount as impairment loss in the income statement. The amount of impairment losses that we are required to recognize in the future may be significant, particularly in the event of material acquisitions that perform below our expectations. See "*—Our business could be adversely affected if we incur significant integration costs with respect to any of our bolt-on acquisitions or if we fail to successfully integrate such acquisitions, including realization of synergies."*

There is significant judgement required in the analysis of a potential impairment of goodwill, identified intangible assets, and fixed assets. The future development of the macroeconomic environment, unsuccessful acquisitions or other factors could lead to possibly significant impairments to be recognized in the future, which could have a material adverse effect on our financial condition.

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

We hold insurance of various types, including, but not limited to, environmental risk, general product liability and third-party car liability, professional indemnity, cyber, travel and directors' and officers' liability. We may not always be able to accurately foresee all activities and situations in order to ensure that they are fully covered by the terms of our insurance policies and, as a result, we may not be covered by insurance in specific instances. While we seek to maintain appropriate levels of insurance, not all claims are insurable and we may experience incidents of a nature that are not covered or entirely covered by insurance. We maintain insurance for some, but not all, of the other potential risks and liabilities associated with our business.

For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risk presented. As a result of market conditions, premiums and deductibles for insurance policies can

increase substantially, and in some instances, certain insurance policies may no longer be available, may be available but not economically viable or may be available only for reduced amounts of coverage. Any significant uninsured liability may require us to pay substantial amounts, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Our insurance coverage may not be sufficient or effective under all circumstances and against all liabilities to which we may be subject. We could, for example, be subject to substantial claims for damages upon the occurrence of several events within one calendar year, which could have a material adverse effect on our insurance premiums. In addition, our insurance costs may increase over time in response to any negative development in our claims history or due to material price increases in the insurance market in general. We may not be able to maintain our current insurance coverage or do so at a reasonable cost, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to anti-corruption and anti-bribery laws and regulations and economic sanctions programs and we may incur liabilities for the actions of our directors, employees, consultants, agents, representatives and intermediaries, including under the Legislative Decree No. 231/2001.

We are subject to anti-corruption and anti-bribery laws and regulations, including European Union legislation, the Italian Royal Decree (*Regio Decreto*) 1398/1930 and Legislative Decree (*Decreto Legislativo*) No. 231/2001, as subsequently amended and supplemented, which, among other things, prohibit giving or offering to give anything of value (such as gifts, payments or any other benefits) with the intent to influence any officer, employee, agent or representative of a supervisory authority, agency or any other governmental entity.

Conducting our business in an ethically acceptable manner is important to our reputation and business prospects. Any contact by our directors, employees, consultants or agents with public administration organizations as well as with private individuals, under certain circumstances, involves risks associated with, among others, fraud, bribery, corruption and other fraudulent activities by our employees and related investigations. Furthermore, we are exposed to the risk that our directors, employees, consultants or agents could commit environmental or workplace safety violations or crimes. As a result, we may be subject to claims in connection with damage to property, business interruptions, negligence or willful misconduct (including corruption) or other tortious acts by our employees. Such claims may be substantial and may result in adverse publicity for us. Our business activities may also involve risks related to possible accidents, which may be due to our employees' activities or mistakes and may consist in crimes, breaches of security measures, damages to third parties, manslaughter and certain workplace safety violations. Accordingly, these claims could have a material adverse effect on our business, financial condition, results of operations, prospects and cash flow available to service our indebtedness.

Although we maintain and update internal monitoring systems (including the internal control model pursuant to Legislative Decree No. 231/2001 aimed at, *inter alia*, preventing direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, fraud, environmental crimes, manslaughter and certain workplace safety violations, deception, tax evasion and any other illegal or otherwise unethical conducts), we may be unable to detect or prevent every instance of such conducts involving our directors, employees, consultants, agents and third party agents representatives and intermediaries. In addition, our monitoring systems may not be sufficient, also as a result of our failure to adequately implement any relevant regulatory changes, to prevent, detect and identify inadequate practices, and violation of law by such individuals, in light of the extent of our cooperation with them. Any of the foregoing circumstances (including our failure to adequately implement and update such monitoring systems) may expose us to civil, administrative and criminal penalties, also pursuant to the provisions of Legislative Decree No. 231/2001, as well as to reputational damage as a result of such occurrences.

In particular, pursuant to Legislative Decree No. 231/2001, we may be held responsible for certain crimes committed in our interest or for our benefit by individuals having a functional relationship with us, including third party agents or intermediaries, unless we were able to prove that such individuals fraudulently violated our internal control model and it would have been impossible for us to avoid such violation. In such circumstances, we may be subject to fines, confiscation of profits or legal sanctions (applied in certain cases as interim measures, *i.e.*, during the investigations), including subject to certain conditions being met, provisional measures, the termination of authorization, permits, licenses, concessions, the termination of financing arrangements suspension of our operations and confiscation of profits. The duration of these disqualifications ranges from a minimum of three months to a maximum of two years, although in very serious cases some of

these disqualifications can be applied permanently. As an alternative to legal sanctions, the court may appoint a judicial custodian to run the company, with the consequence that the profits gained during the receivership period are automatically confiscated.

In any case, the adoption of the internal control model pursuant to Legislative Decree No. 231/2001 does not exclude that, in case of commission of unlawful acts, such model may be considered inadequate by the judicial authority in charge of assessing the cases provided for by the legislation itself. Moreover, in case our liability is actually confirmed, in addition to the subsequent application of the related sanctions, there may be negative repercussions on our reputation, as well as on our operations and economic and financial situation.

Additionally, effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Any inability to provide reliable financial reports or prevent fraud could harm our business. This risk is increased as a result of our frequent acquisitions. For instance, certain entities which we acquired in the past did not have internal control procedures in certain respects to the same standard as our procedures. If we fail to maintain adequate internal controls, as such standards are modified, supplemented or amended from time to time, our financial statements may not accurately reflect our financial condition.

Additionally, our operations may be subject to economic sanctions programs and other forms of trade restrictions including those administered by the United Nations, the European Union and the United States, such as the U.S. Treasury Department's Office of Foreign Assets Control.

Any of the foregoing events may have a material adverse effect on our business, financial condition, and results of operations.

We are subject to environmental requirements and risks as a result of which we may incur significant costs, liabilities and obligations.

We are subject to a variety of environmental protection and pollution control laws, regulations and permits that govern, among other things, soil, surface water and groundwater contamination; the use, storage and management of hazardous or toxic materials; disposal of solid and hazardous wastes; the emission and discharge of materials, including greenhouse gases, into the environment; and health and safety, including exposure to hazardous materials. If we fail to comply with these laws, regulations or permits, we could be fined, forced to reduce or temporarily interrupt our production activities, or otherwise sanctioned by regulators or become subject to litigation seeking damages, including for property damages or personal injuries, or enforcement proceedings, and our reputation may be damaged. Environmental protection and pollution control laws, regulations and permits, and the enforcement thereof, have tended to become more stringent over time and may necessitate us incurring substantial capital expenditures or operating costs to obtain or maintain compliance with applicable requirements. Although we implemented specific procedures to ensure compliance with applicable environmental protection and pollution control laws, it cannot be guaranteed that such procedures will always be effective. For example, we exceeded in the past and may exceed in the future limits on industrial emissions imposed by applicable laws and regulations. Although we were able to reduce our emissions so as to comply with applicable laws and regulations and no material fines or other sanctions and/or restrictions were imposed on us by the competent authorities, it cannot be guaranteed that we will not be in breach again of such limits in the future or that we will not receive fines, sanctions or other restrictive measures by competent authorities, which could, in turn, have a material adverse effect on our reputation and on our business, financial condition and results of operations.

Our product development and manufacturing processes involve the use of hazardous chemicals, such as phenols, chlorinated paraffines, dyes, heavy metals and solvents. These processes expose us to risks of accidental contamination, such as accidental discharge of untreated water used in the production process, events of non-compliance with environmental, health and safety laws and regulatory enforcement, personal injury, property damage and claims and litigation resulting from such events. If an accident occurs, or if contamination is discovered, we could be liable for clean-up obligations, damages or fines, we could be forced to reduce or temporarily interrupt our production activities, and could incur in significant capital expenditures, which could have an adverse effect on our business, financial condition, results of operations, on our reputation and our ability to perform our obligations under the Notes.

We are also subject to environmental laws requiring investigation and clean-up of environmental contamination. As a result of our manufacturing operations, we may occasionally cause soil and subsoil contamination, excess

noise emissions, unauthorized wastewater discharges and other environmental damages. The environmental laws of the jurisdictions in which we operate may impose obligations to clean up contaminated sites. These obligations may relate to sites that we acquire, own or operate, that we formerly owned or operated, or for which we may otherwise have retained liability or where waste from our operations was disposed. Were such environmental clean-up obligations to arise, they could be material and thus significantly reduce our profitability. Any financial accruals which we may make for these obligations might be insufficient if the assumptions underlying the accruals prove to be incorrect, or if we are held responsible for additional contamination. Estimating environmental clean-up liabilities is complex and heavily dependent on the nature and extent of historical information and physical data relating to the contaminated sites, the complexity of the contamination, the uncertainty of which remedy to apply and the outcome of discussions with regulatory authorities relating to the contamination. The long history of industrial operations at a number of our production facilities increases the risk of potentially material contamination being present at the sites, including without our knowledge.

Costs, liabilities and obligations relating to environmental matters could have a material adverse effect on our reputation and on our business, financial condition and results of operations.

We may face physical and regulatory risks relating to climate change that could have an adverse impact on our business.

Greenhouse gas emissions have increasingly become the subject of substantial international, national, regional, state and local attention. Greenhouse gas emission regulations, including requirements to report and/or reduce our emissions, have been promulgated in certain of the jurisdictions in which we operate. In particular, we may incur costs in connection with the EU's Emission Trading Scheme, and our operations will be impacted by the EU's commitment to achieve net zero emissions by 2050. Climate change and its consequences, including increased heat, flooding and severe weather events, pose risks to our facilities and transportation and supply networks, which may cause disruptions to our business operations or on the business operations of our suppliers and customers. In addition, concerns about the greenhouse gas emissions produced by the meat industry may result in reduced livestock production, which may in turn reduce the supply of raw hides.

Additional greenhouse gas requirements are in various stages of development in a number of jurisdictions relevant to our business. New restrictions could require us to modify existing or obtain new permits, implement additional pollution control technology, curtail operations or increase our operating costs. In addition, our OEM customers may seek price reductions from us to account for their increased costs resulting from new greenhouse gas regulations. Further, with regard to the automotive & mobility business, growing pressure to reduce greenhouse gas emissions from mobile sources could reduce automobile sales, thereby reducing demand for our leather products and ultimately our revenue. Thus, any additional regulation of greenhouse gas emissions, including through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business, financial condition and results of operations.

Environmental, social and governance matters may impact our business and reputation.

There has been increased focus by customers, investors, employees, and other stakeholders, as well as by governmental and non-governmental organizations on environmental, social and governance (together, "**ESG**") matters. For example, a rising number of business partners put an increased focus on environmental sustainability factors in awarding business, including through sustainability-linked conditions. In addition, a variety of organizations measure the performance of companies on ESG topics, including in the form of ratings, and the results of these assessments are widely published. Furthermore, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of ESG measures to their investment decisions. Topics taken into account in such assessments include, among other factors, a company's efforts and impacts on climate change, the transition to green energy and human rights, ethics, diversity and inclusion, compliance with law and the role of a company's management in supervising various sustainability issues. These considerations also extend beyond a company's own operations to encompass those of the parties along its supply chain. While we are aware of the potential impact of the actions of our suppliers on the environment and on society and are monitoring the ESG performance of our partners and we have a Code of Conduct and Ethics in place which includes a suppliers' code of conduct, we cannot exclude that these measures may prove inadequate to enable us to evaluate the ESG risk exposure of our suppliers.

There can be no certainty that we will manage such issues successfully, or that we will meet our ESG goals, our ESG expectations or any future ESG reporting requirements. As part of our commitment to ESG matters, we have made ESG an important and prominent part of our strategy. If, among other aspects, we become the subject of negative public perception or adverse publicity, lose credibility, or are unable to meet expectations on the part of our customers, investors, employees, business partners, and other stakeholders relating to our ESG strategy, or our ESG rating (if any) is downgraded, this could negatively impact our reputation and brands, our relationships, employee engagement and retention and the demand for our solutions. These impacts could be difficult and costly to overcome, if possible at all. In addition, we may be subject to concerns that do not directly relate to us but rather to the industries that are adjacent to ours or are based on inaccurate or misleading information.

Increased social awareness, environmental and ethical concerns and negative publicity on the use of genuine leather may impact our business and reputation.

Increasing social awareness and regulatory measures concerning sustainability and ethical production practices (such as in respect of sustainability in the supply chain, animal welfare, protection of employees' and human rights), are driving companies to progressively adopt measures to comply with such evolving standards, impacting how we source and produce our products. Failure or delay in recognizing and implementing the necessary changes to align with these environmental and ethical standards could lead to regulatory penalties, increased operating costs, loss of market share, and damage to our reputation. Moreover, the trend towards stricter environmental and ethical regulations requires continuous monitoring and adaptation to ensure compliance and maintain competitive advantage. The cost of integrating sustainable technologies and ethical practices into our operations could be significant, and the return on these investments is not always immediate.

As a supplier of high-quality leather we are involved in the production and distribution of products made of genuine leather. The use of genuine leather, for instance, while valued for its quality and durability, has increasingly become a subject of public scrutiny and criticism. Concerns over animal welfare, environmental impact and ethical sourcing are central to the criticism from consumers, animal rights advocates and environmental activists. Increased awareness and activism could lead to consumer boycotts, causing a significant portion of our customer base to opt for alternative materials perceived as more ethical or sustainable. More significantly, sustained negative publicity can affect our brand image, potentially diminishing brand loyalty and affecting consumer perception. Ethical concerns might also influence potential investors or credit providers, leading to a decrease in the support from any such market participants looking to align with their perception of what is a more sustainable and ethically sound practice. All of the aforementioned events could adversely affect our business, financial condition and results of operations.

We rely on certifications by industry standard-setting bodies.

We obtain and seek to adhere to certain certifications because we seek to conduct our activities in an environmentally sustainable manner and because certain of our customers have required us to obtain such internationally recognized certifications for our products, or we comply on a voluntary basis because we believe that it confers advantages on sellers who are so certified. We incur significant costs and expenses to comply with and maintain our certifications, including assessments on a regular basis, annual monitoring and implementation of recordkeeping requirements. If we fail to maintain any of our certifications, for instance losing a certification already obtained or being "downgraded" to another certification, our business may be harmed because our customers that require or encourage such certifications may cease buying products from us, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We handle personal data including, to a minor extent, sensitive data in the ordinary course of our business, and any failure to maintain the confidentiality of that data could result in legal liability for us and reputational harm to our business.

From time to time, we process personal data as part of our business, and therefore we must comply with data protection and privacy laws. For example, we are subject to European laws and regulations on privacy, information security and data protection, the main and most relevant of which relate to the collection, protection and use of personal and business data, including the EU Regulation 2016/679 (General Data Protection Regulation, "**GDPR**") as well as specific guidelines of the Italian authority (*Garante per la protezione dei dati personali*). The costs of complying with the GDPR are increasing, particularly in the context of ensuring that

adequate data protection and data transfer mechanisms are in place. Our failure to comply with privacy, data protection and information security laws, such as GDPR, could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation.

Moreover, data protection laws and rules impose certain standards of protection and safeguards on our ability to collect and use personal information relating to customers and potential customers and we could be liable in the event of a loss of control of such data or as a result of unauthorized third-party access. Unauthorized data disclosure could still occur through cybersecurity breaches as a result of human error, external hacking, malware infections, malicious or accidental user activity, internal security breaches, and physical security breaches due to unauthorized personnel gaining physical access. We and our customers and suppliers who carry out our outsourcing, could be subject to breaches of security by hackers. A future breach of our system or that of one of our customers or outsourcing partners may subject us to material losses or liability, including fines, claims for unauthorized use of personal and sensitive data or other claims. A misuse of such data or a cybersecurity breach could harm our reputation, increase our operating expenses in order to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits, result in the imposition of material penalties and fines under any applicable international laws or regulations, and adversely affect our business and results of operations. We have policies and procedures in place to seek to prevent breaches and carry out detailed root cause analysis on any breach that does occur in order to ensure that similar occurrences do not arise. If a single material breach or series of less material breaches was to occur, we could, however, face liability under data protection laws, could lose the goodwill of our customers and could have our reputation damaged. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

A breakdown in our information technology systems could result in a significant disruption of our business.

Our operations, including sales, HR, invoicing, treasury and accounting, are highly dependent on our information technology systems. We make continuous investments to appropriately adapt these complex and high-performing systems to changing business processes. Such systems are vulnerable to a number of problems, such as software or hardware malfunctions, malicious hacking, physical damage to vital data centers and computer virus infection. In addition, the information technology system needs regular upgrading to accommodate expansion of our business and maintain the efficiency of our operations. As the cyber-threat landscape evolves, these attacks are growing in frequency, sophistication and intensity, and are becoming increasingly difficult to detect. If we face a failure, accident, security breach or a breakdown in our, our suppliers' or our clients' operations system, we could experience significant business and operational delays across our businesses. In particular, any failure, accident, security breach or breakdown in our information technology systems could result in misappropriation of confidential information, including our intellectual property or financial information, disruptions of our sales, HR, invoicing, treasury and accounting processes or significant monetary losses. To the extent that any disruption or security breach were to result in a loss of or damage to our data, or inappropriate disclosure of confidential or proprietary information, we could incur liability. Any of this could have a material adverse effect on our business, financial condition and results of operations.

Changes in tax laws or regulations or in positions by the relevant Italian authority regarding the application, administration or interpretation of tax laws or regulations, particularly if applied retrospectively, could have negative effects on our current business model and have a material adverse effect on our operating results, business and financial condition.

Tax laws are complex and subject to subjective evaluations and interpretative decisions. The tax authorities may not agree with our interpretations of, or with the positions we have taken or intend to take on, tax laws applicable to our ordinary activities and extraordinary transactions. In case of objections by the tax authorities to our interpretations, we could face long tax proceedings that could result in the payment of penalties or sanctions and have a material adverse effect on our operating results, business and financial condition. We may also inadvertently, or for reasons beyond our control, fail to comply with certain tax laws or regulations in connection with a particular transaction. This may have a negative tax impact and may also result in the application of penalties or sanctions. We cannot, therefore, rule out that claims by the tax authorities may give rise to burdensome and long tax litigation and to the payment of significant amounts for taxes, penalties and interest for late payment. This might negatively affect our economic and financial condition.

Additional tax expense or additional tax exposure may affect our future profitability.

We are subject to various taxes, including corporate income tax ("**IRES**"), regional business tax ("**IRAP**") and related surcharges, value added tax ("**VAT**"), excise duties, tax on financial activities, tax on financial transactions, stamp duty and substitutive taxes. Our tax expense includes estimates of additional tax which may be incurred for tax exposures and reflects various estimates and assumptions. In addition, these assumptions include assessments of our future earnings that may impact the valuation of its deferred tax assets. Our future results of operations may be adversely affected by changes in the effective tax rate, changes in our overall profitability, changes in tax legislation and rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, the results of audits and examinations of previously filed tax returns and continuing assessment of our tax exposures. Corporate tax reform and tax law changes continue to be analyzed in Italy. Significant changes to the corporate tax system in Italy and any country in which we may operate in the future, may have a material adverse effect on our business, financial condition and results of operations.

On January 1, 2024, Council Directive (EU) 2022/2523 of December 14, 2022 (the "**Pillar 2 Directive**") became effective in Italy, as implemented by Italian Legislative Decree no. 209 of December 27, 2023 ("**Decree No. 209**"). The Pillar 2 Directive and Decree No. 209 provide that, in the event the effective level of taxation of entities belonging to the same group and located in the same jurisdiction is lower than 15 percent, a supplementary tax ("top-up tax") shall be due by such entities up to the said minimum percentage. Although there is still uncertainty about the application of the Pillar 2 Directive, our profitability could be impacted by such additional tax.

If we experience labor disputes or work stoppages, our business could be materially adversely affected.

The Italian constitution provides that all employees of Italian companies have the right to set up and join trade unions and to carry on trade union activities, including appointing workers' representatives to negotiate with their employer. As of December 31, 2023, our employees in Italy were covered by collective bargaining agreements. These agreements typically complement applicable statutory provisions in respect of, among other things, the general working conditions of our employees such as maximum working hours, holidays, termination, retirement, welfare and incentives. National collective bargaining agreements and company-specific agreements also contain provisions that could affect our ability to restructure our operations and facilities or terminate employment contracts. The right to go on strike is provided for under Italian law and there can be no assurance that there will not be any strikes in the future, such as in connection with our current and future reorganization efforts. Any work stoppages resulting from employee strikes could hinder our ability to provide our standard level of production and services. In addition, we are from time, and could in the future be, party to labor disputes with certain of our current employees or former employees who could, for instance, individually or collectively (*licenziamenti collettivi*) challenge the validity of their dismissal. There can be no assurance that these disputes or future disputes by employees or collaborators will not have a material adverse effect on our business, financial condition and results of operations.

In addition, from time to time, we may in the future, carry out collective dismissals. Such collective dismissals may result in disputes with or claims by trade unions and our employees and we may be required to pay additional amounts to resolve or settle such disputes or claims.

Some of the information in this Offering Memorandum about our industry, market share and relative competitive position is from third-party sources that we have not independently verified or is based on our assumptions or estimates, which may ultimately prove to be inaccurate, and therefore such information may incorrectly reflect our market position.

This Offering Memorandum contains information about our industry, including historical market share data as compared to competitors and per product, as well as industry forecasts. We have generally obtained these data from publicly available information, internal estimates and third-party sources (including data analysis (commissioned by us) from a global management consulting firm and other published independent sources). We believe that such sources are reliable; however, we have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. In addition, in this Offering Memorandum, we have also included information according to industry and market data presented as management analysis of industry data, which derive from management analysis of industry information elaborated in previous years by a global management consulting company, presented as "third-party

analysis of industry data", which management believes to still be accurate and not superseded by more recent information. Industry estimates, analyses and forecasts are by their nature subject to significant uncertainty and there can be no assurances that they will prove to be accurate. Market opportunity estimates and growth projections included in this Offering Memorandum, including those we have generated ourselves and those elaborated by third parties, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, including the risks described herein. Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all. The variables that go into the calculation of our market share, projected growth and expansion of our key markets, industry and our own market opportunity are subject to change over time, including unpredicted factors, including the cost, performance, and perceived value associated with our products, the products provided by our competitors and our success in implementing our business strategy (which is also subject to many risks and uncertainties). Accordingly, market share indicators and the forecasts of market growth included in this Offering Memorandum should not be taken as indicative of our future growth.

This Offering Memorandum also contains statements regarding our relative competitive position in the industry that are not directly based on published statistical data or information obtained from independent third parties but are based on our experience and our own investigation of market conditions, including our own elaborations of published statistical or third-party data. Our estimates are based on information obtained from a variety of sources, including our customers, sales forces, trade and business organizations, market consultants, that we believe to be reliable. However, we cannot assure you that such information is accurate or that our estimates based on any such information are accurate or correctly reflect our position in the industry. None of our internal surveys or information has been verified by independent sources.

Risks Related to Our Financial Information

The preparation of our financial statements involves judgments, estimates and assumptions, and changes in financial accounting standards may cause unexpected revenue fluctuations and affect our reported results of operations.

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, stockholders' equity, revenues and expenses, the amounts of charges accrued by us and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions. Significant assumptions and estimates used in preparing our Financial Statements include those related to property, plant and equipment, goodwill and other intangible assets, provisions for risks and charges and bad debt provision, environmental liabilities and inventory obsolescence provision. For further information on the assumptions pertaining to such financial statements components, see our Financial Statements and the notes thereto included elsewhere in this Offering Memorandum. In addition, actual performance may be higher or lower than our estimates for a variety of reasons, including unanticipated competition, regulatory actions or changes in one or more of our contractual relationships. We cannot assure you that any of our estimates, or the assumptions underlying them, will be correct.

We have included unaudited pro forma consolidated financial statements information in this Offering Memorandum for the year ended December 31, 2023 and for the three months ended March 31, 2023 and the pro forma adjustments to reflect retroactively the effects of the 2023 Acquisitions and the Mapel Financing

This Offering Memorandum includes the Unaudited Pro Forma Consolidated Financial Information prepared to retroactively reflect the main effects of the 2023 Acquisitions and the Mapel Financing.

In accordance with the approach adopted in the preparation of the Unaudited Pro Forma Consolidated Financial Information, the effects of the 2023 Acquisitions and the Mapel Financing were reflected retroactively as if such transactions had been carried out on January 1, 2023, for the purposes of the pro forma consolidated income statement for the year ended December 31, 2023.

The Unaudited Pro Forma Consolidated Financial Information is presented for illustrative purposes only and does not purport to represent what the actual results of operations would have been if the events for which the pro forma adjustments were made had occurred on the dates assumed, nor does it purport to represent our results

of operations for any future period or our financial condition at any future date. Our future operating results may differ materially from the pro forma amounts set out in this Offering Memorandum due to various factors, including changes in operating results.

The Unaudited Pro Forma Consolidated Financial Information may not necessarily reflect our financial condition and results of operations in the future or what our financial condition and results of operations would have been had the acquisitions taken place on a date other than the actual date of completion. The Unaudited Pro Forma Consolidated Financial Information addresses a hypothetical situation and is not intended to represent in any respect the situation that would have arisen had the acquisitions taken place on the stated date, or form the basis for forecasting our future results, and it should not be used in this way. The Unaudited Pro Forma Consolidated Financial Information does not reflect forward-looking information, in that it has been prepared so as to present only those effects that may be isolated and can be objectively measured, without taking into account the potential effects of operational decisions that management might have taken as a result of the acquisitions. Accordingly, had the transactions subject to the pro forma adjustments actually taken place at the stated dates, the outcome would not necessarily have been as represented in the Unaudited Pro Forma Consolidated Financial Information.

The Audited Financial Statements are based on Italian GAAP and there may be differences between our financial position and results of operations prepared in accordance with Italian GAAP and IFRS or U.S. GAAP. In addition, should we decide to adopt IFRS as our accounting reporting method, this could potentially result in material changes to certain of our financial information from our information presented in this Offering Memorandum.

The Financial Statements included in this Offering Memorandum are based on Italian GAAP, which differs in certain respects from IFRS and U.S. GAAP. We have not presented a reconciliation of the Audited Financial Statements to IFRS and U.S. GAAP in this Offering Memorandum. Because there are differences between Italian GAAP and IFRS and U.S. GAAP, there could be certain significant differences in our results of operations, cash flows and financial position, including levels of indebtedness, under IFRS and U.S. GAAP. In addition, we may adopt IFRS in the near future, which could potentially result in changes to our results of operations, cash flows and financial position from the amounts presented in this Offering Memorandum. These changes could result from, among other things, the different possible approaches toward impairment under IFRS and the requirement to assess our assets and goodwill for impairment as part of the conversion from Italian GAAP to IFRS. For a discussion of the certain significant differences between IFRS and Italian GAAP, see "*Annex A— Summary of Certain Differences Between Italian GAAP and IFRS*" to this Offering Memorandum.

We have included unaudited financial information in this Offering Memorandum derived from Unaudited Management Reporting Data, and there are differences and inherent limitations between our financial position and our results of operations prepared in accordance with Italian GAAP and the Unaudited Management Reporting Data.

Our Financial Statements included in this Offering Memorandum are based on Italian GAAP. In this Offering Memorandum we have made extensive use of unaudited financial information derived from Unaudited Management Reporting Data based on management accounts and certain other internal accounting and reporting systems, which has not been independently verified by our accountants nor by the Initial Purchasers. Management believes that this unaudited information is useful for investors to analyze the performance of the Group. However, there are differences in how this information is calculated and extracted, as it is based on assumptions and procedures, nor are they prepared in accordance with any generally accepted accounting principles. As a result, there is a risk that this unaudited financial information may contain errors that might have been detected in an audit and such financial information may not be reflective of our true historical results for those periods. Any differences between the financial information presented for these unaudited periods in this Offering Memorandum and our actual historical results may be material. Accordingly, you are cautioned not to place undue reliance on such information.

Risks Related to our Indebtedness

Our significant leverage and debt service obligations could materially adversely affect our business, financial position and results of operations and prevent us from fulfilling our obligations under the Notes and the Guarantees.

We currently have, and after completion of the Offering will continue to have, a significant amount of outstanding debt and debt services requirements. Our Total Gross Financial Indebtedness as of March 31, 2024, *as adjusted* to (i) reflect the Events occurred after Q1-2024 and (ii) give effect to the Transactions, would have been €328.1 million. See "*Capitalization*," "*Description of Certain Financing Arrangements*" and "*Description of the Notes*." Our substantial indebtedness may make it more difficult for us to operate our business and withstand or respond to adverse or changing industry, regulatory and economic conditions or to take advantage of new business opportunities or make necessary capital expenditures. When this indebtedness becomes due, any inability to refinance or extend the maturity of this indebtedness on similar terms could have a material adverse effect on our business, operations and liquidity positions. Our significant leverage could have important consequences for our business and the holders of the Notes including, but not limited to:

- making it difficult to satisfy our debt obligations, including with respect to the Notes, the Revolving Credit Facility and other debt and liabilities we may incur;
- increasing vulnerability to, and reducing our flexibility to respond to, a downturn in our business or general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions, and other general corporate purposes and increasing the cost of any future borrowings;
- placing us at a competitive disadvantage compared to our competitors, to the extent that they are not as highly leveraged;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund our operations, capital expenditures, drugs research and development, or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate; and
- restricting us from investing in growing our business, pursuing strategic acquisitions or exploiting certain business opportunities.

Any of the foregoing or other consequences or events could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. Although the terms of the Indenture limit our ability to incur additional indebtedness, such limitations are subject to exceptions and qualifications and the incurrence of additional indebtedness would exacerbate the risks above.

Our ability to service our indebtedness will depend on our future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond our control. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance or extend the maturity of our debt or to dispose of assets to obtain funds for such purpose. We cannot assure you that refinancings, maturity extensions or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our debt instruments. This could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

Despite our current level of debt, we may still be able to incur additional indebtedness, including at the level of our subsidiaries, which could increase our risk exposure from debt and could decrease your share in any proceeds.

Subject to restrictions in the Indenture and the Revolving Credit Facility Agreement, we may incur substantially more debt in the future, which could increase the risks associated with our already substantial indebtedness. Upon completion of the Transactions, our Revolving Credit Facility will provide for borrowings of up to €50.0 million under the Revolving Credit Facility which we expect to remain undrawn as of Issue Date. The terms of the Indenture will limit, but not prohibit us from incurring additional debt, including under the Revolving Credit Facility, by a non-guarantor or debt that is secured on assets of the Group, which debt would be structurally subordinated and satisfied ahead of the Notes and the Guarantees in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such subsidiaries. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum. See "*Risks Related to the Notes, the Guarantees and the Collateral—The Notes and the Guarantees will be structurally subordinated to the liabilities of our non-guarantor subsidiaries*" and "*Description of Certain Financing Arrangements*." If we incur additional indebtedness, the related risks that we currently face, as described above and elsewhere in these "*Risk Factors*" could intensify, which could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

We require a significant amount of cash to service our debt and sustain our operations, and our ability to generate sufficient cash depends on many factors beyond our control.

We are subject to the normal risks associated with debt financings, including the risk that our cash flow will be insufficient to meet required payments of principal and interest on debt and the risk that indebtedness will not be able to be renewed, repaid or refinanced when due, or that the terms of any renewal or refinancing will not be as favorable as the terms of such indebtedness.

Our ability to make payments on, or repay or refinance, our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors discussed in these "*Risk Factors*," many of which are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in the Indenture and the Revolving Credit Facility Agreement and our other debt agreements and other agreements we may enter into in the future. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement"* for more information. We cannot assure you that our business will generate sufficient cash flow from operations or that future debt and equity financings will be available to us in an amount sufficient to enable us to pay our debt, including the Notes, or to fund our other liquidity needs.

Prior to repayment of the Notes, we will be required to refinance or repay certain other debt, including debt under the Revolving Credit Facility Agreement. We cannot assure you that we will be able to refinance or repay any of our debt, including the Notes, on commercially reasonable terms or at all. This risk is exacerbated by the disruptions in the capital markets that have continued since the last financial crisis, increased inflationary pressures, the armed conflict in Ukraine and the Middle East and other macroeconomic conditions which have resulted in tightened lending requirements and in some cases the inability to refinance indebtedness. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. If we are unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as:

- selling assets;
- obtaining additional debt or equity capital;
- restructuring or refinancing all or a portion of our debt on or before maturity;
- foregoing opportunities such as joint ventures or acquisitions of other business; or

- reducing or delaying our business activities and capital expenditures.

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. Any failure to make payments on our debt, including the Notes, on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes and the Revolving Credit Facility Agreement will limit our ability to pursue any of these alternatives. There can be no assurance that any assets that we may elect to sell can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations, which could cause an event of default under our debt and result in:

- our debt holders declaring all outstanding principal and interest to be due and payable;
- the lenders under our Revolving Credit Facility Agreement being able to terminate their commitments to lend us money and foreclose against the assets securing our borrowings; and
- our being forced into bankruptcy or liquidation, which could result in you losing your investment in the Notes.

We are subject to restrictive covenants under the Revolving Credit Facility Agreement and the Indenture that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

Restrictive covenants under the Revolving Credit Facility Agreement and the Indenture impose significant operating and financial restrictions that may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our financial condition and results of operations.

The Revolving Credit Facility Agreement and the Indenture will contain negative covenants restricting, among other things, our ability to:

- incur additional debt and issue guarantees and preferred stock;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- make certain investments and loans, including participating in joint ventures;
- repay or redeem subordinated debt or share capital;
- sell, lease, transfer or dispose of certain assets, including shares of any of our restricted subsidiaries;
- guarantee certain types of our other indebtedness without also guaranteeing the Notes;
- effect a merger or a consolidation of, or sell, all or substantially all of our assets or all of the assets of certain companies within the Group;
- create, incur or permit to exist certain liens;
- impose restrictions on the ability of our subsidiaries to pay dividends or make other distributions;
- enter into transactions with affiliates; and
- impair the security interests for the benefit of holders of the Notes.

See "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."

Our ability to comply with these covenants can be affected by events beyond our control and a breach could result in an event of default under such indebtedness and, subject to applicable cure periods or other limitations on acceleration or enforcement, the relevant creditors could declare amounts outstanding, together with accrued interest, immediately due and payable. The restrictions contained in the 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 organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Revolving Credit Facility Agreement or the Indenture.

If there were an event of default under any of our debt instruments that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under our other debt instruments, including the Notes. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay our obligations under the Notes in such an event.

We are subject to interest rate risk arising on our financial indebtedness.

We are, and following the Transactions will be, exposed to the risks of fluctuations in interest rates. The Revolving Credit Facility and the Notes will be subject to variable interest rates indexed to EURIBOR, SONIA or SOFR (subject to a 0.0% floor), as applicable. We may also enter into additional indebtedness bearing floating rates of interest in the future, including by issuing additional Notes. EURIBOR, SONIA or SOFR and/or any other floating interest rate applicable to such indebtedness could rise significantly in the future. In addition, in response to rising inflation concerns, central banks have begun increasing or signaling that they expect to increase interest rates. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase to the extent of the drawings under, or issuances of, such debt bearing floating rates of interest, thereby reducing our cash flow. Also, should the relevant EURIBOR or SOFR be below 0%, we would not be able to benefit from such decrease below 0% EURIBOR or SOFR as applicable. We have entered, and may continue to enter, into certain interest rate hedging obligations designed to fix a portion of these rates but are not required to do so. In addition, there can be no assurance that hedging will continue to be available on commercially reasonable terms or, if available, will be successful in mitigating the risks related to increasing interest rates. See *"Description of Certain Financing Arrangements*."

In addition, any elimination of the EURIBOR benchmark, or changes in the manner of administration of EURIBOR, could require an adjustment to the terms and conditions of our floating rate debt (including our Revolving Credit Facility and the Notes) or hedging. Any such adjustment, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest. Any such consequence could have a material adverse impact on the value of and return on our floating rate debt (including our Revolving Credit Facility and the Notes). In addition, the development of alternatives to EURIBOR or LIBOR may result in our floating rate debt (including our Revolving Credit Facility and the Notes) performing differently than would otherwise have been the case if the alternatives to EURIBOR or LIBOR had not developed. No assurance can be provided that relevant changes will not be made to EURIBOR, or any other relevant benchmark rate or that such benchmarks will continue to exist.

The Indenture will provide a mechanism whereby, if (1) there has been a material disruption to EURIBOR, (2) EURIBOR is not available for use temporarily, indefinitely or permanently, (3) there are restrictions or prohibitions on the use of EURIBOR, (4) an alternative rate has replaced EURIBOR in customary market practice in the international capital markets applicable generally to floating rate notes or (5) it has become unlawful for the Calculation Agent, the Issuer or a third-party agent of the Issuer to calculate any payments due to holders of the Notes using EURIBOR, (a) an independent financial institution of international standing or an independent financial adviser of recognized standing (that is not an affiliate of the Issuer) as appointed by the Issuer at the expense of the Issuer or (b) if it is not reasonably practicable to appoint a party as referred to under (a), the Issuer, acting in good faith and in a commercially reasonable manner, shall select a successor rate to EURIBOR that is substantially comparable to EURIBOR or that has been recommended or selected by the relevant monetary authority or similar authority (or working group thereof) or by a widely recognized industry association or body or that is expected to develop as an industry accepted rate for debt market instruments such as or comparable to the Notes (and any applicable adjustment spread required to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of the Notes) as a result of the replacement of EURIBOR for use in calculating the appropriate successor rate, which upon certification (by way of an Officer's Certificate) by the Issuer of such rate to each of the

Trustee, the Calculation Agent and the Paying Agent will be used to calculate the interest rate in relation to the Floating Rate Notes (upon which each of the Trustee, the Calculation Agent and the Paying Agent shall be entitled to rely conclusively and absolutely without further enquiry, investigation, verification or liability of any kind whatsoever) without any further action or consent by the noteholders or the Trustee. This means that interest on the Notes would be determined on the basis of a benchmark rate, together with adjustments, which was not contemplated at the time of purchase of the Notes issued on the Issue Date. See "*Description of the Notes—Interest*". The Indenture may require the exercise of discretion by the Issuer and the making of potentially subjective judgments (including as to the occurrence or not of any events which may trigger amendments to the Indenture) without the consent of the holders of the Notes. The interests of the Issuer in making such determinations or amendments may be adverse to the interests of the holders of the Notes.

In addition, due to the uncertainty concerning the availability of an appropriate successor rate and the involvement of an independent financial institution, the Indenture's successor rate mechanism may not operate as intended at the relevant time. If EURIBOR were discontinued or otherwise unavailable, the rate of interest on our floating rate debt (including our Revolving Credit Facility and the Notes) will be determined for the relevant period by the fallback provisions applicable to such debt.

Hedging arrangements may expose us to credit default risks and potential losses if our hedging counterparties fall into bankruptcy.

From time to time, we may enter into interest hedging arrangements to hedge our exposure to fluctuations in interest rates, including under the Notes and the Revolving Credit Facility. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly, our interest expense associated with these obligations would correspondingly increase, thus reducing cash flow. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosures about Market Risk—Interest Rate Risk Management*."

We may also enter currency hedging arrangements in respect of indebtedness or our commercial operations. Under any such agreements, we would be exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements or other hedging arrangements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate such hedging agreements, we may be required to make substantial termination payments, which would result in a loss. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosures about Market Risk—Currency Risk Management*."

Italian tax legislation may restrict the deductibility of all or a portion of the interest expense on our indebtedness, including interest expense in respect of the Notes.

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of 22 December 1986, as amended and restated) generally allows for the full tax deductibility for corporate income tax (IRES) purposes of interest expense incurred by a company (other than a financial intermediary, insurance company or head-office of an insurance group) in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual profit and loss account. A further deduction of interest expenses in excess of this amount is allowed up to a threshold of 30% of fiscal EBITDA of a company (*i.e.*, *risultato operativo lordo della gestione caratteristica* or "**ROL**") determined according to the tax rules for the calculation of the corporate income taxable base. The amount of ROL and interest income exceeding the interest expenses not used for the deduction of the amount of interest expenses in a fiscal year can be carried forward, respectively for the following five fiscal years and without time limits. Net interest expense not deducted in a relevant fiscal year can be carried forward and deducted in the following fiscal years, provided and to the extent that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL (utilized on the basis of the FIFO method). The carried forward ROL, determined according to accounting rules under the previously applicable limitation provision could be offset only with interest expense incurred on loans granted before June 17, 2016, to the extent that their maturity and their total amount committed have not been changed as of that date. In the case of an Italian tax group, interest expense not deducted by an entity in the Italian tax group due to lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies within the Italian tax group.

Our ability to deduct interest expense in respect of the Notes and other indebtedness incurred by companies within the Group will therefore depend on the ROL and our ability to have tax group arrangements. Any delay in the effectiveness of a tax group will impact the ability to deduct interest expense. The failure to achieve such a tax group could adversely impact our ability to use ROL to offset interest expense, including, *inter alia*, in respect of any borrowings under the Revolving Credit Facility. In addition, there can be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expense arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing do not relate to the business of the borrowing entity (as the relevant transaction is deemed to be "antieconomic" and as such not compliant with the "inherence" principle set out under Italian tax law).

Moreover, (i) any future changes in Italian tax laws or in their interpretation or application (including any future limitation on the use of the ROL of the Issuer and/or its subsidiaries and any change in the tax treatment of interest expense arising from any indebtedness, including the Notes), (ii) the failure to satisfy the applicable legal requirements relating to the deductibility of interest expense or (iii) a change in the interpretation and application by Italian tax authorities of Italian tax law, may result in our inability to fully deduct our interest expense, which may have an adverse impact on our financial condition.

The tax deduction of a negative item of income (interest expenses included) may also be denied under the Italian anti-hybrid mismatch rules laid down in Article 6 and ff. of Legislative Decree 29 November 2018, no. 142 ("**Decree 142/2018**"), which transposed into national law the EU Directive 2016/1164 (ATAD 1) as amended by the EU Directive 2017/952 (ATAD 2). The Italian anti-hybrid rules only apply if a hybrid mismatch outcome arises between associated enterprises, as defined in art. 6(1)(u) of Decree 142/2018 or in the context of a structured arrangement, as defined in art. 6(1)(q) of Decree 142/2018.

A hybrid mismatch outcome may occur in the following cases: (i) the interest expenses are tax deductible in Italy and in another jurisdiction (double deduction, "DD"); or (ii) the interest expenses are tax deductible in Italy and the corresponding interest income is not included in the taxable income of the payee jurisdiction (deduction without inclusion, "D/NI"); or (ii) the payment directly or indirectly funds deductible payments giving rise to a hybrid mismatch (imported mismatch).

Risks Related to the Notes, the Guarantees and the Collateral

We may not have sufficient funds or may be unable to arrange for additional financing to pay amounts that might become due and payable upon the occurrence of an event of default, at final maturity or upon a change of control.

At final maturity of the Notes, or in the event of acceleration of the Notes following an event of default, the entire outstanding principal amount of the Notes will become due and payable. In addition, upon the occurrence of certain events constituting a change of control, holders of the Notes may in certain circumstances require the Issuer to make an offer to repurchase the Notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. See "*Description of the Notes—Change of Control*." The Issuer may not have sufficient funds or may be unable to arrange for additional financing to pay these amounts when they become due.

Our failure to repay holders tendering Notes upon the occurrence of a change of control event would result in an event of default under the Notes. If a change of control event were to occur, we cannot assure you that we would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility Agreement, the Intercreditor Agreement or our other then-existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, the Revolving Credit Facility, the Notes and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under the Revolving Credit Facility and other indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then-existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when our subsidiaries are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, our

subsidiaries may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing.

Any failure to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility and certain other indebtedness. See "*Description of the Notes—Change of Control*."

In addition, the occurrence of certain events that might otherwise constitute a change of control under the Indenture will be deemed not be a change of control if at the time our consolidated net leverage ratio is less than certain specified levels. See "*Description of the Notes—Change of Control" and "Description of the Notes—Certain Definitions—Specified Change of Control Event*."

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all our assets taken as whole. 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" our assets taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether we are required to make an offer to repurchase the Notes.

Moreover, in certain circumstances specified in the Indenture, we will be required to commence an asset disposition offer to all holders of the Notes pursuant to which we will be obligated to offer to purchase the Notes at a price equal to 100% of their principal amount plus accrued and unpaid interest. See "*Description of the Notes—Certain Covenants—Limitations on Sales of Assets and Subsidiary Stock*." In connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will also have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of the Notes (provided that such price shall not be less than 100% of the principal amount). See "*Description of the Notes—Post-Tender Redemption."*

The claims of the holders of the Notes will be effectively subordinated to the rights of our existing and future secured creditors to the extent of the value of the Collateral securing the relevant indebtedness.

Although the Indenture restricts our ability to provide asset security for the benefit of other debt, both the restriction on incurring liens and the requirement to provide equal security to the Notes are subject to a number of significant exceptions and carve-outs. See "*Description of the Notes—Certain Covenants*." To the extent we provide asset security for the benefit of other debt without also securing the Notes and the Guarantee, the Notes and the Guarantees will be effectively junior to such debt to the extent of the value of such assets. As a result of the foregoing, holders of our (present or future) secured debt may recover disproportionately more on their claims than the holders of the Notes in an insolvency, bankruptcy or similar proceeding. The Issuer and the Guarantors may not have sufficient assets remaining to make payments on the Notes or the Guarantee, respectively.

The Issuer may be dependent on payments from its subsidiaries in order to be able to make payments on the Notes.

The Issuer is an operating company, accounting for 57.6% of the Group's revenue and 61.9% of the Group's Adjusted EBITDA, in each case for the twelve months ended March 31, 2024 (on a pro forma basis), and as of March 31, 2024, represented 71.7% of the Group's total assets. However, the Issuer may still be dependent, or to a greater extent in the future, upon the cash flow from its current or future subsidiaries in the form of dividends, intercompany loans, or otherwise to make payments on the Notes. Our subsidiaries may not generate cash flow sufficient to enable the Issuer to meet its payment obligations under the Notes. In addition, our subsidiaries may be restricted from providing funds to the Issuer under some circumstances. These circumstances could include contractual restrictions, including restrictions in credit facilities and other

indebtedness, which may affect the ability of our subsidiaries to pay dividends or make other payments to the Issuer. In addition, applicable tax laws may also subject such payments to taxation.

Although the Indenture and the Revolving Credit Facility Agreement will limit the ability of our restricted subsidiaries to incur contractual restrictions on their ability to pay dividends or make other payments to the Issuer, there are significant qualifications and exceptions to these limitations. The Issuer cannot assure you that the arrangements with its subsidiaries, the funding permitted by the agreements governing existing and future indebtedness of its subsidiaries and its results of operations and cash flow generally will provide the Issuer with sufficient dividends, distributions or loans to fund payments under the Notes. In the event that the Issuer does not receive distributions or other payments from its subsidiaries, the Issuer may be unable to make required principal and interest payments on the Notes, and the Issuer does not expect to have any other sources of funds that would allow the Issuer to make payments to holders of the Notes.

You will not have the benefit of all of the Guarantees on the Issue Date.

As of the Issue Date, the Issuer's obligations under the Notes and the Indenture will not be guaranteed. As further described in "*Description of the Notes—The Notes Guarantees*," we have undertaken to procure that no later than 60 days subsequent to the Issue Date each of the Guarantors execute a supplemental indenture and accede to the Indenture as Guarantors. Prior to such accession, such subsidiaries will have no direct obligations under the Indenture and holders of the Notes will have no direct claim on their assets. If one of such Guarantors were to become subject to insolvency proceedings or would otherwise be considered insolvent under the insolvency test discussed under "*Limitations on Validity and Enforceability of Guarantees and the Security Interest and Certain Insolvency Law Considerations*" between the Issue Date and the date in which such Guarantee is put in place, holders of the Notes would face a greater risk of such Guarantee being challenged or voidable, which could impair your recovery under the relevant Guarantee.

In addition, our undertaking to procure the accession of the Guarantors to the Indenture is contained in the Purchase Agreement that we have entered into with the Initial Purchasers, rather than in the Indenture. If we were unable, for some reason, to procure the accession of the Guarantors to the Indenture within the time period specified herein, it would not constitute a covenant breach under the Indenture.

Not all of the security interests in the Collateral will be granted on the Issue Date.

As of the Issue Date, the Notes will only be secured by the Issue Date Collateral. As further described in "*Description of the Notes—Security*," the Post-Issue Date Collateral is expected to be granted no later than 60 days following the Issue Date. If we or one of the applicable security providers were to become subject to insolvency proceedings or would otherwise be considered insolvent under the insolvency test discussed under "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" between the Issue Date and the date on which such Collateral is granted, any interests in such assets would face a greater risk of being invalidated which could impair your recovery under the Notes and the Guarantees, as applicable. Furthermore, our obligation to put in place security interests in the Post-Issue Date Collateral is contained in the Purchase Agreement that we have entered into with the Initial Purchasers, rather than in the Indenture if we are unable to grant such security interests for any reason, including reasons beyond our control, it could not constitute a covenant breach under the Indenture. Additionally, the execution of the Collateral will be subject to the Agreed Security Principles and additional limitations set forth in the relevant supplemental indenture to the Indenture and/or in the applicable security documents, that could relieve certain Guarantors or other subsidiaries of the obligation to grant security interests in assets otherwise expected to form part of the Collateral, which could have a material adverse impact on the credit support available to you in connection with your investment in the Notes.

The enforcement of the multiple share pledges forming part of the Collateral may be complex, involve long recovery times and a low recovery rate.

On the Issue Date, the shares of the Issuer owned by Gold Leather, which will constitute 69.8% of the share capital of the Issuer, will be secured for the benefit of the holders of the Notes.

Within 60 days from the Issue Date, the Mastrotto Family Members will either incorporate a new entity or investment vehicle to directly hold their respective shares of the Issuer or enter into fiduciary arrangements such that their respective shareholding in the Issuer will be held by a single fiduciary entity on their behalf on a

fiduciary basis, to facilitate the granting of the share pledge over the shares of the Issuer beneficially owned by the Mastrotto Family Members (representing 30.1% of the Issuer's share capital) in order to secure the Notes for the benefit of the holders of the Notes by such date. If the Mastrotto Family Members are unable to grant the security interest over the shares of the Issuer beneficially owned by them or grant such security interests within the time period specified herein, this would not constitute a covenant breach under the Indenture.

As a result, an enforcement over the shares of the Issuer (i) would require enforcement of the security against multiple pledgors, (ii) will not provide full ownership over the entire share capital of the Issuer, and (iii) remains subject to any minority protection rights in the organizational documents of the Issuer and under law, and the minority holder or holders of the Issuer's shares may have interests or rights which conflict with those of the holders of the Notes.

To the extent that a fiduciary company grants security that forms part of the Collateral, the Intercreditor Agreement will require that any debtors use commercially reasonable endeavors to procure that any such fiduciary company accede to this Intercreditor Agreement as a third-party security provider and that, to the extent any such accession is not obtained, the underlying security documents of such fiduciary company will incorporate certain provisions of the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement—Certain provisions relating to Third Party Security Providers.*" Enforcement of share security securing the Notes against fiduciary companies or individuals within the framework of an intercreditor agreement is untested in Italy and may result to be more cumbersome and time consuming, and the practical implementation of any such enforcement may not be foreseen.

In addition, once granted, the Collateral for the benefit of the Notes will include, *inter alia*, pledges of the shares of the Issuer, pledged by each of Gold Leather and the Mastrotto Family Members under separate share pledge agreements. Enforcing security over multiple share pledges may be more difficult than enforcing over a single point of enforcement represented by a single share pledge and require longer recovery. There can be no assurances that it will be possible to enforce each share pledge at the same time or in the same proceeding, and it may be costly, time-consuming and complicated to enforce multiple share pledges.

All of the above could result in longer recovery time and a lower recovery rate for any potential holder of the Notes.

The Notes and the Guarantees will be structurally subordinated to the liabilities of our non-guarantor subsidiaries.

Not all of our subsidiaries will guarantee the Notes. Our non-guarantor subsidiaries will 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, claims of creditors of a non-guarantor subsidiary, including trade creditors and preference shareholders (if any), will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by Holders under the Notes or the Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of the non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-guarantor subsidiaries. In addition, the terms of the Notes as well as our other indebtedness allow the non-guarantor subsidiaries to incur additional debt in the future, which will be structurally senior to the Notes. See "*Description of Certain Financing Arrangements*" and "*Description of the Notes.*"

As of March 31, 2024, on an *as adjusted* basis, *updated* to (i) reflect the Events occurred after Q1-2024 and *as adjusted* to (ii) give effect to the Transactions, our non-guarantor subsidiaries would have had *de minimis* total debt, which would have ranked structurally senior to the Notes and the Guarantees thereof. In addition, the Consolidated Financial Statements included in this offering memorandum refer to the Group and therefore contain information on both Guarantors and non-Guarantors. The Consolidated Financial Statements may be of limited use in assessing the financial position of the Issuer and the Guarantors separate from the non-Guarantors.

Moreover, any Guarantees would be subject to the significant limitations described under "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and, accordingly, the Notes would be structurally subordinated to the liabilities of any

Guarantors to the extent that such liabilities exceed the principal amount of Notes that can be guaranteed or secured by such Guarantors.

Each of the Guarantees is significantly limited by applicable laws and subject to certain limitations and defenses that may adversely affect their validity and enforceability.

The Guarantors are organized and validly existing under the laws of Italy, Sweden and the United States. The obligations of the Guarantors and the enforcement of each such Guarantee will be limited to the maximum amount that can be guaranteed by such Guarantor under the applicable laws of each jurisdiction, to the extent that the granting of such Guarantee is not in the relevant Guarantor's corporate interests, or the burden of such Guarantee exceeds the benefit to the relevant Guarantor, or such Guarantee would be in breach of capital maintenance or thin capitalization rules or any other general statutory laws and would cause the directors of such subsidiary Guarantor to contravene their fiduciary duties and incur civil or criminal liability. An increase in the amount of debt that benefits from such Guarantee without a corresponding increase in the amount of the Guarantee will dilute the value of such Guarantee to its beneficiaries, including the holders of the Notes.

As a result, the Guarantor's liability under its Guarantee could be materially reduced or eliminated depending upon the amount of its obligations and pursuant to applicable laws. For more information, see "*Description of the Notes—The Guarantees*" and "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Additionally, the grant of Collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may otherwise be set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the relevant security interest.

Holders of the Notes generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused by a failure of the Issuer or the Guarantors to comply with certain procedures.

The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments made by or on behalf of the Issuer in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law or by the interpretation or administration thereof. In that event, the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer is not liable to pay any additional amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 ("**Decree No. 239**") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**"), except where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer, or the Guarantors or their respective agents. In certain circumstances, investors subject to Italian withholding or deduction for tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Withholding Taxes*," "*Description of the Notes—Additional Amounts*" and "*Certain Taxation Considerations—Certain Italian Tax Considerations*."

No assurance can be given that the listing of the Notes will satisfy the listing requirement of Decree No. 239.

No assurance can be given that the listing of the Notes on the Official List of the Luxembourg Stock Exchange will satisfy the listing requirement of Decree No. 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding or substitute tax. The Italian tax authorities issued an interpretive circular relating to, among others, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be listed upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax or substitute tax, and we cannot assure that the listing of the Notes can be achieved by the Issue Date. In the event that the Notes are not listed or that such listing requirement is not satisfied, payments of

interest, premium and other income with respect to the Notes would be subject to a withholding tax, currently at a rate of 26%, and, subject to certain exceptions, see "*Description of the Notes—Withholding Taxes*," we would be required to pay additional amounts with respect to such withholding taxes such that holders receive a net amount that is not less than the amount that they would have received in the absence of such withholding. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay, subject to certain exemptions, additional amounts to holders of the Notes could have a material adverse effect on our financial condition and results of operations.

Under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461, subject to compliance with certain procedural requirements, where the Notes are listed on a regulated market or multilateral trading facility upon issuance and a holder of Notes is resident for tax purposes in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as included in (i) the Ministerial Decree of the Ministry of Economy and Finance of September 4, 1996 as subsequently amended and supplemented (the "**White List**") or (ii) once effective, in any other decree that will be issued in the future under Art. 11(4)(c) of Decree No. 239 to provide the list of such countries or territories (the "**New White List**") and such holder properly complies with certain certification requirements. However, there is no assurance that this will be the case should there be a change in applicable law or relevant procedures. Moreover, holders of Notes will bear the risk of any change in Decree No. 239 after the date hereof, including any change in the White List countries. Holders of Notes resident in such countries or in a country allowing for the satisfactory exchange of information with Italy but that do not satisfy the conditions set forth by Decree No. 239 (as amended or supplemented) and by the relevant application rules, as well as certain categories of holders of the Notes who are resident in Italy, will only receive the net proceeds of their investment in the Notes.

No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Decree No. 239 in respect of the Notes will be met by the relevant foreign intermediaries.

The regime provided by Decree No. 239 and in particular the exemption from substitute tax, which is in principle granted to holders of the Notes who are the beneficial owners of the proceeds from the Notes and who are resident in a country or territory included in the White List, applies if certain procedural requirements are met. Should the procedural requirements not be met, Italian substitute tax may apply on the payments made on the Notes to foreign investors resident in countries that allow for satisfactory exchange of information with Italy. See "*Certain Italian Tax Considerations*". It is not possible to assure that all non-Italian resident investors can claim the application of the substitute tax exemption where the relevant foreign intermediary fails to comply with the procedural rules set for the application of the exemption regime or fails to provide sufficient information to the relevant Italian tax authorities under the procedures set fort applying the exemption regime. See "*Certain Taxation Considerations—Italian Resident Noteholders—Non-Italian Resident Noteholders*."

Italian withholding taxes or deduction may be payable on amounts paid by the Guarantors.

Under a certain interpretation, payments made by the Guarantors may be subject to Italian withholding taxes or deduction of taxes. The possible imposition of withholding taxes or deduction of taxes with respect to payments on the Notes and, in certain circumstances, the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our financial condition and results of operations.

Recovery from the enforcement of the Collateral may result in a taxable capital gain.

In connection with the enforcement of share pledges over shares of entities with outstanding debt obligations, any sale of such entities is likely to involve a release of some or all of the debt of such entity, which could result in a taxable capital gain to such entities. As the Notes will be issued by the Issuer, an enforcement over the shares of the Issuer would involve the enforcement over the share pledge of an entity with outstanding debt claims. In addition, the Indenture does not prohibit the Issuer from incurring additional debt claims in the future. Consequently, the enforcement of the share pledge over the Issuer's shares may result in the release of the debt obligations of the Issuer. Such release will be permitted by the Intercreditor Agreement and could result in a taxable capital gain. This taxable capital gain is likely to reduce the proceeds of any recovery from the enforcement of such share pledge. Therefore, the value of the pledge over the shares of the Issuer is limited.

Italian Tax changes may affect the tax treatment of the Notes.

Law No. 111 of 9 August 2023, published in the Official Gazette No. 189 of 14 August 2023 ("**Law 111**"), delegates power to the Italian Government to enact, within twenty-four months from its publication, one or more legislative decrees implementing the reform of the Italian tax system (the "**Italian Tax Reform**").

According to Law 111, the Italian Tax Reform could significantly change the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage.

The information provided in this Offering Memorandum may not reflect the future tax landscape accurately.

Investors should be aware that the amendments that may be introduced to the tax regime of financial incomes and capital gains could increase the taxation on interest, similar income and/or capital gains accrued or realized under the Notes and could result in a lower return of their investment.

Prospective investors should consult their own tax advisors regarding the tax consequences of the Italian Tax Reform.

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

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**EU FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**Participating Member States**"). On December 8, 2015, Estonia indicated that it would no longer be a Participating Member State. The Commission's Proposal is still pending before the Council of the EU and its status is regularly discussed at the European and Financial Affairs Council. In the course of 2020, the European Commission brought to the attention of the Council of the EU and the EU Parliament the possibility to propose, by June 2024, the introduction of a reshaped EU FTT as a new EU own resource. The Commission's Proposal has very broad scope and, if introduced in its current form, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the EU FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes provided that at least one party to the transaction is established or deemed established in a Participating Member State and that there is a financial institution established or deemed established in a Participating Member State which is party to the transaction, acting either for its own account or for the account of another person, or acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The Commission's Proposal remains subject to negotiation between the Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw. If the Commission's Proposal or any similar tax were adopted, transactions in the Notes could be subject to higher costs and the liquidity of the market for the Notes may be diminished.

Prospective investors should consult their own tax advisers in relation to the consequences of the EU FTT associated with purchasing and disposing of the Notes.

The Notes and the Guarantees will be secured only to the extent of the value of the assets that have been granted as Collateral and the proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations under the Notes.

The same Collateral securing the Notes will secure our obligations under the Revolving Credit Facility Agreement. The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement.

No appraisal of the value of the Collateral has been prepared by us or on our behalf in connection with the Offering. The value of the Collateral and the amount to be received upon a sale of such Collateral will depend on many factors, including the ability to sell the Collateral in an orderly sale, prevailing market and other

economic conditions, the availability of suitable buyers at the time of any such sale and any fees, taxes or duties required to be paid under applicable law in connection with the enforcement of the Collateral. By its nature, the Collateral may be illiquid and have no ascertainable market value. Similarly, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in the liquidation of the Collateral. The book value of the Collateral should not be relied on as a measure of the realizable value for such assets. The fair market value of the Collateral as at the date of this offering memorandum may not exceed the principal amount of the debt secured thereby. The value of the Collateral, and in particular, the pledged capital stock, could be impaired in the future as a result of changing economic conditions, failure to implement our business strategy, competition and other future trends and may be without any value if that entity is subject to an insolvency or bankruptcy proceeding. For example, the bankruptcy, insolvency, administration and other laws of the relevant jurisdiction may be different for those of the United States including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings.

If the proceeds of Collateral were not sufficient to repay amounts outstanding under the Notes and the Guarantees, then holders of Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would only have an unsecured claim against our remaining assets.

Creditors under the Revolving Credit Facility Agreement and counterparties to certain hedging obligations, if any, are entitled to be repaid with the proceeds of the Collateral realized in any enforcement procedure in priority to the Notes.

The Notes and the related Guarantees will be secured initially on a first-ranking basis by the same Collateral securing the obligations under the Revolving Credit Facility Agreement and certain hedging obligations, if any.

In the event of enforcement of the Collateral, pursuant to the Intercreditor Agreement, creditors under the Revolving Credit Facility Agreement and counterparties to certain hedging obligations, if any, will be entitled to be repaid with the proceeds of the Collateral realized in any enforcement procedure in priority to the Notes. In addition, under the terms of the Indenture and the Intercreditor Agreement we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* basis with the Notes and the related Guarantees and, to a lesser extent, on a priority basis, including the Revolving Credit Facility and certain hedging obligations, if any. As such, in the event of a foreclosure of the Collateral, holders of the Notes may not be able to recover on the Collateral if the then outstanding claims by creditors of priority obligations are greater than the proceeds realized. Any proceeds from an enforcement sale of the Collateral will, after all priority obligations have been discharged from such recoveries, be applied *pro rata* in repayment of the Notes and any other obligations secured by the Collateral that are permitted to rank *pari passu* and are secured on a *pari passu* basis with the Notes. As a result, proceeds of Collateral realized in connection with any enforcement action may be insufficient to pay claims under the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement."*

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

The Intercreditor Agreement provides that, with respect to the Collateral, the Security Agent will serve as the security agent for the secured parties under the Notes, the Revolving Credit Facility, certain hedging obligations permitted by the Indenture to be secured by the Collateral and any additional debt secured by the Collateral permitted to be incurred by the Indenture. The Security Agent will act with respect to such Collateral only as provided for in the Intercreditor Agreement. The holders of the Notes will not have separate rights to enforce the Collateral. In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant security documents, unless it comprises an instructing group which for the Notes is holders of a majority of the principal amounts of the Notes and any other debt permitted to rank *pari passu* with the Notes (including certain secured hedging arrangements) ("**Majority Senior Secured Creditors**"). An instructing group otherwise being holders of a majority of the principal amount of liabilities and commitments under the Revolving Credit Facility and certain hedging obligations ("**Majority Super Senior Creditors**" such liabilities, the "**Super Senior Liabilities**") have separate rights in respect of voting and enforcement actions under the Intercreditor Agreement.

Following acceleration by either the Majority Senior Secured Creditors or the Majority Super Senior Creditors, either the Majority Senior Secured Creditors or the Majority Super Senior Creditors, acting through their

respective representatives, can commence the enforcement process by giving notice to the Security Agent in accordance with the Intercreditor Agreement. If the Majority Senior Secured Creditors provide such notice to the Security Agent, they will be entitled to give instructions for the enforcement on the Collateral. If (i) the Super Senior Liabilities are not repaid and discharged in full in cash from the proceeds of enforcement or otherwise within a specified period from the date of the enforcement notice, (ii) the Majority Senior Secured Creditors have not taken enforcement action within a specified period from the date of the enforcement notice or (iii) certain insolvency events have occurred and no enforcement action has been commenced, the Majority Super Senior Creditors will be entitled to give instructions for the enforcement on the Collateral. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

These arrangements could be disadvantageous to the holders of Notes in a number of respects and may permit the lenders under the Revolving Credit Facility or counterparties to certain hedging obligations to control enforcement in circumstances in which their interests are different from those of the holders of Notes. Disputes may occur between the holders of the Notes and creditors under our Revolving Credit Facility, the counterparties to the certain hedging obligations or holders of any permitted additional indebtedness as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral securing such obligations. In such an event, the holders of the Notes will be bound by any decisions of the instructing group, which may result in enforcement action in respect of the relevant Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such noteholders. The Intercreditor Agreement also provides that the enforcement sale of any Collateral will be subject to, as a condition to the release of any claims of any other indebtedness secured by such collateral under the Intercreditor Agreement, certain protections intended to maximize the recovery from an enforcement sale. The creditors under the Revolving Credit Facility, the counterparties to certain hedging obligations or the holders of any permitted additional indebtedness may have interests that are different from the interest of holders of the Notes and they may elect to pursue their remedies under the relevant Security Documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so. Other creditors not party to the Intercreditor Agreement could commence enforcement action against us during the consultation period, we could seek protection under applicable bankruptcy laws, or the value of certain Collateral could otherwise be impaired or reduced in value. In addition, if the Security Agent sells Collateral comprising the shares of any of our subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets securing the Notes and the Guarantees may be released.

In addition, if we incur substantial additional indebtedness, which may be secured by security interests in the Collateral, the holders of the Notes may not comprise the requisite majority of the senior secured creditors for the purposes of instructing the Security Agent. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

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

The Collateral will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement, whether on or after the date the Notes are first issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions (including the laws of Italy).

If the proceeds of any sale or enforcement of the Collateral are not sufficient to repay all amounts due on the Notes and the Guarantee, investors in the Notes (to the extent not repaid from the proceeds of the sale or enforcement of the Collateral) would have only an unsecured claim against the Issuer's and Guarantor's remaining assets. Each of these factors or any challenge to the validity of the Collateral or any intercreditor arrangement governing the Issuer's creditor's rights could reduce the proceeds realized upon enforcement of the Collateral. In addition, the Collateral may not be liquid, and its value to other parties may be less than its value to the Issuer. See "*—The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations under the Notes*."

The Collateral may be subject to practical problems generally associated with the realization of security interests in Collateral. The Security Agent may also need to obtain the consent of a third-party to enforce a security interest. The Security Agent may not be able to obtain any such consents. In addition, the consents of any third

parties may not be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

Furthermore, due consideration should be given by investors to the circumstance that enforcement procedures and timing for obtaining judicial decisions in Italy may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes, the Guarantees and the Collateral.

The Guarantees and the Collateral may be subject to claims or could be limited or subordinated in favor of the Guarantor's or the relevant Collateral grantor's existing and future creditors under applicable laws. In addition, enforcement of the Guarantees will be limited to the extent of the amount which can be guaranteed by the Guarantors without rendering the Guarantees voidable or otherwise ineffective under, or contrary to, applicable law. The enforcement of the Collateral will be limited to the extent of the amount which can be secured by a particular security grantor without rendering the security interest voidable or otherwise ineffective under, or contrary to, applicable law and to avoid certain significant costs associated with taking certain security interests. Enforcement of any of the Guarantees or the Collateral against the Guarantors and any grantor of Collateral will also be subject to certain defenses available to guarantors and grantors of security interests generally. These laws and defenses include, primarily with respect to the Guarantors, those that relate to fraudulent conveyance or transfer, insolvency, voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally.

Although laws differ among various jurisdictions, in general, under applicable fraudulent conveyance and similar laws, a court could subordinate or void any guarantee or security interest provided by such guarantor or security grantor if it found that:

- the guarantee was granted or the security interest created with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or other person or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor or the Collateral provider was insolvent when it granted the Guarantee or security interest;

- the Guarantee was entered into or, as the case may be, the security interest was created without a legal obligation to do so, is prejudicial to the interests of the other creditors and both the Guarantor or Collateral provider and the beneficiary of the Guarantee were aware of or should have been aware of the fact that it was prejudicial to the other creditors;

- the Guarantor or, as the case may be, the collateral provider did not receive fair consideration or reasonably equivalent value for the Guarantee or the granting of the security and/or the Guarantor or Collateral provider: (i) became insolvent before the granting of the security or was insolvent or rendered insolvent because of the issuance of the Guarantee or the creation of the security interest; (ii) was undercapitalized or became undercapitalized because of the issuance of the Guarantee or the creation of the security interest; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the Guarantee or security interest was held to exceed the objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor;

- the Guarantee or security interest was entered into within a certain time period prior to the opening date of insolvency proceedings of the Guarantor; or

- the amount paid or payable was in excess of the maximum amount permitted under applicable law.

The measures of insolvency for the purposes of fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if, at the time it incurred the debt:

- sum of its debts, including contingent liabilities, was greater than the fair saleable value of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

We cannot be sure as to what standard a court would apply in making a solvency determination or that a court would conclude that the Issuer was solvent immediately after the issuance of the Notes.

Under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests granted to secure the Notes could be subject to potential challenges by an insolvency administrator or by other creditors or by operation of law under the rules of avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "**suspect period**"). See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" for further information.

If challenged successfully, the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, the holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related security documents.

For a description of fraudulent conveyance and similar laws in other jurisdictions where the Guarantors are organized, see "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

In addition, Italian insolvency laws and regulations have recently been replaced by a new crisis and insolvency code – introduced by virtue of, among others, Legislative Decree No. 14 of January 12, 2019 implementing the guidelines contained in Law No. 155 dated October 19, 2017 (as subsequently amended and supplemented, the "**Italian Insolvency Code**", also known as Code of Business Crisis and Insolvency) – being a comprehensive legal framework regulating, among others, insolvency matters. Other than for minor changes in certain provisions of the Italian Civil Code, which already entered into force on March 16, 2019, the Italian Insolvency Code came into force starting from July 15, 2022. The previous Italian Bankruptcy Law continues to apply only to filings for proposals of declaration of insolvency procedures and bankruptcy restructuring plans (*concordato fallimentare*) and filings seeking the approval of debt restructuring agreements (*accordo di ristrutturazione dei debiti*) or the opening of a composition with creditors proceeding (*concordato preventivo*), in each case filed or pending before July 15, 2022. As at the date hereof, the vast majority of the provisions of the Italian Insolvency Code are untested in Italian courts and there is no guidance or case law available yet on its application; accordingly, the practical consequences of the implementation of the Italian Insolvency Code cannot be foreseen as of the date of this offering memorandum. For a description of Italian insolvency laws and regulations, see "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

The Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.

The obligations of the grantors of security and enforcement of the Collateral will be limited to the maximum amount that can be secured by such grantor of security under applicable law, including limitations to the extent that the grant of such security interests could be construed as not being in the relevant grantor's corporate interests, or otherwise would result in violations of laws related to corporate benefit, capitalization, capital preservation, financial assistance or transactions under value.

Accordingly, enforcement in respect of the Collateral against the relevant grantor would be subject to certain defenses available to security providers generally or, in some cases, to limitations contained in the terms of the pledge of security designed to ensure compliance with statutory requirements applicable to the relevant grantors. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. As a result, the liability of a grantor of security of could be materially reduced or eliminated, depending on the law applicable to it.

It is possible that a grantor of security, or a creditor of a grantor of security, or the bankruptcy trustee in the case of a bankruptcy of a grantor of security, may contest the validity and enforceability of the grantor's creation of security on any of the aforementioned grounds and that the applicable court may determine that the security should be limited or voided. To the extent such limitations on the security obligation apply, the Notes would be effectively subordinated to all liabilities of the applicable grantor, including trade payables of such grantor to the extent of such limitations. Future security may be subject to similar limitations.

Additionally, the grant of Collateral to secure the Notes and the Guarantees may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may otherwise be set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the relevant security interest.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect to the claims of other creditors, even if such claims are secured claims. The enforcement on the Collateral located in Italy or governed by Italian law is subject to mandatory provisions of Italian law, including in relation to procedures in respect thereof. Enforcement of the Collateral may also be subject to certain statutory limitations and defenses or to limitations contained in the terms of the relevant security documents designed to ensure compliance with applicable statutory requirements. In addition a parallel debt structure in financing transactions, including credit facilities and bond issuances, has not been tested in Italian courts and the validity and enforceability of certain rights of a Security Agent benefiting from a parallel debt structure is untested in Italian courts. For a more detailed description of various limitations on the security under Italian law and certain Italian insolvency law considerations, see " *Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

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

The Issuer is incorporated and validly existing under the laws of Italy; the Guarantors are organized and validly existing under the laws of the Republic of Italy, Sweden and the United States. The Collateral includes the shares of certain of our subsidiaries incorporated under the laws of those jurisdictions. In the event of bankruptcy, insolvency, administration or a similar event, proceedings could be initiated in any of these jurisdictions. Your rights under the Notes, the Guarantees and the Collateral are likely to be subject to insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. In addition, the multi-jurisdictional nature of enforcement over the Collateral may limit the realizable value of the Collateral.

The insolvency, administration and other laws of the jurisdiction of organization of the Issuer and the Guarantors 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, the 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.

Moreover, Sweden currently does not have a treaty with the United States providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. This may give rise to difficulties in respect of the enforcement in Sweden of judgments obtained in the United States. In particular, a judgment entered against a company incorporated in Sweden in the courts of a state which is not a Member State (as defined in the Recast Brussels Regulation) or a Contracting State (as defined in the Lugano Convention), such as the United States, would not be recognized or enforceable in Sweden as a matter of law without a retrial. In addition, a Swedish court may choose to retry the dispute without regard to the previous judgment.

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

We will have control over certain of the Collateral, and the operation of the business or the sale of particular assets or certain mergers could reduce the pool of assets securing the Notes.

The security documents relating to the Notes will allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, certain of the Collateral. So long as no default or event of default under the Indenture would result therefrom, we may, among other things, subject to the terms of the security documents, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral such as selling, modifying, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness, in each case, in accordance with, and subject to, the terms of the security documents. 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. To the extent these activities are allowed with regard to certain security interests, under Italian law such security interests could be considered to be not validly perfected.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes and the ability of the Security Agent to enforce certain Collateral may be restricted by applicable law or subject to certain limitations or defenses that may adversely affect their validity and enforceability.

Applicable law requires that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if the Security Agent or the Trustee, acting through the Security Agent, is not able to take the actions necessary to perfect any of these liens on or prior to the Issue Date. The Issuer and the Guarantors have limited obligations to assist the Security Agent or the Trustee, acting through the Security Agent, in perfecting the holders of the Notes' security interest in specified Collateral. The Trustee and the Security Agent will not monitor, and there can be no assurance that the Issuer will inform such Trustee or the Security Agent of the future acquisition of property and rights that should constitute Collateral, and that the necessary action will be taken to properly create and perfect the security interest in such after-acquired property and rights. Such failure may result in such security interest being created in such property or rights or in the priority of such security interest in favor of the Notes against third parties being adversely affected.

Furthermore, the ability of the Security Agent to enforce on certain of the Collateral may be limited by mandatory provisions of Italian law and may be subject to certain statutory limitations and defenses or to limitations contained in the terms of the security documents designed to ensure compliance with applicable statutory requirements.

Under Italian law, the beneficiary of a security interest must be clearly identified and indicated in the relevant security document. It is uncertain and untested in the Italian courts whether, under Italian law, security can be created and perfected (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of the Trustee, since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Trustee as agent for holders of the Notes under security interests granted over Italian assets is debatable under Italian law. In particular, even though trusts governed by foreign jurisdictions are recognized under Italian law, there are still doubts as to the validity of a trust when it does not comply with Italian law provisions governing rights in rem (*diritti reali*), security interests or when the trust is deemed to pursue a scope that does not deserve protection in light of the general principles of Italian law; to our knowledge, similar trust arrangements have never been tested in Italian courts and therefore there might be risks regarding the enforceability of the Collateral insofar as it relates to such trust arrangements in the event that they are not upheld.

Given the above and considering that the holders of the Notes may not be direct parties to the Security Documents, there is a risk that an Italian court may determine that the holders of the Notes who are not identified in the relevant security documents are not secured by the security interests created under the Security Documents and/or may not be able to validly enforce such security interests.

To address the above potential issue, the Collateral and the Guarantees will be granted and perfected in favor of the Security Agent (in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code) and as agent (*mandatario con rappresentanza*) of other relevant creditors. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of an agent (*rappresentante)* of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees.

However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor to the Guarantees and nor are specifically identified therein or in the relevant share certificates and corporate documents or registries.

In addition, notwithstanding the position under Italian law that the transfer of an underlying debt obligation implies the automatic transfer of the relevant security interest, the abovementioned risk of unenforceability of the Collateral located in Italy applies, *inter alia*, to any person acquiring a Note in relation to which the relevant perfection formalities acknowledging its status as a secured creditor are not perfected at the time of the enforcement. Further, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "**suspect period**"). In this regard, a longer period might apply to any Collateral governed by Italian law which be granted after the Offering. The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e. to the extent the asset or obligation given or undertaken exceeds by one-quarter. Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the value proceeds of the consideration received by the debtor), or involving unusual means of payment (e.g. payment in kind) or security taken after the creation of the secured obligations, whereby the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any claw back action, (ii) security granted in order to secure a debt due and payable, whereby the creditor must prove his lack of knowledge of the state of insolvency of the relevant entity in order to rebut any claw back action during the suspect period of six months prior to the declaration of the insolvency, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, whereby the insolvency administrator must prove that the creditor was aware of the state of insolvency of the relevant entity in order to enforce any claw back action's property in respect to the claims of other creditors.

Under Article 163 of the Insolvency Code (previously Article 64 of the Bankruptcy Law), all transactions without consideration are ineffective vis-à-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. In addition, under Article 164 of the Insolvency Code (previously Article 65 of the Bankruptcy Law), payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-à-vis creditors, if made by the insolvent entity in the two-year period prior to insolvency. In addition, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the EU.

The Indenture and the Intercreditor Agreement will provide that to the extent permitted by the applicable laws, only the Security Agent has the right to enforce the relevant security documents on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral and the Guarantees securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral and in accordance with the Intercreditor Agreement. By accepting a Note, you will be deemed agreed to these restrictions. See "*Description of the Notes—Security Documents; Enforcement of Security Interests."*

In addition, the ability of the Security Agent to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken, including the Republic of Italy. For example, the laws of certain jurisdictions may not allow for the appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in, nor are directly parties to, a security document will be validly secured and/or can be enforced; this area of law is untested in the courts of certain jurisdictions (including the Republic of Italy). In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement provides for the creation of "parallel debt" obligations in favor of the relevant Security Agent ("**Parallel Debt**") mirroring the obligations of the Issuer and any Guarantor owed to holders of the Notes under or in connection with the Indenture, as applicable ("**Principal Obligations**"). All or part of the pledges and other security interests will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under the provisions of the Intercreditor Agreement, the Parallel Debt will be at all times in the same amount and payable at the same time as the Principal Obligations and 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. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct in financing transactions, including credit facilities and bond issuances, has not been tested under certain of these jurisdictions (including under Italian law), and to the extent that the security interests in the Collateral created to secure the Parallel Debt construct are not validly granted, are unenforceable or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral.

Furthermore, while it is generally possible under Swedish law to grant security interests in favor of an agent acting on behalf of secured parties, to enable the Security Agent to enforce the security interests in the Collateral on behalf of the holders of the Notes in a Swedish court, the Security Agent may need a specific power of attorney from each holder of the Notes. It has not been established by judicial precedent or otherwise by law that a power of attorney or mandate of agency, including the appointment of an agent can be made irrevocable. Therefore, any powers of attorney or mandates of agency can be revoked and will terminate by operation of law and without notice at the bankruptcy or temporal demise of the party giving such powers. In addition, the failure of all holders of the Notes to submit such a power of attorney could negatively affect the enforcement of the security interests in the Collateral.

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

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

Under various circumstances, the Collateral will be released automatically, including:

- in connection with any sale or other disposition of Collateral (other than the shares of the Issuer) to a person that is not the Issuer or a restricted subsidiary (but excluding any transaction subject to "*Description of the Notes—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or is otherwise permitted in accordance with the Indenture;

- in the case of the Guarantor being released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of the Guarantor;

- as allowed under the amendments and waiver provisions of the Notes and the Indenture;

- upon payment in full of principal, interest and all other obligations in respect of the Notes or defeasance, covenant defeasance or satisfaction and discharge of the Notes;

- if the Issuer designates any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and capital stock, of such unrestricted subsidiary;

- in connection with a Permitted Reorganization or in the case of a merger, consolidation or other transfer of assets in compliance with the covenant described below under "*Description of the Notes—Certain Covenants—Merger and Consolidation*";

- with respect to any guarantor that is an immaterial subsidiary, upon written notice from the Issuer to the Trustee so long as no event of default has occurred and is continuing, to the extent that such guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility and (ii) does not guarantee certain other indebtedness;

- as allowed under the additional guarantees covenant of the Indenture; or

- as otherwise permitted in accordance with the Indenture.

See "*Description of the Notes—Security—Release of Liens*." Unless consented to by the holders of the Notes (and subject to certain exceptions), the Intercreditor Agreement provides that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the security interests in the Collateral unless, among other things, the relevant sale or disposal is made:

- for consideration of which all or substantially all of which is in the form of cash; and

- pursuant to a public auction, or if a fairness opinion has been obtained from an internationally recognized investment bank.

The Intercreditor Agreement also provides that the Collateral may be released and repossessed in connection with the refinancing of certain indebtedness, including the Notes. In certain jurisdictions, such a release and repossessing of Collateral may give rise to the start of a new hardening period in respect of the Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of the Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of the Collateral and thus reduce your recovery under the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes*."

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

Under certain 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 including registration with a relevant court or other authority. The security interests on the Collateral may not be perfected with respect to the claims of the Notes if the relevant grantor, or the Security Agent, fails or is unable to take the actions necessary to perfect any of these security interests. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of these security interests. In addition, certain applicable law requires that certain property and rights acquired after the grant of a general security interest be perfected.

For example, under Italian law, a security interest in certain tangible and intangible assets can only be properly perfected and thus retain its priority if certain actions are undertaken by the secured party and/ or the grantor of the security interest. The security interests in the Collateral may not be perfected with respect to the claims of the Notes if the Issuer or the Security Agent fails or are unable to take the actions required to perfect the security interest. Such failure may result in the invalidity and/ or ineffectiveness of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral.

The Trustee and Security Agent will not monitor, and we may fail to comply with our obligations to inform the Trustee or the Security Agent of any future acquisition of property and rights, and therefore the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. Such failure may result in the invalidity of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other

creditors who claim a security interest in the same Collateral. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations.*"

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

The granting of new security interests and the entering into any deeds of acknowledgment, confirmation and/or extension/amendment of the security documents creating the Collateral in connection with the issuance of the Notes may create hardening periods for such security interests in Italy. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted, perfected, amended, confirmed or recreated, as applicable. In addition, granting a shared security interest (including security interest in the Collateral) to secure existing, new or future indebtedness (such hedging obligations or any additional Notes) or the transfer or the assignment of a security interest may restart or reopen hardening periods in certain jurisdictions, including Italy. In each instance, if the security interest granted, perfected, amended, confirmed or recreated were to be enforced before the end of the relevant hardening period applicable in Italy, such security interest may be subject to clawback or it may not be possible to enforce it. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

The same rights also apply in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interest over their relevant assets and equity interests for the benefit of holders of the Notes. In addition, under Italian law, in case any security interest (including security interest in the Collateral) is released and retaken at any time, such a release and retaking of Collateral may give rise to the start of a new "hardening period" in respect of such Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such security interests. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Upon an IPO pushdown, the Issuer of the Notes may change, and holders of the Notes may be subject to adverse tax consequences.

On, in contemplation of, or following an Initial Public Offering (as defined under "*Description of the Notes*") will provide that the Issuer or its successor shall be entitled to require (by written notice to the Trustee and the Security Agent) that the terms of the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) and the relevant security documents shall operate (with effect from the date specified in such notice) as described in "*Description of the Notes—IPO Debt Pushdown*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement—Provisions following an IPO*." The Indenture will provide that, upon consummation of an IPO pushdown, among other things, certain Collateral or the Guarantees may be released. Moreover, we may elect to, but are under no obligation to, revoke or otherwise reverse an IPO pushdown, or to replace the Guarantees or Collateral released pursuant thereto, in the event that such IPO pushdown is not consummated. To the extent that new security documents in respect of any collateral to be retaken (including, for example, a pledge over the shares of the Issuer) are entered into, such collateral may be subject to new hardening periods.

In the event that the Issuer of the Notes changes as a result of the provisions described under "*Description of the Notes—IPO Debt Pushdown*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement—Provisions following an IPO*," such change in the Issuer could result in a deemed exchange of the Notes for "new" Notes for U.S. federal income tax purposes. In such event, U.S. Holders would recognize any gain or loss in connection with such taxable exchange (although any such loss could be disallowed) and would have a new holding period and new tax basis in the Notes for U.S. federal income tax purposes. In addition, if the fair market value of the Notes at the time of the IPO pushdown is less than the principal amount of the Notes (by more than a statutorily defined de minimis amount), such Notes may be treated as issued with original issue discount ("**OID**"), or a greater amount of OID, for U.S. federal income tax purposes. Please see "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*."

In the event that the Issuer changes as a result of the provisions described under "*Description of the Notes—IPO Debt Pushdown*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement—Provisions following an IPO*," such change in the Issuer may have Italian tax consequences for Italian and non-

Italian resident holders of the Notes as, among others and subject to certain exceptions, may trigger the realization of a taxable event.

The Notes may be issued with original issue discount for U.S. federal income tax purposes.

The Notes may be issued with OID for U.S. federal income tax purposes. If the stated principal amount of the Notes exceeds their "issue price" (as defined under "*Certain U.S. Federal Income Tax Consequences*") by an amount equal to or more than a statutorily defined de minimis amount, the Notes will be treated as issued with OID for U.S. federal income tax purposes. In such case, a U.S. Holder (as defined in "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*") would be required for U.S. federal income tax purposes to include any amounts representing OID in gross income (as ordinary income) as the OID accrues (on a constant yield to maturity basis) in advance of the receipt of cash payments to which such income is attributable regardless of such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. For further discussion, see "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*."

The terms and conditions of the Notes may be amended with the vote of either 50% or 75% of the aggregate principal amount of the outstanding Notes.

The Indenture contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Meeting of Holders of Notes*" the majority required to pass an extraordinary resolution at any meeting of noteholders will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%), depending on the nature of the resolution to bind all holders of the Notes, including noteholders who did not attend and vote at the relevant meeting, and noteholders who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or to change the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely affect your rights as a holder of the Notes and may have a material adverse effect on the market value of the Notes.

Under Italian law, the approval of an extraordinary resolution amending the economic terms and conditions of the Notes typically requires the consent of not less than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold may be reduced from 75% to 50%.

An active trading market may not develop for the Notes, which may limit your ability to sell the Notes.

The Notes are new securities for which there is currently no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes, your ability to sell the Notes or the prices at which you may be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including the liquidity of the market for the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as third-party recommendations. Historically, the market for non-investment grade securities has from time to time been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes will depend on the number of holders of the Notes and may be adversely affected by a general decline in the market for similar securities. In addition, the trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. The Initial Purchasers have informed us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue such market-making at any time without notice. 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, and any disruption in the trading market for the Notes may have a negative effect on your investment regardless of our prospects and financial performance. If no active trading market develops, you may not be able to resell your Notes at fair value, if at all.

Although we have applied to list the Notes on the Official List of the Luxembourg Stock Exchange, we cannot assure you that the Notes will remain listed on that exchange or any other securities exchange. In addition, we cannot assure you as to the liquidity of any market that may develop for the Notes as a result of the admission to trading on the Euro MTF Market. Failure to be approved for listing or the delisting of the Notes (whether or not for an alternative admission to listing on another stock exchange), as applicable, from the Official List of the Luxembourg Stock Exchange may have a material adverse effect on a holder's ability to resell the Notes in the secondary market.

The insolvency laws of Italy may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar.

The Issuer is organized and has, and is likely to maintain in the future, its center of main interests under the laws of Italy. Accordingly, insolvency proceedings with respect to the Issuer or the Guarantors may proceed under, and be governed by, Italian insolvency law. The insolvency laws of Italy may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar, including in respect of creditors' reorganization, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes or the Guarantees to the extent exceeding the limitations arising under other insolvency laws. In the event that the Issuer or any of its subsidiaries, including the Guarantor, experiences financial difficulty, it is not possible to predict with certainty the outcome of such proceedings. In particular, the insolvency and other laws of Italy may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding (which may be significantly longer than the duration of analogous proceedings in jurisdictions you may be familiar with). The application of these laws could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights against the Collateral in Italy and limit any amounts that you may receive. The enforcement of rights under the Notes and the Collateral in an insolvency situation may also be delayed and more complex and costly for creditors than in other jurisdictions. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

You may be unable to recover in civil proceedings for U.S. securities laws violations.

We are organized outside of the United States. All of our directors and executive officers 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, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, all of the assets of the Issuer and the Guarantors and those of their respective directors and executive officers are located outside of the United States, you may be unable to enforce against them judgements obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States.

Moreover, in light of decisions of the U.S. Supreme Court, actions of the Issuer or the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

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

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 the Issuer's ability to perform its 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 above and other factors that

may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency in the future if, in its judgment, circumstances 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.

Certain covenants will be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive any two of rating of Baa3 or higher from Moody's, BBB– or higher from Standard & Poor's or Fitch and no default or event of default has occurred and is continuing, then beginning that day the provisions of the Indenture described in "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*" will not apply to the Notes.

Notwithstanding the foregoing, if the rating assigned by any such rating agency to such Notes should subsequently decline to below Baa3 or BBB–, as applicable, the foregoing covenants will be reinstituted as of and from the date of such rating decline. If these covenants were to be suspended, we 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.

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

The Notes will be denominated and payable in euros. If investors 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 investors measure the return on their investments due to of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the 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 the investors measure the return on their investments. Investments in the Notes by U.S. Holders (as defined in "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*."

Despite the measures taken by countries in the eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain eurozone countries and their ability 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 eurozone member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. We cannot assure you that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

The transferability of the Notes may be limited under applicable securities laws, which may adversely affect their liquidity and value.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S,

or other exceptions, under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000.

Furthermore, the Issuer has not registered the Notes under any other country's securities laws and do not have any intention to do so. It is your obligation to ensure that your offers and resales of the Notes within the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions*."

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

Unless and until definitive Notes are issued in exchange for book-entry interests in the Notes (which will only occur in very limited circumstances), owners of the book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of the Notes. After payment to the common depositary, we, the Trustee, the Transfer Agent, the Registrar and the Paying Agent will have 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, you must rely on the procedures of Euroclear or Clearstream Banking, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. See "*Book-Entry, Delivery and Form*."

Unlike holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions 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 a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

The Notes may not remain, listed on the Official List of the Luxembourg Stock Exchange.

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, we cannot assure you that the Notes will remain, listed. If the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and we can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, we may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange; provided, however, that we will use our commercially reasonable efforts to obtain and maintain the listing of the Notes on another "recognized stock exchange," although there can be no assurance that we will be able to do so. If the Notes will not satisfy the listing requirement of Decree No. 239, the Notes will not be eligible to benefit from the exemption from the requirement to apply withholding tax.

In addition, although no assurance is made as to the liquidity of the Notes as a result of listing the Notes on the Official List of the Luxembourg Stock Exchange or another recognized stock exchange in accordance with the Indenture, failure to obtain approval for the listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another recognized stock exchange, as applicable, may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

The Indenture will not be qualified under, and will not incorporate the protections of, the U.S. Trust Indenture Act of 1939, as amended.

The Indenture with respect to the Notes offered hereby will not be required to, and will not be, qualified under the U.S. Trust Indenture Act of 1939, as amended (the "**TIA**") and will not incorporate or include and will not be subject to any of the provisions of the TIA. Consequently, the holders of the Notes will not be entitled to the protections provided under the TIA to holders of debt securities issued under a qualified indenture, including the protections set forth in Section 316(b) of the TIA protecting minority noteholders by prohibiting a majority from agreeing to modify the noteholder's right to receive payment without the consent of each minority

bondholder and those respecting preferential collections by the trustee or conflicting interests of the trustee. See "*Description of the Notes*."

Total remuneration under the Notes will be automatically reduced if it exceeds the anti-usury cap levels set under Italian law.

Under Italian law, any obligation of an Italian company or any obligation secured or guaranteed by an Italian company, to pay any portion of remuneration applicable to the Notes (including interest, default interest, fees, charges, expenses and other costs and any other form of compensation related to the Notes) in excess of the thresholds permitted under Italian law no. 108 of March 7, 1996, as amended from time to time and related implementing rules and regulations (the "**Italian Usury Law")** may not be enforceable. Although the applicability of the Italian Usury Law to securities such as the Notes (and, among others, related original issue discounts and make-whole payments that may be due under the applicable indenture) remains untested, the Indenture will provide that, if the remuneration applicable to the Notes (including interest, default interest, fees, original issue discounts, premium, charges, expenses and other costs and any other form of compensation related to the Notes (the "**Total Remuneration**")) at any time exceeds the maximum remuneration permitted under the Italian Usury Law, then the Total Remuneration shall immediately and automatically be reduced to the maximum remuneration permissible under the Italian Usury Law for, and limited to, the period during which it is not possible to apply the remuneration as originally provided. This will result in a change of the economic terms of the Notes which, in turn, may adversely impact the rights of the holders of the Notes and may have a material adverse effect on the market value of the Notes.

USE OF PROCEEDS

We expect that the gross proceeds from the Offering will be approximately €318.4 million. The proceeds from the Offering will be used, directly or indirectly, (i) to repay in full and cancel outstanding indebtedness under the Existing Facilities, including accrued and unpaid interest thereon, (ii) to fund a distribution to the shareholders of the Issuer, (iii) for general corporate purposes, which may include potential future investments and (iv) to pay fees and expenses associated with the Transactions.

The estimated sources and uses of the proceeds of the Offering are shown in the table below. Actual amounts are subject to adjustments and may differ from estimated amounts depending on several factors, including the amount of accrued interest on the Existing Facilities, the actual amount of proceeds received from the Offering, and differences from our estimates of fees and expenses in connection with the Transactions. Any increase in the amount required to complete the foregoing transactions compared to our estimates may be funded through other sources available to us, including cash on hand. The table below should be read in conjunction with the "*Capitalization*" section.

Sources		**Uses**	
	Amount (*in € million*)		**Amount** (*in € million*)
Notes offered hereby[(1)]	318.4	Refinancing of Existing Facilities[(2)]	187.1
		Distribution to the shareholders of the Issuer[(3)]	124.0
		Estimated fees and expenses[(4)]	6.6
		Cash on balance sheet[(5)]	0.7
Total	**318.4**	**Total**	**318.4**

(1) Represents the aggregate principal amount of the Notes issued at an issue price of 99.500%.

(2) Represents the aggregate principal amount of the Existing Facilities, which will be repaid on or about the Issue Date. The principal amount of the Existing Facilities shown in the table above excludes breakage costs, make-whole and/or redemption premium and accrued and unpaid interest in respect of the Existing Facilities. Actual amounts outstanding and payable under the Existing Facilities on or about the Issue Date may vary from the estimated amount set forth in the table above. If the amount required to repay the Existing Facilities on or about the Issue Date exceeds the estimated amount set forth in the table above, the amount of cash on balance sheet following the Transactions will be reduced commensurately.

(3) Represents the amount of the expected distribution to be paid to the shareholders of the Issuer (the "**Shareholders Distribution**"). The Shareholders Distribution may be resolved upon in one or more tranches, within the twelve months following the Offering, and paid at any time after resolution. Any portion of Shareholders Distribution which will not be paid immediately upon resolution above will be used by the Issuer for general corporate purposes, which may include potential future investments, until the distribution to the relevant shareholder is paid upon their request. Shareholders Distribution presented herein includes the amount of withholding taxes that will be paid in connection with the Shareholders Distribution.

(4) Represents estimated fees and expenses associated with the Transactions, including underwriting and professional fees related to the Offering, as well as transaction costs, fees and break costs relating to the cancellation of the Existing Facilities. These fees and expenses have been estimated as of the date of this Offering Memorandum and are subject to change.

(5) Represents cash and other balances that will be immediately available for future general corporate purposes, including future investments.

CAPITALIZATION

The following table sets forth the Issuer's cash and financial assets and capitalization (i) on a historical basis as of March 31, 2024, (ii) reflecting certain information relating to our capitalization, calculated by updating the balance sheet as of March 31, 2024, with certain management estimates of balance sheet data as of May 31, 2024 , as further detailed in the table and related notes below (the "**Events occurred after Q1-2024**"), and (iii) on as adjusted basis to give effect to the Transactions and the application of proceeds therefrom, as described in "*Use of Proceeds*."

We have prepared the information presented in the "*Updated for the Events occurred after Q1-2024*" and the "*As adjusted for the Transactions*" columns for illustrative purposes only. Such information addresses a hypothetical situation and, therefore, does not represent our actual capitalization, financial position or results. Consequently, such information and resulting adjustments may not be indicative of our total capitalization as of the date of this Offering Memorandum, any other prior date or any date thereafter. Investors are cautioned not to place undue reliance on this hypothetical information.

This table should be read in conjunction with "*Summary—Recent Developments—Current Trading*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," "*Description of the Notes*" and the Consolidated Financial Statements and related notes included elsewhere in this Offering Memorandum.

(*in € million*)	**Historical as of March 31, 2024**	**Updated for the Events occurred after Q1-2024(*)**	***As adjusted* for the Transactions**
Cash and financial assets			
Cash and cash equivalents	34.8	50.2(1)	50.9
Other current financial assets(2)	0.5	0.5	0.5
Total cash and financial assets	**35.3**	**50.7**	**51.4**
Financial Liabilities			
Revolving Credit Facility(3)	—	—	—
Existing Facilities(4)	*184.9*	*187.1*	—
Notes offered hereby(5)	—	—	*320.0*
Other indebtedness(6)	*6.8*	*8.1*	*8.1*
Total Gross Financial Indebtedness	**191.7**	**195.2**	**328.1**
Total shareholders' equity(7)	**259.9**	**259.9**	**135.9**
Total capitalization(8)	**451.6**	**455.1**	**464.0**

(*) The balance sheet data presented above for the Events occurred after Q1-2024 reflect preliminary financial results that are derived from our accounting records and internal management accounts and estimates. This information has not been audited or reviewed, nor have any procedures been performed by our independent auditors with respect thereto. Actual amounts may vary from estimated amounts depending on several factors and are not intended to be a comprehensive statement of our capitalization as of May 31, 2024.

(1) Represents the cash and cash equivalents on balance sheet as of May 31, 2024.

(2) Represents the value of certain current investments in financial instruments owned by the Group as of the respective date.

(3) Represents the Issuer's €50.0 million Revolving Credit Facility entered into on July 2, 2024 in connection with the Transactions. We expect the Revolving Credit Facility to be undrawn on the Issue Date. See "*Description of Certain Financing Arrangements —Revolving Credit Facility.*"

(4) Represents the aggregate principal amount of indebtedness outstanding under the Existing Facilities, including accrued and unpaid interest thereon in the amount of €0.2 million as of March 31, 2024 and €2.4 million as of May 31, 2024, and excluding any break costs and unamortized borrowing costs. On or about the Issue Date, we expect to use a portion of the proceeds from the Offering and cash on balance sheet to repay in full and cancel the indebtedness incurred under the Existing Facilities. See "*Use of Proceeds.*"

(5) Represents €320.0 million in aggregate principal amount of the Notes offered hereby.

(6) Other indebtedness consists of outstanding amounts under certain bilateral facilities and lease liabilities. As of March 31, 2024, we had €4.6 million in bilateral facilities, mainly at subsidiary level and €2.2 million in lease liabilities. As of May 31, 2024, we had approximately €6.1 million in bilateral facilities mostly at subsidiary level, and €2.0 million in lease liabilities. For a description of our other indebtedness, see also "*Description of Certain Financing Arrangements.*"

(7) Represents the Issuer's consolidated equity as of March 31, 2024. For the purposes of this presentation, we have assumed that no changes occurred to total equity as a result of the Events occurred after Q1-2024. The *As Adjusted* column reflects the €124.0 million of expected distribution to be paid to the shareholders of the Issuer following completion of the Offering. See "*Use of Proceeds.*"

(8) Total capitalization is defined as the sum of total debt (gross of unamortized debt issuance costs) and total shareholders' equity.

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

The discussion and analysis below provides information that we believe is relevant to an assessment and understanding of our historical consolidated financial position and results of operations. You should read this discussion in conjunction with our Financial Statements included elsewhere herein and the section entitled "Presentation of Financial and Other Information."

This section includes forward-looking statements, including those concerning future sales, costs, capital expenditures, acquisitions and financial condition. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Results of operations for prior years are not necessarily indicative of the results to be expected for the full year or any future period. See "Forward-Looking Statements" and "Risk Factors."

The Financial Statements have been prepared in accordance with Italian GAAP. We have not prepared a qualitative or quantitative reconciliation of the Financial Statements between Italian GAAP and IFRS. In making an investment decision, you must rely upon your examination of the Company and the financial statements included elsewhere in this Offering Memorandum. You should consult your own professional advisers for an understanding of the differences between Italian GAAP and IFRS and how those differences might affect the financial information included in this Offering Memorandum. See also "Annex A—Summary of Certain Differences between Italian GAAP and IFRS."

The following discussion of our results of operations also makes reference to certain Non-GAAP Measures, as discussed under "*Presentation of Financial and Other Information—Non-GAAP Measures*." Prospective investors should bear in mind that these Non-GAAP Measures are not financial measures defined in accordance with Italian GAAP, may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under Italian GAAP. See "*Presentation of Financial and Other Information—Non-GAAP Measures.*"

Overview

We are a leading supplier of high-quality leather and textile materials, providing a full suite of value-added services, such as printing, laser engraving, cutting and embroidery decorations on both fabric and leather products, mainly for luxury and premium clients across the fashion, automotive and mobility as well as interior design industries (including some of the most recognizable and iconic high-street fashion houses and luxury automotive brands), combining artisanal craftmanship with state-of-the-art industrial processes in all the key steps of the value-chain. For the year ended December 31, 2023, we recorded revenue of €331.6 million (and, on a pro forma basis, of €348.3 million), Adjusted EBITDA of €71.7 million and Adjusted EBITDA margin of 20.6%, in each case on a pro forma basis. For the twelve months ended March 31, 2024, on a pro forma basis, we recorded revenue of €340.8 million, Adjusted EBITDA of €72.5 million and Adjusted EBITDA margin of 21.3%. Our Structuring Adjusted EBITDA and Structuring Adjusted EBITDA margin for the twelve months ended March 31, 2024, on a pro forma basis, were €75.4 million and 22.1%, respectively.

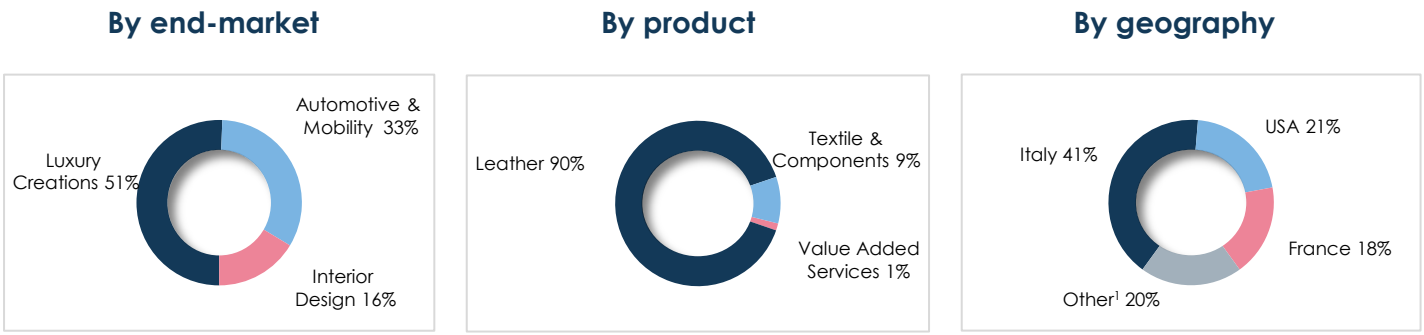
Our business is built around three business units, serving customers in attractive end-markets, namely Luxury Creations, Automotive & Mobility, and Interior Design, which are characterized by positive long-term growth prospects and high barriers to entry. Within our end-markets, the luxury and premium segments constitute our primary focus and drive large part of our growth, due to the fact that high-quality materials play a key differentiating role to address evolving quests for premiumization, elevation and more refined materials. The end-markets in which we operate recorded constant growth over the years, with the Luxury Creations end-market growing at a CAGR of approximately 7% between 2019 and 2023, luxury cars production market within the Automotive & Mobility end-market growing at a CAGR of approximately 5% over the same period, and the high-end Interior Design market growing at a CAGR of approximately 6% between 2019 and 2023, according to third-party analysis of industry data.

We manage a leading integrated platform of high-quality materials and value-added services, capturing multiple revenue streams via a best-in-class offering for luxury brands. According to management analysis of industry data, we believe that we are the leading strategic partner for luxury fashion houses, being the largest global

supplier of top-quality calf and bovine natural leather, with a market share of approximately 10% in 2023. Our Luxury Creations business unit specializes in the manufacturing and supply of top-quality calf and bovine leather, high-end textile fabrics, with a focus on jacquard for luxury fashion houses, mainly used for the production of luxury bags and shoes. Our offering is complemented by value-added services, such as printing, cutting and embroidery decorations, and, in recent years, by highly synergistic textiles, tapes and components (such as handles). In the Automotive & Mobility end-market, we believe that we are the leading supplier worldwide of top grain leather for steering wheels with approximately 21% market share in 2023, with recent expansion into synthetic leather. Moreover, we have a strong reputation in the Interior Design end-market, with our brand Elmo being among the most recognized leather brands in the market (according to management analysis of industry data) where the company has a market share of approximately 10% of the high-end upholstery leather volumes, and a growing presence in textiles thanks to the recent acquisition of Imatex, a textile manufacturer specialized in jacquard fabrics for high-end furniture.

As part of our strategy of competitive repositioning towards luxury and premium segments with higher margins and pricing, between 2018 and 2023 we increased our focus on the Luxury Creations end-market. For the year ended December 31, 2023, Luxury Creations was our largest business unit, accounting for 51% of our revenue on a pro forma basis, followed by the Automotive & Mobility business unit, accounting for 33% of our revenue on a pro forma basis and by the Interior Design business unit, accounting for 16% of our revenue on a pro forma basis.

The charts below show a breakdown of our diversified portfolio by end-market, product and geography as of percentage of our revenue on a pro forma basis for the year ended December 31, 2023.



Note: (1) Mainly including Czech Republic, Romania, Slovakia, China, Lithuania.

We have long-term, strategic partnerships with global luxury and premium customers, underpinned by hard to replicate value proposition resulting in recurring revenue and a solid share of purchase, being the sole supplier for certain of their most iconic products. We are recognized as partner of choice for our customers thanks to our distinctive technological edge, the high-level of service (including best-in-class delivery time), and industry leading ESG credentials based on a well-rounded action plan supported by substantial investments. Our customer base, comprised of more than 2,500 customers, includes some of the most recognizable and iconic high-street brands in the Luxury Creation industry with whom we enjoy longstanding partnerships dating back to more than 15 years in most of the cases, as well as well-recognized luxury and premium OEM in the Automotive & Mobility space and certain other mid-market brands, with whom we enjoy longstanding partnerships dating back to more than 20 years in most of the cases. Our customer base is complemented by some of the most renowned and iconic brands in the Interior Design arena. We believe that our customer base is well-diversified, with our top five customers accounting for approximately 34% of our revenue for the year ended December 31, 2023 and no single customer accounting for more than 13% over the same period, and is well balanced to ensure stability of cashflows, on the back of the recurring nature of Luxury Creation orders, coupled with the multi-year nature of Automotive & Mobility contracts, providing good visibility on future revenue.

We operate 16 production facilities across Italy, Europe, the United States and Central and Latin America and employ approximately 1,350 people as of March 31, 2024. Thanks to our operational set-up we are able to ensure proximity to our main customers and suppliers, while maintaining the ability to properly control raw materials sourcing, ensuring logistic optimization. Our production facilities are state-of-the-art thanks to full-cycle maintenance programs that we periodically perform, resulting into limited requirements for recurring

capital expenditures (amounting to €2.7 million, €4.0 million, and €5.1 million for the years ended December 31, 2021, 2022 and 2023, respectively).

We have maintained an attractive financial performance with demonstrated ability to preserve margins across cycles ensuring best-in-class cash conversion. We manage our business with a focus on achieving and maintaining strong revenue generation and profitability. We have a strong track-record of revenue growth, which increased from €290.3 million for the year ended December 31, 2021 to €331.6 million (€348.3 million on a pro forma basis) for the year ended December 31, 2023, and a solid Revenue Growth CAGR (ex. acquisitions) at 2.3% for the year ended December 31, 2023. Our organizational structure and our luxury and premium clients allow us to maintain sustainable profitability levels (Structuring Adjusted EBITDA margin of 22.1% for the twelve months ended March 31, 2024, calculated on a pro forma basis) and best-in-class cash conversion (approximately 93% on average over the period from 2021 to 2023).

We have a high profile and committed management team with a long-term track record of delivering sustainable value creation also through selected value-added opportunities, with seamless integration of 7 acquisitions over the past 5 years.

Key Factors Affecting Our Results of Operations

Our results of operations are affected by a combination of factors, including factors which are beyond our control. We believe that our results of operations, and particularly the results of operations during the periods under review, have been primarily affected by the following factors.

General economic and industry conditions

Our business is indirectly affected by the demand for high-end luxury products, especially in Europe and North America, which represent a significant portion of our revenue. Demand for luxury products is affected by general economic conditions, consumer confidence and spending patterns, which generally depend on the growth and health of the economy growth in the countries where our clients operate. In the Automotive & Mobility segment, the cycles of the global automotive industry, which correlate with general global macroeconomic conditions, impact our OEM customers' production requirements and consequently the volume of purchases by our OEM customers.

Following the COVID-19 pandemic in 2020, the global economy faced a financial crisis due to a sharp increase in inflation induced primarily by rising energy and raw material prices and disruption in supply chains. The global macroeconomic condition was worsened by geo-political conflicts, including the conflict between Russia and Ukraine, frictions between China and the United States and hostilities between Israel and Hamas in the Middle East.

High levels of inflation or sovereign debt, combined with weak growth and high unemployment, have also affected the spending capacity of the luxury market end customers. While we have not experienced any material decrease in demand over the periods under review, our client's products may be perceived as luxuries not essential for daily life and luxury market end customers may reduce their purchases of these products before other essentials or opt for cheaper products if they need to reduce their spending, which could, in turn, result in a decrease in the demand of our products and services. See also "*Industry*."

Lastly, increases in interest rates, which are determined and controlled by central banks in response to macroeconomic events (including the numerous increases applied by the European Central Bank and the Federal Reserve since mid-2022), have negatively affected general economic growth in the countries in which we operate and, consequently, had a negative impact on our business as well as our financing costs. In particular, since July 2022, (i) the European Central Bank has increased the interest rate on the main refinancing operations from 0.50% to 4.25%, the interest rate on the marginal lending facility from 0.75% to 4.50%, and the interest rate on the deposits facility from 0.00% to 3.75%, and (ii) since January 2021, the Federal Reserve has increased the federal funds rate from 0.09% to 5.33%, the primary credit rate from 0.25% to 5.50%, and the interest on reserve balances rate from 0.15% to 5.40%. As a result, between 2021 and 2023, while our total gross financial indebtedness increased by 5.5%, our financial expenses over the same period increased by 53.1%. Similarly, while our total gross financial indebtedness for the three months ended March 31, 2024 increased by 1.5% compared to same period in the prior year, our financial expenses for the three months ended March 31, 2024 increased by 83.3% compared to the prior period.

Growth in Revenue Driven by Competitive Repositioning and Strategic Acquisitions

We recorded a revenue increase from €290.3 million for the year ended December 31, 2021 to €318.6 million for the year ended December 31, 2022 and €331.6 million (€348.3 million on a pro forma basis) for the year ended December 31, 2023, and a solid Revenue Growth CAGR (ex. acquisitions) at 2.3% for the year ended December 31, 2023, which was mainly driven by a solid increase in our revenue mainly thanks to improved pricing capabilities coupled with the successful integration of selected value accretive acquired companies: Carrol Leather in 2021, Morellino, Morelab and Tessitura Oreste Mariani in 2022 and Imatex and Mapel in 2023.

Our consistent growth during the periods under review was also underpinned by our strategy of competitive repositioning towards premium and luxury segments with higher margins and premium pricing. In particular, between 2018 and 2023, we have increased our focus on the Luxury creations end-market. For the year ended December 31, 2023, Luxury Creations was our largest business unit, accounting for 51% of our revenue on a pro forma basis, followed by the Automotive & Mobility business unit, accounting for 33% of our revenue on a pro forma basis and by the Interior Design business unit, accounting for 16% of our revenue on a pro forma basis. This strategic shift has been facilitated, among other factors, by capital investment in new machinery, which have made it possible to internalize production phases, thereby reducing costs for external services, and improve quality control and logistics management. This has been accompanied by the development of new production technologies, such as innovative production techniques that reduce production costs while maintaining the same product quality.

Our revenue growth was also supported by our product offering diversification strategy. While the manufacture and supply of superior quality leather remains our core activity, we expanded our product portfolio to high-quality textile fabrics and specific components, such as handles and textile tapes. In particular, while in 2019 the offering of leather accounted for 100% of our revenue, in 2023, leather accounted for 89.5% of our pro forma revenues, with textile and components accounting for 9.1% of our revenue over the same period. We complement our product offering with value added services for leather and textile fabrics, such as embossing, printing, cutting and embroidery decorations, which allow us to operate as a one-stop shop platform of high-quality materials, hence providing a better service and more product choice to our customers. Value added services accounted for 1.4% of our pro forma revenue for the year ended December 31, 2023.

The following tables set forth a breakdown of our revenue for the years ended December 31, 2021, 2022 and 2023, and for the three months ended March 31, 2024 and 2023, by product, end-market and geography.

Revenue by Product

	For the year ended December 31,				For the three months ended March 31,	
	2021	**2022**	**2023**	**2023** *pro forma*	**2023**	**2024**
(in € million)						
Leather	290.3	312.9	311.8	311.8	85.7	79.1
Textile & Components	-	-	14.9	31.7	4.4	7.5
Value Added Services	-	5.6	4.8	4.8	1.3	1.5
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

Revenue by End-market

	For the year ended December 31,				For the three months ended March 31,	
	2021	**2022**	**2023**	**2023** *pro forma*	**2023**	**2024**
(in € million)						
Luxury Creations	148.0	156.7	162.0	176.2	46.8	44.4
Automotive & Mobility	94.9	103.0	115.1	115.1	29.1	27.8
Interior Design	47.3	58.9	54.5	57.0	15.5	15.9
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

Revenue by Geography[(*)]

	For the year ended December 31,				For the three months ended March 31,	
	2021	2022	2023	2023 *pro forma*	2023	2024
(in € million)						
Italy	120.9	134.1	127.2	143.9	37.1	37.3
France	42.2	49.4	62.5	62.5	17.0	17.2
United States	70.6	78.2	72.3	72.3	18.2	15.9
Other[(1)]	56.6	56.8	69.6	69.6	19.2	17.7
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

(*) Based on location of the clients, who in turn may sell to other geographies around the world.
(1) Other countries mainly include Czech Republic, Romania, Slovakia, China, Lithuania.

Control of Costs and Price of raw materials

A significant part of our cost base consists of purchases of materials which are variable in nature. The primary raw materials that we source are raw hides, sourced from slaughterhouses for further processing, textile fibers, for our textile manufacturing activity and chemicals, used in our production process and primarily for tanning. For the years ended December 31, 2021, 2022 and 2023, the purchase of goods and changes in inventory represented 56.2%, 57.8% and 54.9%, respectively, of our revenue.

While prices and availability of raw materials affect our revenue and costs, historically, our profit margins have not been significantly affected by changes in prices of raw materials also thanks to our ability to dynamically change the sourcing of raw materials by type and geography to optimize sourcing mix and margins. We normally source raw materials from a diversified network of suppliers. In the year ended December 31, 2023, no single supplier accounted for 8% or more of our total purchases of raw materials on a pro forma basis. Moreover, we constantly monitor changes in the prices of raw materials, energy components and sales logistics. This has allowed us to implement timely strategies and appropriate countermeasures, such as targeted pricing policies, constant and active negotiations with suppliers. With reference to energy supply, we have controlled costs through appropriate price hedging contracts, combined with the use of existing cogeneration plants and alternative energy sources and the launch of further investments to install alternative energy generation plants in order to diversify energy sources.

While we have not experienced any significant shortages of raw materials, the world economic scenario led us to increase stocks of key raw materials to counteract any discontinuities in supplies. In particular, our raw, ancillary and consumable materials as of December 31, 2022 increased by €3.4 million, or 17.5%, to €22.6 million, from €19.2 million as of December 31, 2021.

We are generally able to pass through increases in the cost of raw materials to our customers. More specifically, the Luxury Creations business is characterized by nature by the constant development of new articles and collections. The constant need of our customers to renew collections grants us the possibility, when we are engaged for the manufacturing of a new product, to update pricing to account for fluctuations in raw material costs, although this does not apply to some of the existing iconic products of our customers. With respect to our Automotive & Mobility business, relationships with our clients are governed by long term agreements with average duration ranging from five to seven years. Almost all of such contracts are indexed to raw material costs inflation, allowing us to minimize the impact of fluctuations in the price of raw materials. Lastly, contractual relationships with our customer in the Interior Design business unit are governed by individual purchase orders. This allows us regularly update pricing and, therefore, pass through cost inflation when negotiating a new purchase order.

Resilient Profitability Driven by Ability to Preserve Margins Across Cycles and Solid Cash Generation

The consistent growth of our business, underpinned by consistent contribution margin development supported by strong pass-through abilities and controlled sourcing strategy, along with disciplined approach with regards to personnel, outsourcing, manufacturing and other administrative and general expenses, allowed us to maintain a resilient profitability and consistently high Adjusted EBITDA margin over the periods under review.

The following table sets forth our Profit for the year/period, Adjusted EBITDA and Adjusted EBITDA margin and our Structuring Adjusted EBITDA and Structuring Adjusted EBITDA margin for the periods set forth below.

(*in € million, except for %*)	For the year ended December 31,			Pro Forma December 31,	For the three months ended March 31,		Pro Forma March 31, 2023	For the last twelve months ended March 31, 2024
	2021	2022	2023	2023	2023	2024	2023	*pro forma*
Profit for the year/period	15.6	14.0	11.0	12.5	2.6	2.7	3.2	12.1
Adjusted EBITDA	56.2	56.7	63.8	71.7	14.9	17.8	17.0	72.5
Adjusted EBITDA margin	19.4%	17.8%	19.2%	20.6%	16.3%	20.2%	17.8%	21.3%
Structuring Adjusted EBITDA								75.4
Structuring Adjusted EBITDA margin								22.1%

Additionally, we operate a business model with limited requirements for maintenance capital expenditures, contributing to a strong and consistent cash conversion over the past three years averaging approximately 93% of our Adjusted EBITDA. During the last three years, our maintenance capital expenditures have averaged approximately €4.0 million per annum (consistent with our historical trend), representing 1.2% of our average revenue for the three years ended December 31, 2021, 2022 and 2023. Also, our trade working capital needs are limited and predictable (characterized by limited seasonality), representing 26.6% and 23.8% of our revenue for the years ended December 31, 2021 and 2022, respectively, and 27.0% of our revenue for the year ended December 31, 2023 (on a pro forma basis). As a result, we have been able to generate approximately €118 million of Adjusted Cash flow before debt service and M&A over the period 2021-2023.

Acquisitions

Historically, value accretive acquisitions of companies have been a significant driver of both organic and non-organic growth in our operations, breadth of our product portfolio, service offerings, revenue and Adjusted EBITDA margin. We completed the following acquisitions: (1) 100% of the corporate capital of Carrol Leather, one of the largest American warehouses and service centers, focused on upholstery leather, on June 30, 2021 (2) 70% of the corporate capital of Morellino, a key player in value-added services for leather and textile, on February 28, 2022 (3) 76% of the corporate capital of Tessitura Oreste Mariani, a company specialized in luxury textiles for the fashion industry, on October 11, 2022, (4) 80% of the corporate capital of Imatex, a textile manufacturer specialized on jacquard textile, on November 8, 2023 and (5) 60% of the corporate capital of Mapel, a specialized manufacturer of textile apes and components, on December 14, 2023.

Historically, we have funded acquisitions of our companies partially with cash from operations and additional debt. In the years ended December 31, 2021, 2022 and 2023, the cumulative purchase price for our acquisitions amounted to €21.0 million, €32.6 million and €45.1 million, respectively.

These acquisitions have generated synergies for our business and have contributed to our growth. For instance, acquisitions of key players in value-added services, such as Morellino, and manufacturers of textile and components, such as Mapel, allowed us to expand our product offering and operate as a one-stop shop platform of high-quality materials, components and value added services for our customers, which represents a significant competitive advantage compared to other players in the market. See "*Risk Factors—Risk Related to our Business—Our strategy of selectively pursuing acquisitions may present unforeseen integration obstacles and costs*."

Description of Key Income Statement Items

A summary description of certain key income statement line items follows.

Revenue

Revenue means revenue from sales of finished products and services.

Other income

Other income means revenue and other income different from sales of finished products and services. For the years ended December 31, 2023, 2022 and 2021, other income mainly comprises: (i) ordinary capital gains, (ii) revenue from the sale of scrap and unfinished products, and (ii) operating grants.

Purchase of goods and changes in inventory

Purchase of goods and changes in inventory mainly consist of purchases of raw materials, supplies and consumables (*i.e.*, raw hides and chemicals) used in the production of finished products and the related change in inventories.

Cost of services

Cost of services comprises (i) outsourced processing costs; (ii) energy (mainly electricity and gas); (iii) cleaning and ecology costs related to expenses incurred in the production cycle; (iii) domestic and international transportation costs on purchases and sales; and (iv) maintenance costs required to maintain machinery.

Personnel costs

Personnel costs refer to salaries and wages, social security expenses, post-employment benefits, restructuring and reorganization personnel costs and other personnel costs. Salaries and wages include personnel costs related to holidays and leave pays, indemnities, overtime and bonuses.

Other operating costs

Other operating costs include residual items not included in other captions related to operative costs, such as capital losses from disposals of assets, non-income taxes and other operating charges and expenses.

Depreciation and Amortization

Depreciation includes depreciation of property, plant and equipment. Amortization includes amortization of goodwill and intangible assets.

Financial income

Financial income includes interest income.

Financial expenses

Financial expenses includes interest expenses.

Income taxes

Income taxes consist of current taxes and deferred taxes. Income taxes for any period are estimated based the profit (loss) before tax for the period as well as applicable laws and regulations, and represent management's best estimate of the expected tax charge due for the period.

Results of Operations

Three Months Ended March 31, 2024, compared with Three Months Ended March 31, 2023

	Three Months Ended March 31,		
(€ million)	**2024**	**2023**	**Change in %**
Revenue	88.1	91.4	(3.6)%
Other income	7.6	7.5	1.3%
Total revenue and other income	**95.7**	**98.9**	**(3.2)%**
Purchase of goods and changes in inventory	46.9	52.3	(10.3)%
Cost of services	17.8	16.9	5.3%
Costs for leases and rentals	0.3	0.2	50%

Personnel costs	16.3	14.3	14.0%
Other operating costs	0.3	0.4	(25.0)%
Depreciation and Amortization	8.3	7.1	16.9%
Total operating costs	**89.9**	**91.2**	**(1.4)%**
Operating profit	**5.8**	**7.7**	**(24.7)%**
Financial income	0.3	0.2	50.0%
Financial expenses	(4.4)	(2.4)	83.3%
Net exchange rate gains/(losses)	0.8	(0.4)	300.0%
Result from investments accounted for using the equity method	1.3	(0.7)	285.7%
Profit before tax	**3.8**	**4.4**	**(13.6)%**
Income taxes	(1.1)	(1.8)	(38.9)%
Profit for the period	**2.7**	**2.6**	**3.8%**

Revenue

Revenue for the three months ended March 31, 2024 decreased by €3.3 million, or 3.6%, to €88.1 million, from €91.4 million for the three months ended March 31, 2023, primarily due to a slight decrease in the performance of the Luxury Creations, Automotive & Mobility and Interior Design business units mainly due to an overall market normalization, compared to the strong performance recorded during the same period in the prior year, primarily driven by an increase in sales volumes. Such performance was partially offset by the contribution of Mapel (€3.4 million) and Imatex (€0.9 million) following their acquisition in 2023 which supported the expansion of our textile offering. This decrease in revenue mainly reflects a record start of 2023 as compared to 2024, especially in the Luxury Creations business division (primarily volumes driven), and not the result of an overall decline of the business. See "*Summary—Recent Developments—Current Trading*."

With regard to our Luxury Creations business unit, revenue for the three months ended March 31, 2024 decreased by €2.4 million, or 5.1%, to €44.4 million, from €46.8 million for the three months ended March 31, 2023, primarily due to an overall market normalization.

With regard to our Automotive & Mobility business unit, revenue for the three months ended March 31, 2024 decreased by €1.3 million, or 4.5%, to €27.8 million, from €29.1 million for the three months ended March 31, 2023, primarily due to an overall market normalization, particularly in the steering wheels business segment, where we are market leader and thus more exposed to market fluctuations.

With regard to our Interior Design business unit, revenue for the three months ended March 31, 2024 slightly increased by €0.4 million, or 2.6%, to €15.9 million, from €15.5 million for the three months ended March 31, 2023, primarily due to the resiliency of the Group and the contribution of the newly acquired Imatex.

Other income

Other income for the three months ended March 31, 2024 slightly increased by €0.1 million, or 1.3%, to €7.6 million, from €7.5 million for the three months ended March 31, 2023, primarily due to a slight increase in sales of semi-finished products (*i.e.* non-core products, as they are at the semi-finished stage, which we sell as surplus for our production).

Purchase of goods and changes in inventory

Purchase of goods and changes in inventory for the three months ended March 31, 2024 decreased by €5.4 million, or 10.3%, to €46.9 million, from €52.3 million for the three months ended March 31, 2023. Such decrease was mainly attributable also to the decrease in sales volumes recorded during the period and to the decrease in the prices of raw materials primarily due to the optimization measures implemented by us to enhance our sourcing mix and margins, dynamically changing the sourcing of raw materials by type and geography. The proportion of purchase of goods and changes in inventory on revenue decreased from 57.2% for the three months ended March 31, 2023 to 53.2% for the three months ended March 31, 2024, showing a decrease of 4.0%.

Cost of services

Cost of services for the three months ended March 31, 2024 increased by €0.9 million, or 5.3%, to €17.8 million, from €16.9 million for the three months ended March 31, 2023, primarily due to the effect of consolidation of

some costs of services of the subsidiaries Mapel and Imatex following their acquisition in 2023 (the "**Mapel Acquisition**" and the "**Imatex Acquisition**", respectively). The proportion of cost of services on revenue increased from 18.5% for the three months ended March 31, 2023 to 20.2% for the three months ended March 31, 2024, showing an increase of 1.7%.

Personnel costs

Personnel costs for the three months ended March 31, 2024 increased by €2.0 million, or 14.0%, to €16.3 million, from €14.3 million for the three months ended March 31, 2023, primarily due to the effect of consolidation of personnel costs of Mapel and Imatex following the Mapel Acquisition and the Imatex Acquisition and to some targeted investments in the expansion of our commercial sales personnel. The proportion of personnel costs on revenue increased from 15.6% for the three months ended March 31, 2023 to 18.5% for the three months ended March 31, 2024, showing an increase of 2.9%.

Other operating costs

Other operating costs for the three months ended March 31, 2024 slightly decreased by €0.1 million, or 25.0%, to €0.3 million, from €0.4 million for the three months ended March 31, 2023. Such decrease is mainly attributable to the implementation of several cost reduction measures implemented throughout our business activities during the period.

Depreciation and Amortization

Depreciation and Amortization for the three months ended March 31, 2024 increased by €1.2 million, or 16.9%, to €8.3 million, from €7.1 million for the three months ended March 31, 2023, primarily due to (i) the depreciation of the tangible and intangible fixed assets recognized in connection with the investments made during the period (including, among others, new technologies and photovoltaic equipment) and (ii) the effect of consolidation of Mapel and Imatex following the Mapel Acquisition and the Imatex Acquisition.

Financial income

Financial income for the three months ended March 31, 2024 slightly increased by €0.1 million, or 50.0%, to €0.3 million, from €0.2 million for the three months ended March 31, 2023, primarily due to the higher remuneration rate of the cash deposited in the bank accounts opened by the Group companies.

Financial expenses

Financial expenses for the three months ended March 31, 2024 increased by €2.0 million, or 83.3%, to €4.4 million, from €2.4 million for the three months ended March 31, 2023, primarily due to the increase in borrowing costs caused by the increase in interest rates recorded during the period.

Income taxes

Income taxes for the three months ended March 31, 2024 decreased by €0.7 million, or 38.9%, to €1.1 million, from €1.8 million for the three months ended March 31, 2023, primarily due to the decrease in taxable income of the different Group companies recorded during the period.

Year Ended December 31, 2023, compared with Year Ended December 31, 2022

	Year Ended December 31,		
(in € million)	**2023**	**2022**	**Change in %**
Revenue	331.6	318.6	4.1%
Other income	33.6	32.1	4.7%
Total revenue and other income	**365.2**	**350.7**	**4.1%**
Purchase of goods and changes in inventory	182.1	184.2	(1.1)%
Cost of services	64.4	61.6	4.5%
Costs for leases and rentals	0.6	0.5	20.0%
Personnel costs	57.6	50.3	14.5%

Other operating costs	1.6	2.0	(20.0)%
Depreciation and Amortization	25.5	23.5	8.5%
Impairment of trade receivables	0.2	0.2	n.s.%
Total operating costs	**332.0**	**322.3**	**3.0%**
Operating profit	**33.2**	**28.5**	**16.5%**
Financial income	1.2	0.3	n.s.%
Financial expenses	(14.6)	(10.5)	39.0%
Net exchange rate (losses)/gains	(0.9)	1.4	n.s.%
Result from investments accounted for using the equity method	(1.3)	(0.3)	n.s.%
Profit before tax	**17.6**	**19.4**	**(9.3)%**
Income taxes	(6.6)	(5.4)	22.2%
Profit for the year	**11.0**	**14.0**	**(21.4)%**

Revenue

Revenue for the year ended December 31, 2023, increased by €13.0 million, or 4.1%, to €331.6 million, from €318.6 million for the year ended December 31, 2022, primarily due to the strong performance of the Automotive & Mobility business units, both in terms of sales volumes and in terms of product pricing as well as the full-year contribution of the subsidiaries Tessitura Oreste Mariani and Morellino following their acquisition in 2022 (the "**Tessitura Oreste Mariani Acquisition**" and the "**Morellino Acquisition**", respectively), each contributing €14.9 million and €4.8 million, respectively, which supported the expansion of our textile and value-added offering.

With regard to our Luxury Creations business unit, revenue for the year ended December 31, 2023 increased by €5.3 million, or 3.4%, to €162.0 million, from €156.7 million for the year ended December 31, 2022, primarily due to the contribution of the business acquired in 2022.

With regard to our Automotive & Mobility business unit, revenue for the year ended December 31, 2023 increased by €12.1 million, or 11.7%, to €115.1 million, from €103.0 million for the year ended December 31, 2022, primarily due to the awarding of new business with some of our key clients.

With regard to our Interior Design business unit, revenue for the year ended December 31, 2023 decreased by €4.4 million, or 7.5%, to €54.5 million, from €58.9 million for the year ended December 31, 2022, primarily due to an overall market normalization experienced in the second half of 2023.

Other income

Other income for the year ended December 31, 2023, increased by €1.5 million, or 4.7%, to €33.6 million, from €32.1 million. This increase was primarily due to an increase in revenue from by-products and offcuts during the period, driven by both an increase in volumes sold and in prices applied.

Purchase of goods and changes in inventory

Purchase of goods and changes in inventory for the year ended December 31, 2023, decreased by €2.1 million, or 1.1%, to €182.1 million, from €184.2 million for the year ended December 31, 2022, primarily due to the optimization measures implemented by us to enhance our sourcing mix and margins, dynamically changing the sourcing of raw materials by type and geography. The proportion of purchase of goods and changes in inventory on revenue decreased from 54.9% for the year ended December 31, 2023 to 57.8% for the year ended December 31, 2022, showing a decrease of 2.9%.

Cost of services

Cost of services for the year ended December 31, 2023, increased by €2.8 million, or 4.5%, to €64.4 million, from €61.6 million for the year ended December 31, 2022, substantially in line with the increase in production volumes recorded during the period. The proportion of costs of services on revenue remained stable to 19.3% for each of the years ended December 31, 2023 and 2022.

Personnel costs

Personnel costs for the year ended December 31, 2023, increased by €7.3 million, or 14.5%, to €57.6 million, from €50.3 million for the year ended December 31, 2022, primarily due to the increase in production volumes recorded during the period, some targeted investments in our commercial sales personnel and the effect of consolidation of personnel costs of Tessitura Oreste Mariani and Morellino following the Tessitura Oreste Mariani Acquisition and the Morellino Acquisition. The proportion of personnel costs on revenue increased from 17.4% for the year ended December 31, 2023 to 15.8% for the year ended December 31, 2022, showing an increase of 1.6%.

Other operating costs

Other operating costs for the year ended December 31, 2023, decreased by €0.4 million, or 20.0%, to €1.6 million, from €2.0 million for the year ended December 31, 2022. Such decrease is mainly attributable to the implementation of cost reduction measures during the period.

Depreciation and Amortization

Depreciation and Amortization for the year ended December 31, 2023, increased by €2.0 million, or 8.5%, to €25.5 million, from €23.5 million for the year ended December 31, 2022, primarily due to (i) the amortization and depreciation of the tangible and intangible fixed assets recognized in connection with the investments made during the period and (ii) the effect of full-year consolidation of Tessitura Oreste Mariani and Morellino following the Tessitura Oreste Mariani Acquisition and the Morellino Acquisition.

Financial income

Financial income for the year ended December 31, 2023, increased by €0.9 million, to €1.2 million, from €0.3 million for the year ended December 31, 2022, primarily due to the higher remuneration rate of the cash deposited in the bank accounts opened by the Group companies.

Financial expenses

Financial expenses for the year ended December 31, 2023, increased by €4.1 million, or 39.0%, to €14.6 million, from €10.5 million for the year ended December 31, 2022, primarily due to the increase in borrowing costs caused by the increase in interest rates recorded during the period.

Income taxes

Income taxes for the year ended December 31, 2023, increased by €1.2 million, or 22.2%, to €6.6 million, from €5.4 million for the year ended December 31, 2022, primarily due to the increase in taxable income of the different Group companies linked to business growth.

Year Ended December 31, 2022, compared with Year Ended December 31, 2021

(€ million)	Year Ended December 31,		
	2022	**2021**	**Change in %**
Revenue	318.6	290.3	9.7%
Other income	32.1	27.7	15.9%
Total revenue and other income	**350.7**	**318.0**	**10.3%**
Purchase of goods and changes in inventory	184.2	163.2	12.9%
Cost of services	61.6	55.1	11.8%
Costs for leases and rentals	0.5	0.4	n.s.%
Personnel costs	50.3	46.0	9.3%
Other operating costs	2.0	1.4	42.9%
Depreciation and Amortization	23.5	21.4	9.8%
Impairment of trade receivables	0.2	0.1	n.s.%
Total operating costs	**322.3**	**287.6**	**12.1%**
Operating profit	**28.5**	**30.4**	**(6.3)%**
Financial income	0.3	0.1	n.s.%
Financial expenses	(10.5)	(9.5)	10.5%
Net exchange rate (losses)/gains	1.4	2.0	(30.0)%
Result from investments accounted for using the equity method	(0.3)	(0.5)	40.0%
Profit before tax	**19.4**	**22.5**	**(13.8)%**
Income taxes	(5.4)	(6.9)	(21.7)%
Profit for the year	**14.0**	**15.6**	**(10.3)%**

Revenue

Revenue for the year ended December 31, 2022, increased by €28.3 million, or 9.7%, to €318.6 million, from €290.3 million for the year ended December 31, 2021, primarily due to the good performance of the Luxury Creations, Automotive & Mobility and Interior Design business units and to the full-year contribution of the subsidiary RMG Leather following its acquisition in 2021 (the "**RMG Leather Acquisition**"), which contributed approximately €20.0 million and which further enhanced our presence in the U.S. upholstery market.

With regard to our Luxury Creations business unit, revenue for the year ended December 31, 2022 increased by €8.7 million, or 5.9%, to €156.7 million, from €148.0 million for the year ended December 31, 2021, primarily due to selective price increases coupled with our ability to widen our product offering, also leveraging on high-end shoes, due to the Nuova Osba facility.

With regard to our Automotive & Mobility business unit, revenue for the year ended December 31, 2022 increased by €8.1 million, or 8.5%, to €103.0 million, from €94.9 million for the year ended December 31, 2021, primarily due to an increase in demand for steering wheels products.

With regard to our Interior Design business unit, revenue for the year ended December 31, 2022 increased by €11.6 million, or 24.5%, to €58.9 million, from €47.3 million for the year ended December 31, 2021, primarily due to the full-year contribution of RMG Leather.

Other income

Other income for the year ended December 31, 2022, increased by €4.4 million, or 15.9%, to €32.1 million, from €27.7 million for the year ended December 31, 2021, primarily due to (i) an increase in sales of by-products and offcuts during the period and (ii) an increase in operating grants made available by the Italian and Swedish governments to partially offset the increase in energy prices registered during the period and operating grants made available by the Italian government to support the fashion industry after the market contractions experienced during the COVID-19 pandemic.

Purchase of goods and changes in inventory

Purchase of goods and changes in inventory for the year ended December 31, 2022, increased by €21.0 million, or 12.9%, to €184.2 million, from €163.2 million for the year ended December 31, 2021. This increase was primarily attributable to the increase in sales volumes recorded during the period and in part to the increase in the prices of raw materials, chemicals in particular, due to the strong inflationary pressures that occurred during the first half of the year. The proportion of purchase of goods and changes in inventory on revenue increased to 57.8% for the year ended December 31, 2022 from 56.2% for the year ended December 31, 2021, showing an increase of 1.6%.

Cost of services

Cost of services for the year ended December 31, 2022, increased by €6.5 million, or 11.8%, to €61.6 million, from €55.1 million for the year ended December 31, 2021, primarily due to higher costs for electricity and water purification, also due to the strong inflationary pressures that occurred during the first half of the year. The proportion of costs of cost of services on revenue slightly increased to 19.3% for the year ended December 31, 2022 from 19.0% for the year ended December 31, 2021, showing an increase of 0.3%.

Personnel costs

Personnel costs for the year ended December 31, 2022, increased by €4.3 million, or 9.3%, to €50.3 million, from €46.0 million for the year ended December 31, 2021, primarily due to (i) the effect of full-year consolidation of RMG Leather and Morellino following the RGM Leather Acquisition and the Morellino Acquisition and (ii) the effect of the increase in sales volumes that caused the Group to hire more personnel. The proportion of costs of personnel costs on revenue remained stable to 15.8% for each of the years ended December 31, 2022 and 2021.

Other operating costs

Other operating costs for the year ended December 31, 2022, increased by €0.6 million, or 42.9%, to €2.0 million, from €1.4 million for the year ended December 31, 2021, primarily due to the effect of full-year consolidation of some operating costs of RGM Leather following the RMG Leather Acquisition.

Depreciation and Amortization

Depreciation and Amortization for the year ended December 31, 2022, increased by €2.1 million, or 9.8%, to €23.5 million, from €21.4 million for the year ended December 31, 2021, primarily due to (i) the amortization and depreciation of the tangible and intangible fixed assets recognized in connection with the investments made during the period and (ii) the effects of the full-year consolidation of RMG Leather following the RMG Leather Acquisition and of the consolidation of Morellino at the beginning of 2022 following the Morellino Acquisition.

Financial income

Financial income for the year ended December 31, 2022, equal to €0.3 million, remained substantially stable compared to the year ended December 31, 2021, where financial income was equal to €0.1 million.

Financial expenses

Financial expenses for the year ended December 31, 2022, increased by €1.0 million, or 10.5%, to negative €10.5 million, from negative €9.5 million for the year ended December 31, 2021, primarily due to higher bank interests and charges.

Income taxes

Income taxes for the year ended December 31, 2022, decreased by €1.5 million, or 21.7%, to €5.4 million, from €6.9 million for the year ended December 31, 2021, primarily due to lower profit before tax recorded during the period.

Liquidity and Capital Resources

Overview

Historically, our principal sources of our liquidity have been: (i) net cash flow from operating activities, (ii) medium and long facility agreements and other bilateral facilities agreements with primary bank and financial institutions, and (iii) short term facility agreements and credit lines.

Our cash requirements consist mainly of the following:

- operating activities, including our working capital requirements;
- servicing our indebtedness;
- funding capital expenditures.

As of March 31, 2024, our total liabilities and equity amounted to €552.3 million compared to €503.1 million as of March 31, 2023. As of March 31, 2024, we had liquid funds of €34.8 million (including both bank accounts and cash on hand) as compared to €59.2 million as of March 31, 2023. We also had €15.0 million available under the Existing Revolving Credit Facility.

The Transactions

For a description of the Transactions, see "*Summary—The Transactions*" and "*Use of Proceeds*."

Liquidity following the Transactions

Following the completion of the Transactions, we expect that our principal sources of liquidity will be our existing cash and cash equivalents, cash generated from operations and any borrowings under the Revolving Credit Facility. The Revolving Credit Facility Agreement will contain various conditions that must be satisfied in order for the lenders thereunder to make loans available to us under the Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement."* We expect that our principal uses of cash following the completion of the Transactions will continue to be the funding of capital expenditure, providing working capital, meeting debt service requirements and funding potential future acquisitions from time to time.

Cash Flows

The table below sets forth a summary of our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,		For the twelve months ended March 31,
	2021	2022	2023	2023	2024	2024
(in € million)						
Net cash flow from / (used in) operating activities (A)	60.5	37.3	31.3	(0.1)	(8.6)	22.8
Net cash flow from / (used in) investing activities (B)	(27.2)	(24.3)	(72.8)	(4.0)	(4.3)	(73.1)
Net cash flow from / (used in) financing activities (C)	12.4	(16.1)	17.1	(7.8)	1.0	25.9
Increase (decrease) in cash and cash equivalents (A+B+C)	**45.7**	**(3.1)**	**(24.4)**	**(11.9)**	**(11.9)**	**(24.4)**
Cash and cash equivalents at the beginning of the period	28.5	74.2	71.1	71.1	46.6	46.6
Cash and cash equivalents at the end of the period	74.2	71.1	46.6	59.2	34.8	22.2

Net cash flow from (used in) operating activities

Net cash flow used in operating activities amounted to €8.6 million for the three months ended March 31, 2024, a decrease of €8.5 million compared to the three months ended March 31, 2023, primarily driven by a higher

cash absorption related to the increase in inventory balances strategically carried out to have a greater array of raw materials available for production.

Net cash flow from operating activities amounted to €31.3 million for the year ended December 31, 2023 a decrease of €6 million compared to the year ended December 31, 2022, primarily driven by: (i) a higher cash absorption related to the increase in inventory balances strategically carried out to have a greater array of raw materials available for production; and (ii) an increase in financial expenses, amounting to €14.6 million for the year ended December 31, 2023, compared to €10.5 million for the year ended December 31, 2022, driven by the increase in interest rates recorded during the period.

Net cash flow from operating activities amounted to €37.3 million for the year ended December 31, 2022, a decrease of €23.2 million compared to the year ended December 31, 2021, due to, among others, an increase in income taxes compared to the prior year, characterized by a lower taxable income as a result of the COVID-19 pandemic. Moreover, the positive cash generation recorded in 2021 was influenced by certain factoring transactions carried out in that year.

Net cash flow from (used in) investing activities

Net cash flow used in investing activities amounted to €4.3 million for the three months ended March 31, 2024, a slight increase of €0.3 million compared to the three months ended March 31, 2023, primarily driven by a decrease in payments for intangible assets, amounting to €0.3 million for the three months ended March 31, 2024, compared to €0.9 million for the three months ended March 31, 2023, net of disposals for €0.7 thousand for the same period, and a slight decrease in payments for property, plant and equipment, amounting to €4.0 million for the three months ended March 31, 2024, compared to €4.1 million for the three months ended March 31, 2023.

Net cash flow used in investing activities amounted to €72.8 million for the year ended December 31, 2023, an increase of €48.5 million compared to the year ended December 31, 2022, primarily driven by the acquisitions carried out in 2023 and the investments made during the period (including, among others, photovoltaic plants, investments for the expansion of a production facility in Tuscany and improvements in the Morellino and Tessitura Oreste Mariani production facilities).

Net cash flow used in investing activities amounted to €24.3 million for the year ended December 31, 2022, a decrease of €2.9 million compared to the year ended December 31, 2021, primarily driven by a decrease in cash used for business combinations, net of cash acquired, amounting to €13.1 million for the year ended December 31, 2022 and related to the Mapel Acquisition and the Tessitura Oreste Mariani Acquisition, compared to €19.5 million for the year ended December 31, 2021 related to the acquisition of RMG America. Such decrease was partially offset by an increase in payments for property, plant and equipment, amounting to €11.1 million for the year ended December 31, 2022 and mainly related to the purchase of machineries, compared to €6.6 million for the year ended December 31, 2021.

Net cash flow from (used in) financing activities

Net cash flow from financing activities amounted to €1.0 million for the three months ended March 31, 2024, an increase of €8.8 million compared to the net cash flow used in financing activities for the three months ended March 31, 2023, amounting to €7.8 million. Such increase was primarily driven by an increase in proceeds from borrowings, amounting to €18.0 million for the three months ended March 31, 2024 (compared to zero for the three months ended March 31, 2023) and was partially offset by an increase in repayment from credit lines, amounting to €5.6 million for the three months ended March 31, 2024, compared to €3.0 million for the three months ended March 31, 2023, and an increase in repayment of borrowings, amounting to €11.5 million for the three months ended March 31, 2024, compared to €5.1 million for the three months ended March 31, 2023.

Net cash flow from financing activities amounted to €17.1 million for the year ended December 31, 2023, an increase of €33.2 million compared to the year ended December 31, 2022, primarily driven by proceeds from borrowings, amounting to €30.0 million for year ended December 31, 2023, related to the Mapel Acquisition, compared to zero for year ended December 31, 2022.

Net cash flow used in financing activities amounted to €16.1 million for the year ended December 31, 2022, a decrease of €28.5 million compared to the year ended December 31, 2021, primarily driven by repayment of borrowings, amounting to €16.2 million for the year ended December 31, 2022, compared to €7.7 million for

the year ended December 31, 2021 and repayment of other financial liabilities, amounting to €0.5 million for the year ended December 31, 2022, compared to proceeds of other financial liabilities of €0.1 million for the year ended December 31, 2021.

Working Capital

Working Capital consists of inventories, trade receivables, other receivables and prepaid expenses and accrued income *less* trade payables, social security payables, current tax payables and accrued expenses. Our raw materials and work in progress inventories are primarily affected by production management, invoicing and inventory management. The change in accounts payables and receivables is primarily linked to varying terms and the timing of payment and the ability to recover payments from customers.

The following table summarizes our change in Working Capital as of the dates and for the periods indicated:

	As of December 31,			As of March 31,	
(€ million)	**2021**	**2022**	**2023**	**2023**	**2024**
Inventories	86.5	91.2	107.0	92.1	113.7
Trade receivables	31.8	31.9	39.2	41.9	45.8
Other current financial assets	-	2.4	1.1	1.5	0.5
Current tax receivables	3.7	10.2	9.3	10.4	9.8
Deferred tax assets	1.3	1.0	1.2	0.8	1.1
Other receivables	2.3	1.3	1.2	1.6	1.6
Prepaid expenses and accrued income	0.3	0.7	0.9	0.9	1.2
Cash and cash equivalent	74.2	71.1	46.6	59.2	34.8
Current assets	**200.0**	**209.7**	**206.5**	**208.4**	**208.2**
Current borrowings	13.8	16.7	28.1	8.7	18.5
Current other financial liabilities	0.4	0.5	0.7	1.0	1.0
Trade payables	41.0	47.4	52.3	45.0	45.7
Tax liabilities	4.2	2.4	2.8	4.0	3.0
Social security payables	3.1	3.5	3.9	2.1	2.5
Other liabilities	16.9	15.3	19.4	18.5	20.9
Accrued expenses	0.6	1.3	2.2	1.4	2.4
Current liabilities	**79.9**	**87.0**	**109.5**	**80.6**	**94.0**
Working Capital	**120.1**	**122.7**	**97.0**	**127.8**	**114.2**
Change in Working Capital	**-**	**2.6**	**(25.7)**	**-**	**(13.6)**

Working Capital decreased by €13.6 million, or 10.6%, from €127.8 million as of March 31, 2023, to €114.2 million as of March 31, 2024. This decrease was mainly due to an increase of the liabilities driven by (i) higher borrowings, equal to €18.5 million for the three months ended March 31, 2024, compared to €8.7 million for the three months ended March 31, 2023, and (ii) other liabilities, equal to €20.9 million for the three months ended March 31, 2024, compared to €18.5 million for the three months ended March 31, 2023, mainly related to payables to employees and contractors for remuneration accrued but not yet paid. Current assets remained stable, from €208.4 million as of March 31, 2023 to €208.2 million as of March 31, 2024, for the effect of an increase in (i) inventories, amounting to €113.7 million as of March 31, 2024 (€92.1 million as of March 31, 2023) and (ii) trade receivables, amounting to €45.8 million of March 31, 2024 (€41.9 million of March 31, 2023) due to the contribution of Mapel and Imatex following their acquisition in 2023, partially offset by a decrease in cash and cash equivalents, amounting to €34.8 million as of March 31, 2024 (€59.2 million as of March 31, 2023), primarily due to the acquisitions carried out during 2023.

Working Capital decreased by €25.7 million, or 20.9%, from €122.7 million as of December 31, 2022, to €97.0 million as of December 31, 2023. This decrease was mainly due to an increase of the liabilities driven by (i) higher borrowings incurred in relation to the Mapel Acquisition, equal to €28.1 million for the year ended December 31, 2023, compared to €16.7 million for the year ended December 31, 2022, and (ii) trade payables, equal to €52.3 million for the year ended December 31, 2023, compared to €47.4 million for the year ended December 31, 2022, primarily due to the contribution of Mapel and Imatex following their acquisition in 2023 and additional costs incurred in during the year in line with the expansion of the business. Such decrease was partially offset by an increase in inventories, from €91.2 million as of December 31, 2022 to €107 million as of

December 31, 2023 and trade receivables, from €31.9 million as of December 31, 2022 to €39.2 million as of December 31, 2023, mainly related to the contribution of Mapel and Imatex.

Working Capital increased by €2.6 million, or 2.2%, from €120.1 million as of December 31, 2021, to €122.7 million as of December 31, 2022. This increase was primarily due to a 4.9% increase in assets, equal to €209.7 million for the year ended December 31, 2022, compared to €200.0 million for the year ended December 31, 2021, mainly as a result of: (i) higher inventories (equal to €91.2 million for the year ended December 31, 2022, compared to €86.5 million for the year ended December 31, 2021) and (ii) current tax receivables (equal to €10.2 million for the year ended December 31, 2022, compared to €3.7 million for the year ended December 31, 2021), mainly related to the increase in VAT receivables and direct tax receivables registered during the period. Such increase in assets was partially offset by an increase in current liabilities, from €79.9 million as of December 31, 2021 to €87.0 million as of December 31, 2022, primarily driven by an increase in trade payables, from €41.0 million as of December 31, 2021 to €47.4 million as of December 31, 2022, mainly attributable to an increase in costs related to the expansion of the business.

Capital expenditure

To support our business strategy and development plans and to further expand our business, we regularly incur capital expenditure.

The table below sets forth our capital expenditure based on cash flows for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
(in € million)	**2021**	**2022**	**2023**	**2023**	**2024**
Payments for Property, plant and equipment	6.6	11.1	25.2	4.1	4.0
Payments for Intangible assets	0.5	0.5	0.6	0.9	0.4
Capital expenditures	**7.1**	**11.6**	**25.8**	**5.0**	**4.4**
Of which: maintenance capital expenditures	*2.7*	*4.0*	*5.1*	*1.3*	*1.7*
Of which: expansion capital expenditures	*4.4*	*7.6*	*20.7*	*3.7*	*2.7*

For the three months ended March 31, 2024, capital expenditures were €4.4 million, compared to €5.0 million for the three months ended March 31, 2023, during which additional capital expenditures related to the Morellino Acquisition and the Tessitura Oreste Mariani Acquisition were carried out.

For the year ended December 31, 2023, capital expenditures were €25.8 million, compared to €11.6 million for the year ended December 31, 2022. This increase was primarily due to (i) the €3.5 million capital expenditure related to the installation of photovoltaic plants at the Basmar, Tessitura Oreste Mariani and Morellino production facilities, (ii) the €1.9 million capital expenditure related to the final redemption of the Nuova Osba building, and (iii) the €2.9 million capital expenditure related to the new Morelab headquarter and the related equipment and machinery.

For the year ended December 31, 2022, capital expenditures were €11.6 million, compared to €7.1 million for the year ended December 31, 2021. This increase was primarily driven by new expansionary capex in the Luxury Creations business unit.

Capital expenditures amounted to 2.5%, 3.6% and 7.8% of revenue for the years ended December 31, 2021, 2022 and 2023, respectively. For the year ending December 31, 2024, we expect our capital expenditures as a percentage of revenue to decrease (at 5.0% rate) compared to the year ended December 31, 2023.

Quantitative and Qualitative Disclosures Regarding Market and Financial Risks

In the ordinary course of business, we are exposed to a variety of market and financial risks, among other risks. See also "*Risk Factors*".

Price Risk

Price Risk refers to the risk of fluctuation of the value of a financial instrument due to a change in market prices, interest rates and exchange rates, in relation to all similar instruments on the market.

Credit Risk

Financial instruments that could potentially expose us to counterparty risk consist primarily of trade receivables and cash and cash equivalents. We are exposed to counterparty credit risks from financial transactions and customer credit risks.

Liquidity Risk

Liquidity risk is the risk that we will not have sufficient funds to pay foreseen and unforeseen expenditures, including our ability to service and repay our financial liabilities.

Significant Accounting Policies and Estimates

Significant accounting policies

The preparation of the financial statements in compliance with Italian GAAP requires the use of certain accounting policies. Outlined below are our key significant accounting policies. For a more detailed description of our significant accounting policies, please refer to Note 5—Accounting Standards.

- *Goodwill* – Goodwill is recognized with the approval of our Board of Statutory Auditors and is systematically amortized for the period of its useful life, when it is not possible to reliably estimate the useful life, Goodwill is amortized within a period not exceeding ten years.

- *Impairment of goodwill, intangible assets and property, plant and equipment* – At the end of each reporting period, intangible assets and property, plant and equipment are analyzed in order to determine whether there are any indicators of impairment. If such indicators are found, an impairment test is performed allocating any write-down to our income statement. The recoverable value of an asset is the greater of its fair value or its value in use, when the latter is the current value of the estimated future financial cash flows for such asset. In calculating the value in use, the forecast future cash flows are discounted using a discount rate that reflects the current market value of the cost of money, the period when the investment was made and the specific risks related to the asset. A reduction of value is recognized in the Income Statement when the recognition value of the asset is greater than the recoverable value. If the reason for a write-down previously made no longer apply, the carrying value of the asset, with the exception of Goodwill, is restored and allocated to the Consolidated Income Statement, up to the amount of the net carrying value that the asset in object would have had if the write-down had not been made and if it had been amortized.

Estimates

The preparation of our Financial Statements requires management to make certain estimates in the process of applying accounting policies. Estimates are based on a going concern assumption and on information available at the date of their preparation. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations about future events that may have a financial impact and are believed to be reasonable under the circumstances.

Our statement of financial position is affected by the use of estimates, and the affected items are bad debt reserve, the provisions for risks and charges and the evaluation of the recoverable value of goodwill, intangible assets and property, plant and equipment.

In respect of the provisions for risks and charges and the bad debt provision, the Consolidated Financial Statements reflect the estimate based on the best knowledge of the state of litigation, using the information provided by the legal and tax advisors, who assist the Group and of the solvency of the counterparts. The estimate of risks is subject to the risk of uncertainty of any estimate of a future event and the outcome of litigation, and it cannot be excluded that in future years, costs which cannot currently be estimated, might arise due to a worsening of the state of litigation and the level of counterparts' solvency.

In respect of the evaluation of the recoverable value, goodwill, intangible assets and property, plant and equipment are tested for impairment through the calculation of the recoverable amount of the cash generating unit as the value in use using the discounted cash flow method applying assumptions, such as estimates of future increases in sales, operating costs, the growth rate of the terminal value, investments, changes in working capital and the weighted average cost of capital.

INDUSTRY

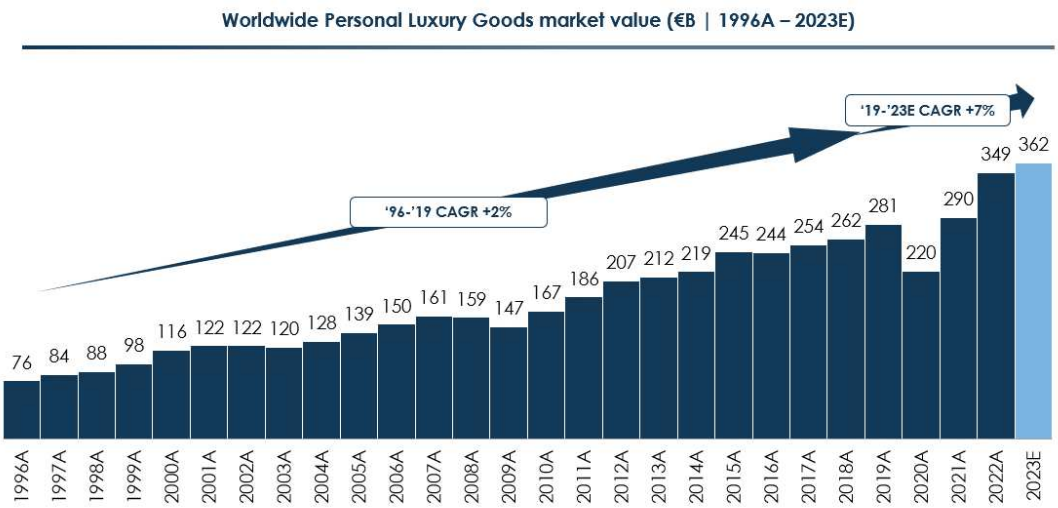
Unless otherwise stated, all information regarding markets, market position and other industry data contained in this Offering Memorandum are based on our own estimates, internal surveys, market research, customer feedback, publicly available information and industry reports prepared by consultants. In many cases, there is no readily available external information (whether from trade associations, government bodies, other industry organizations or competitors) to validate market-related analyses and estimates, resulting in our relying on our own internally developed estimates. Certain of the information presented herein has been derived from external sources, public websites and company financial reports and other independent third-party research. We believe that any third-party sources we use are useful to investors to assess the information relating to our industry, despite the inherent uncertainty of any market analysis and industry data. In this Offering Memorandum, unless otherwise attributed to the source, we have also included information according to industry and market data presented as "management analysis of industry data", which derive from management analysis of industry information elaborated in previous years by a global management consulting company, presented as "third-party analysis of industry data", which management believes to still be accurate and not superseded by more recent information.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. We have not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in this Offering Memorandum that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data 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. None of the Issuer or any of the Initial Purchasers assumes responsibility for the correctness of any business or market data and projections included in this offering memorandum. See "Risk Factors—Risks Related to Our Industry and Market—Some of the information in this Offering Memorandum about our industry, market share and relative competitive position is from third-party sources that we have not independently verified or is based on our assumptions or estimates, which may ultimately prove to be inaccurate, and therefore such information may incorrectly reflect our market position." Information provided by third parties has been accurately reproduced and, as far as we are aware and have been able to ascertain through comparison with other information published by such third parties, no facts have been omitted in a way which would render the reproduced information inaccurate or misleading. Investors are urged to make their investment decisions based on their own determination and analysis of industry and market data and not to place undue reliance on the industry and market information presented in this offering memorandum.

Global personal luxury goods market

The global personal luxury goods market is a wide sector estimated to have reached a market size of approximately €362 billion in 2023, and is estimated growing at approximately a 7% CAGR in the 2019-2023 period, driven by sound fundamentals supporting its long-term evolution.

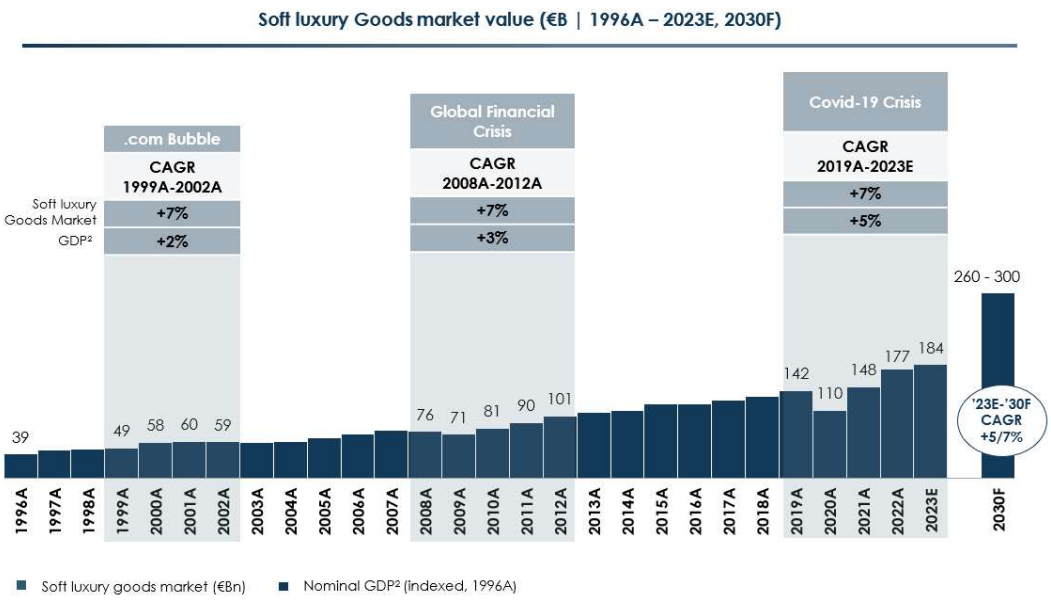


Source: independent third-party analysis.

Soft luxury goods market

Our core reference market, the soft luxury goods market, which includes apparel, bags & small accessories and shoes – not including watches, jewels, fragrancies and cosmetics – represents approximately 50% of the total personal luxury goods market, and is estimated to have reached a market size of approximately €184 billion in 2023, with bags & small accessories being the largest segment (worth approximately €80 billion, or 43% of the global soft luxury goods market). Within the soft luxury goods market, Asia represents the biggest market accounting for approximately 39% of the market (with mainland China contributing by approximately 16%), followed by Europe and the Americas, each representing approximately 28% of the global market, and the rest of the world corresponding to the remaining 5%.

The soft luxury goods market has consistently outperformed global GDP growth, demonstrating robust resilience across economic cycles, particularly in the past decade. This is attributable to a continuously expanding consumer base in the mid and high-income brackets, alongside an increase in average wealth, across both established and emerging markets. This momentum is expected to continue over the mid-term, with the soft luxury market expected to grow at approximately a 5-7% CAGR in the 2023-2030 period, reaching a size of approximately €260-300 billion in 2030. The future growth of our market is rooted in several fundamentals, including (i) the broadening customer base, taking into account a rising share of next generation customers and new pockets of growth within emerging countries, (ii) customers' increasing average spend, thanks to a growing average disposable income across developed countries and certain key emerging economies, as well as the increasing wealth of the existing top customer base, and (iii) touristic flows re-accelerating, matching or even surpassing pre-pandemic levels across regions.



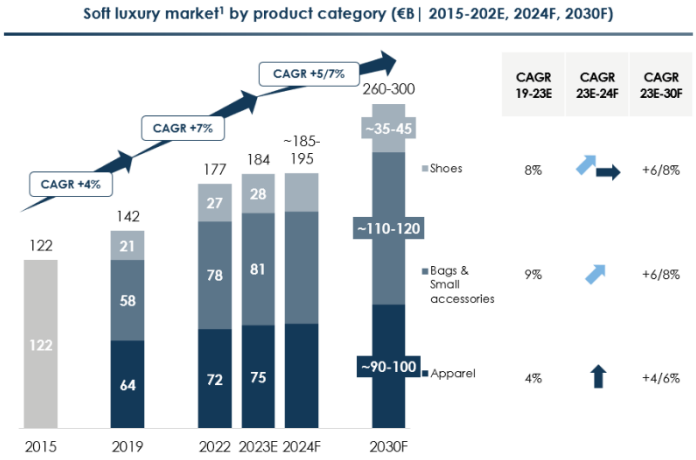
Source: independent third-party analysis.

Key trends in the soft luxury goods market

Accessorization

In the last decade, the soft luxury goods market has experienced a consistent "accessorization" trend, with the "bags & small accessories" and shoes segments outperforming the apparel segment, growing at an estimated 9%, 7% and 4% CAGR, respectively, between 2019 and 2023. This trend is driven by both the significant role that shoes and bags play in acquiring new customers, and by consumers' preference for recognizability, particularly strong with respect to the so-called "hero-products". In 2023, both the bags & small accessories and the shoes segments have experienced a normalization phase, driven by the cut-back of aspirational consumers spending due to the weaker macroeconomic environment, resulting in a year-over-year growth of 3-4% and 2-3%, respectively, with apparel gaining momentum with a 5-6% growth compared to 2022, favored by its higher exposure to high-net-worth individuals.

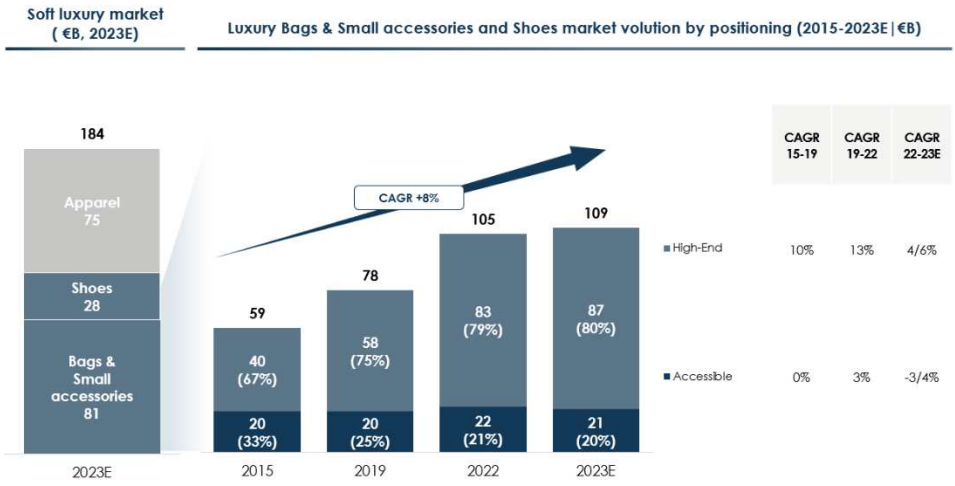
In 2024, the soft luxury goods market is expected to grow at a CAGR in the range of 1-4% compared to 2023, driven by the apparel segment potentially over-performing, while the shoes segment is expected to experience a slower growth (due to aspirational consumers spending remaining limited in light of the macroeconomic environment). Going forward, the soft luxury goods market is expected to continue growing at approximately a 5-7% CAGR per year between 2023 and 2030, with the bags & small accessories and the shoes segments outperforming the apparel segment over the mid-long term.



Source: independent third-party analysis. Note: (1) Including Apparel and accessories (excluding beauty and hard luxury).

General elevation

In the past few years, the market has been experiencing a general "elevation" trend, with luxury brands increasing prices season after season, and with consumers becoming more sophisticated and demanding, setting higher expectations in terms of quality. As a result, within the bags & small accessories and shoes segments, our core markets, the high-end segment has experienced sound growth over the past years, growing at an estimated CAGR of approximately 10% between 2015 and 2023, significantly over-performing the accessible segment, which grew at a CAGR of 1%, thus resulting in an increased penetration of the high-end segment from 67% in 2015 to 80% (estimated) in 2023. In the last few years, the market's historical growth paradigm, typically driven by a balanced combination of volumes and prices, has seen the price component gaining relevance, with price effect (*i.e.*, the combination of price changes and changes to products' mix) accounting for approximately two thirds of the market's growth.



Source: independent third-party analysis.

High-low strategy

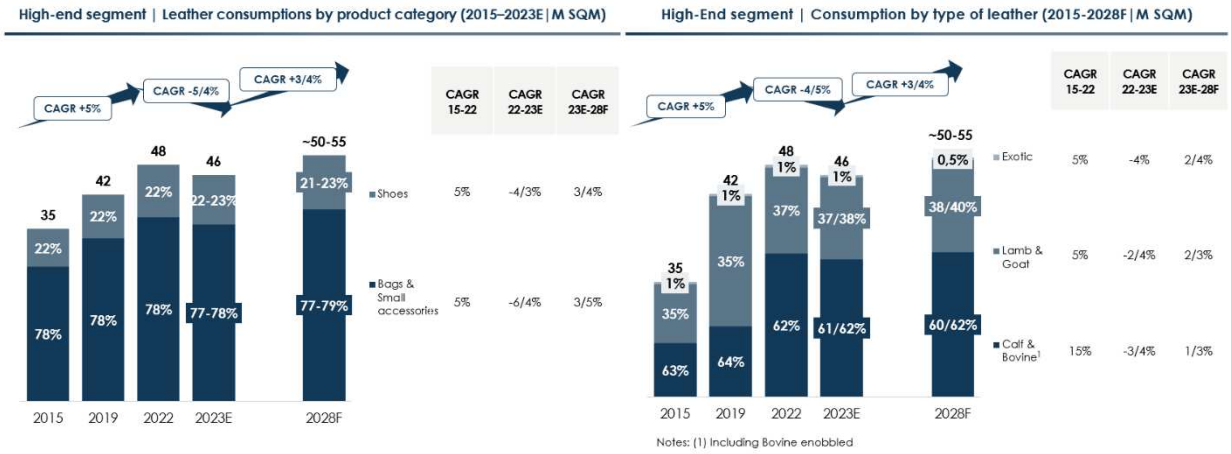
Brands deploy, and are expected to continue to do so, "high-low" strategies, consisting of balancing (i) elevation, to cater to the higher end of customer base, with (ii) enlargement of the offer at entry prices, to cater to the interest of aspirational and younger audiences (such as with wallets or mini-bags). This trend also creates space for insurgent brands, mainly targeting next generation consumers, to potentially position themselves at untapped levels.

Focus on the high-end luxury leather market

The high-end luxury leather market (*i.e.,* the bags & small accessories and shoes segments) is estimated to have reached approximately 46 million square meters in 2023, of which approximately 78% were represented by bags & small accessories and 22% by shoes. The high-end luxury leather market has grown steadily between 2015 and 2022 at a CAGR of 5% with comparable performance across bags & small accessories and shoes, though recently the market is estimated to have decreased by approximately 4-5% in 2023, due to the overall macroeconomic uncertainty affecting aspirational customers and polarization towards higher-end prices, resulting in fewer items purchased at higher prices. As brands leverage on unsold stock, this trend is expected to continue also in 2024. Going forward, the high-end leather market is expected to maintain a growth rate in line with its reference end-market growth volumes, equal to a 3-4% CAGR between 2023 and 2028, and is expected to reach approximately 50-55 million square meters in 2028, with brands expected to reengage with consumers across different price points, thus driving healthy volumes growth.

In terms of leather types, the high-end luxury leather market as of 2023 is estimated to be composed by approximately 62% of calf and bovine leather (including ennobled bovine), approximately 38% of lamb and goat leather and approximately 1% of exotic leathers. After years of volume-led growth favoring ennobled bovine, as brands push towards elevation also as a means to address the recent slowdown of aspirational consumers, brands are normalizing their materials mix, driving a rising share of upper-range materials, such as high-end calf and lamb (typically utilized in higher-end segments) for bags, and softer types of leather, such as

lamb and "younger" calf for to satisfy customers' preference for comfortable shoes. As a result, calf is undergoing a positive trend, regaining market share over ennobled bovine (which, however, remains a suitable alternative for entry options), with the materials mix expected to shift towards higher quality raw calf leathers and tanning processes.



Source: independent third-party analysis; Note: (1) Including Bovine ennobled.

ESG

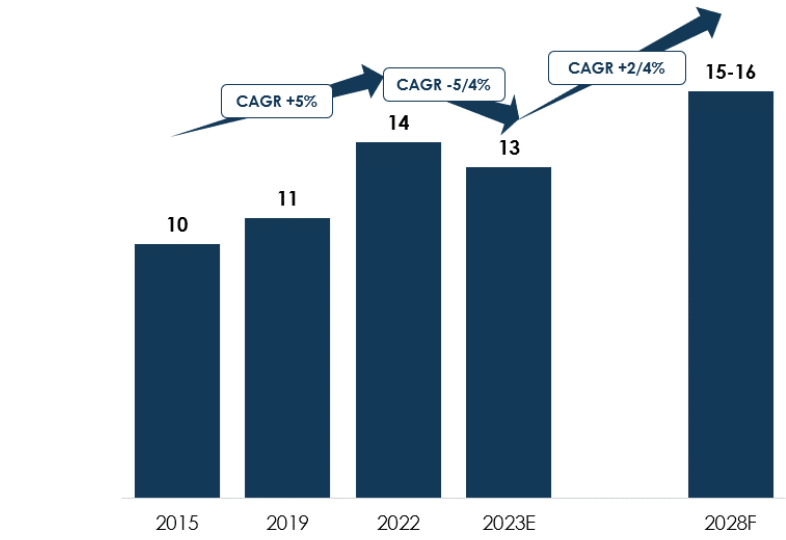
In recent years, there has been an increase in environmental and sustainability regulation impacting the fashion industry, yet no specific guidelines limiting usage of animal-based leather, nor sectoral laws and restrictions applicable to the EU and US leather industries, have been introduced. However broader measures limiting the environmental impact of industrial activities have been adopted, including restrictions on the use of certain chemical substances, directives aiming at reducing water pollution, promoting energy-efficiency and reducing water consumption, as well as requiring the minimization, recovery and recycling of industrial process residues. In addition, authorizations required to handle, process and trade animal by-products in the EU (based on control of laboratories, traceability and risk-proportionate actions). Furthermore, top brands and groups are moving ahead of existing regulations and strengthening their ESG transparency, by increasingly investing to make the supply chain more traceable and sustainable. Brands are also experimenting with alternative materials (although with low performance) and embracing more holistic approaches to Scope 3 emissions reduction, setting ambitious targets for the upcoming years. As leather is expected to remain central in the medium term, market focus remains on making process "greener", with suppliers playing a pivotal role in this sense.

Focus on luxury fabrics market

Fabrics consumption

The high-end luxury fabrics market is estimated to have reached approximately 13 million meters in 2023. The high-end luxury fabrics market has grown steadily between 2015 and 2022 at a CAGR of 5%, fueled by brands enlarging their offering of fabric-based bags (*i.e.*, printed canvas, embroidery, jacquard), to cater to the interest of more aspirational customers by matching customers' lower purchasing power and need for recognizability, however, is estimated to have decreased by approximately 4-5% in 2023, due to the overall macroeconomic uncertainty affecting such customers, with this trend expected to continue also in 2024. Going forward, the high-end fabric market is expected to grow at a 2-4% CAGR between 2023 and 2028, and is expected to reach approximately 15-16 million meters in 2028, mainly driven by fabrics gaining traction across bags & small accessories collections, as young consumers' taste lean toward more "technical/tactical" aesthetics and functionality, in addition to more premium fabrics becoming increasingly attractive options for high-spenders (*i.e.*, enriched jacquard without logos).

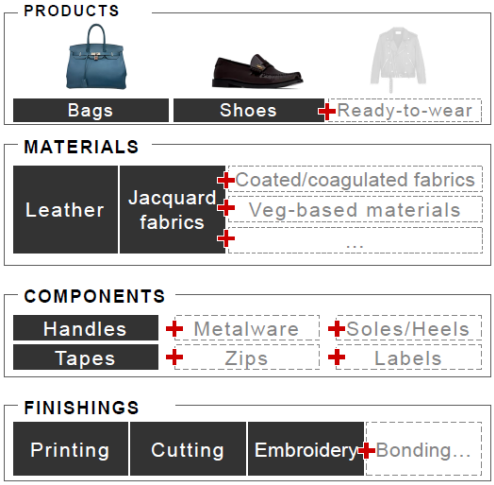
In terms of fabric types, the high-end luxury fabrics market is estimated to be composed by approximately 50-55% of canvas, approximately 30-35% of jacquard and approximately 5-10% of other fabrics, as of 2023. Fabrics consumption mix is not expected to experience major disruptions, but rather some adjustments across material types, with increasing penetration of more refined and luxurious fabrics (*i.e.*, jacquard), due to their stronger appeal to higher-spenders, with coated canvas remaining an ideal solution for entry-level consumers.



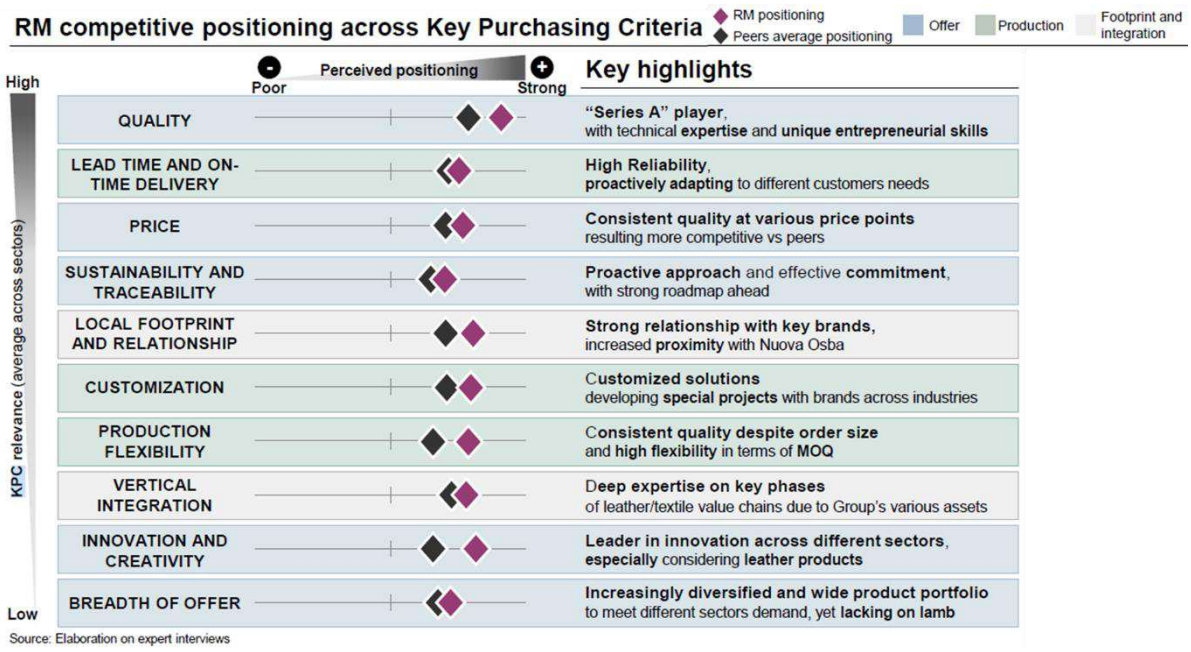
Source: independent third-party analysis.

Rino Mastrotto's positioning

Within the soft luxury goods market, we provide a one-stop shop platform of integrated materials and components for bags & small accessories and shoes. Starting out as a high-quality leather manufacturer, the Group has successfully diversified, expanding toward fabrics, components for luxury bags and shoes, and value-added services, such as printing and embroideries.



According to an independent third-party analysis based on expert interviews, we have best in class positioning across the most important key purchasing criteria, delivering top quality products in a quick and reliable manner and at competitive prices, while adopting a proactive approach with respect to sustainability and raw materials' traceability. In addition, we have proven innovation capabilities, especially in leather products, offering customized solutions and being able to co-develop special projects with brands, thanks to our deep expertise across all key phases of the leather and textile value chains. We have a strong and diversified portfolio, with leadership positioning across the majority of high-end market leaders, being either the key supplier of leather for many of their iconic products, or holding leadership positioning across several of them. The reference market in which we operate includes the following key market players: Balenciaga, Bottega Veneta, Burberry, Celine, Dior, Gucci, Hermes, Loewe, Louis Vuitton, Prada, Saint Laurent, Salvatore Ferragamo and Versace.



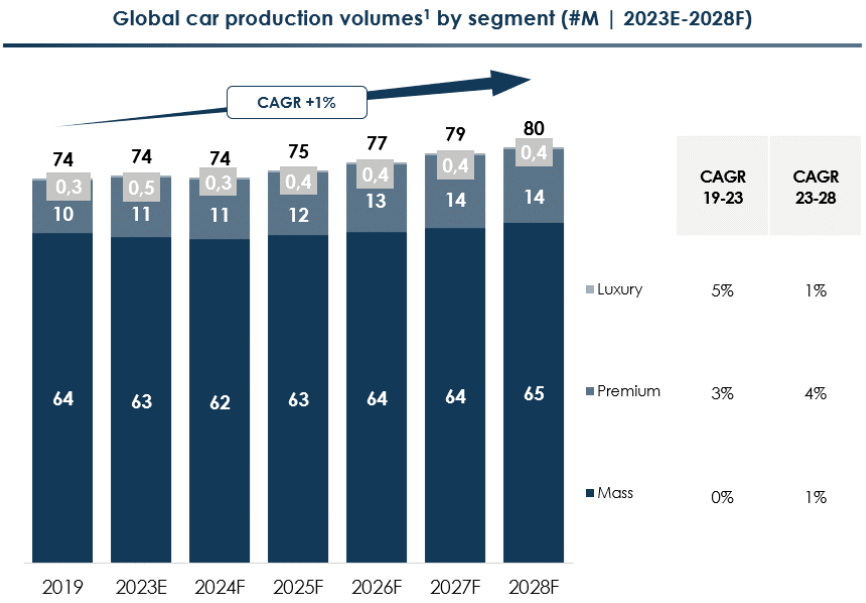
Source: independent third-party analysis.

According to management analysis of industry data, Rino Mastrotto is the global leader in calf and bovine leather, with a 10% market share as of 2022. In the fabrics market, Rino Mastrotto has a market share of approximately 6-7% within the high-end segment.

Automotive & Mobility

The automotive industry

The automotive interiors market is primarily driven by the global evolution of the "light vehicle" market (defined as passenger cars, vans and trucks weighing less than six tons). According to third-party analysis of industry data and excluding light commercial vehicles, the global production of light vehicles in 2023 returned to 2019 levels in terms of volumes, with approximately 74 million light vehicles produced, of which approximately 15 million (*i.e.*, approximately 20%) were produced in Europe, approximately 14 million (*i.e.*, approximately 19%) were produced in the Americas, approximately 44 million (*i.e.*, approximately 59%) in the Asia-Pacific and approximately 2 million in the rest of the world. In terms of light vehicle segments, approximately 63 million of the light vehicles produced were mass vehicles, approximately 11 million were premium vehicles and less than half a million were luxury vehicles. Luxury and premium vehicle segments recovered faster than the mass vehicle market segment from the slowdown and the supply shortage caused by the COVID-19 pandemic. According to third-party analysis of industry data, the global light vehicle production is expected to grow to approximately 80 million units representing a CAGR of approximately 1% between 2023 and 2028.



Source: independent third-party analysis. Note: (1) Excluding light commercial Vehicles.

Key trends in the automotive industry and impacts on the overall car leather market

Leather is expected to hold-up its position within car interiors, especially in the luxury and premium light vehicle segments. The following key trends in the automotive market impact or are expected to impact the car leather market:

(i) *Vehicles upsizing*: a combination of the growing share of SUVs on global car production (which is expected to continue to grow, driven by shifting consumer preferences) and the increasing share of certain higher-priced segments (including larger in size cars and electric vehicles, which require more space to accommodate batteries) is leading to an increase of the average vehicle size. According to third-party analysis of industry data, SUV production (which requires larger quantities of material per vehicle) is forecasted to continue to increase and drive the growth of the global car market, reaching approximately 57% of global car production by 2028 (compared to an estimated share of 53% in 2023). The increasing size of vehicles has a positive impact on the leather market, due to the larger interior surfaces per vehicle, further strengthened by the higher penetration of leather in upper-end vehicle classes.

(ii) *Geographies rebalancing*: the growing average disposable income in Asia is shifting demand in the automotive sector towards the East. In parallel, the production mix is further shifting to Asia, favored by (i) Western OEMs moving their volumes to South-East Asia and China, (ii) the growth of local players, and (iii) the increased availability of resources for electric vehicles production in Asia. The geographical rebalancing is however expected to have a limited impact on the overall leather volumes, with a significant share of "premium" production expected to remain in Western countries.

(iii) *Options commoditization*: the increasing cost pressure on OEMs, also related to the ongoing electrification trend is driving them to commoditize vehicles by reducing available options or shifting towards lower-cost variants. In such context, leather continues to be considered a key differentiating factor for high-end vehicles and is thus expected to maintain its appeal and penetration in the segment.

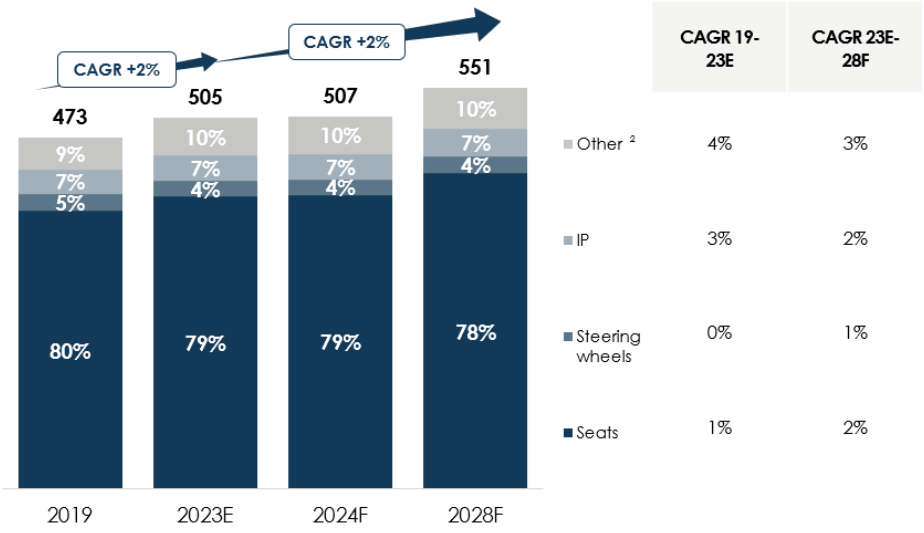
(iv) *Emergence of autonomous driving*: significant resources have been committed to the development and production of autonomous cars. The technology for advanced driver assistance systems, such as parking, automated highway driving and emergency breaking is already commercially available (though the future regulatory framework for fully self-driving remains uncertain). If vehicles operate fully autonomously, passengers' focus would shift to the car's interiors. This would increase the relevance of interior decorative elements and overall surface area, generating opportunities for new uses of leather. Autonomous vehicles could have a positive impact on the leather market, although this is only likely to materialize in the longer term.

(v) *Sustainability enhancement*: OEMs are increasingly focusing on the upstream and downstream carbon footprint reduction, also due to increased customer sensitivity towards sustainability issues, resulting in a rising share of electric vehicles out of all vehicles and potentially a preference for leather-free interiors (a misconception given that leather is a by-product of the meat and dairy industries, considered to foster circularity). However, according to third-party analysis of industry data, the majority of OEMs are expected to maintain genuine leather in their option range, maximizing its traceability and sustainability.

Focus on the automotive interiors market

The automotive interiors market is estimated to have reached approximately 500 million square meters in 2023, growing at approximately a 2% CAGR in the 2019-2023 period. Seats (estimated to account for approximately 79% of the market in 2023), interior panels (estimated to account for approximately 4% of the market in 2023), and other applications (estimated to account for approximately 10% of the market in 2023) are driving large part of the growth of the automotive interiors market, mainly thanks to an upsizing trend across segments. Steering wheels (which are estimated to represent approximately 7% of the market in 2023) are growing at a slower pace as they are pegged to the global car production. According to third-party analysis of industry data, looking ahead, the car interiors market is expected to outpace the car production market, reaching 551 million square meters in 2028, growing at approximately a 2% CAGR in the 2023-2028 period, mainly driven by increased car production volumes and the above-mentioned upsizing trend. The reference market in which we operate includes the following key market players: Autoliv, AFX, Corvette, Ferrari, General Motors, Joyson, Mercedes, Porsche, Stellantis, Toyoda Gosei, Volvo, Volkswagen, Yanfeng and ZFF.

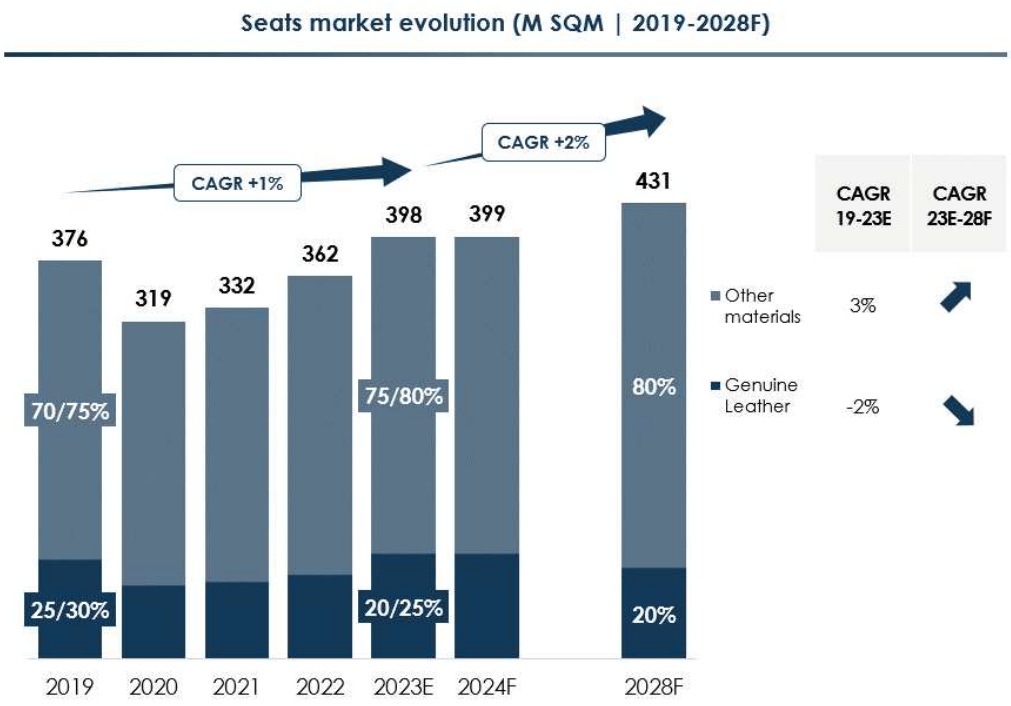
Cars' interiors market by application | M SQM (2019-2028F)



Source: independent third-party analysis. Note: (1) Other includes central dashboards, headliners, gear shift covers, door panels, and other components.

Seats

The seats market (across all materials) is estimated to have reached 398 million square meters in 2023, growing at an approximately 1% CAGR in the 2019-2023 period. Such trend is expected to continue going forward, with the seats market reaching 431 million square meters in 2028 (growing at an expected 2% CAGR in the 2023-2028 period), favored by the above-mentioned vehicle upsizing dynamics.



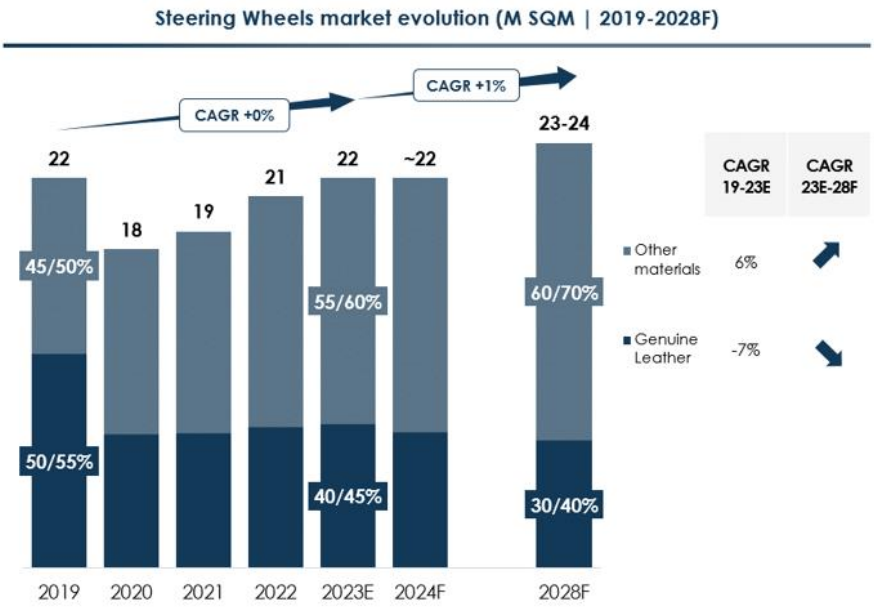
Source: independent third-party analysis.

In this context, in terms of volumes, the market for genuine leather has experienced a gradual contraction due to the introduction of alternative materials (including PU, PVC, Textiles), with an estimated decrease of its market share from 25-30% of the market in 2019 to 20-25% of the market in 2023, with some marginal reduction expected by 2028.

According to third-party analysis of industry data, the mass segment of the seats market, in which leather usage is already marginal compared to other materials, is expected to continue to favor lower-cost leather-like options over genuine leather, while luxury and premium brands, our major market, genuine leather is expected to remain prevalent. Furthermore, significant trends suggest that (i) premium OEMs are reducing overall option ranges and increasing the presence of artificial leather as base version, while keeping genuine leather to meet premium customers' preferences and (ii) luxury OEMs are implementing new "high-performing" materials (*i.e.*, Race-tax for Porsche, Veganza for BMW) which, however, are expected to maintain a limited take-rate, with genuine leather remaining a key differentiating factor for luxury interiors.

Steering wheels

The steering wheels market (across all materials), evolving substantially in line with the overall growth of light vehicles production, is estimated to have reached 22 million square meters in 2023. Going forward, the steering wheels market is expected to maintain the same pace as the light vehicles production, reaching 23-24 million square meters in 2028, representing a 2023-2028 CAGR of 1% (according to third-party analysis of industry data).



Source: management analysis of independent third-party analysis. Note: (1) excluding light commercial vehicles.

In this context, the leather segment is estimated to have gradually lost market share over the period 2019-2023, especially within the mass and entry-to-premium segments, due to cost optimization, complexity reduction, and the development of new materials. However, according to management, a large share of genuine leather substitution has already taken place in the mass and entry-to-premium vehicle segments. Expert consensus is pointing towards a less steep decrease in these segments going forward thanks to genuine leather's distinctive features (*i.e.*, durability, elongation, hygiene, etc.), with sizeable opportunities in the upper-premium segments. In particular, looking forward, genuine leather is expected to continue to account for approximately 30-40% of the steering wheels market, and it is expected to remain a key solution for luxury and premium players, our core market. In particular, the premium segment (which includes, among others, BMW, Audi, Mercedes, Volvo, Tesla, etc.) is characterized by a polarized landscape, with some OEMs maintaining leather in their offering and others switching to non-leather alternatives (such as Tesla). In this context, having a client portfolio such as ours is becoming increasingly important. The luxury vehicle segment (which includes key market players) is expected to continue to utilize genuine leather, as its target customers demand the most refined materials available.

Competitive landscape

Automotive leather production requires the commitment of significant economic resources on the part of suppliers as OEMs require their suppliers to ensure reliable and consistent sourcing of raw materials and to supply significant volumes of their products, which are also subject to compliance with high quality standards. The automotive leather production industry is characterized by meaningful competitive dynamics and suppliers typically compete on the basis of specialized know-how built up over many years of experience. OEMs are highly focused on timely delivery and reliability of suppliers that are part of their supply chains, which is difficult for new market entrants to provide even where they can obtain the necessary know-how by attracting specialists and building capabilities.

Seats – Competitive landscape

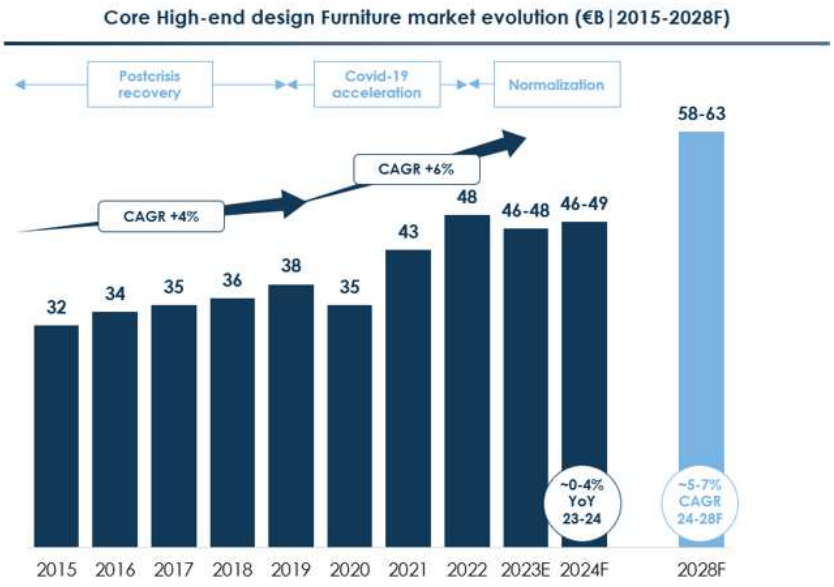
Given our limited overall estimated market share of approximately 2% in 2023 (according to management analysis of industry data), the Company has a sizeable opportunity within the genuine leather seats market to capitalize on investments in its organization and operations such as (i) the appointment of new heads and key area managers in key markets (*i.e.*, UK, Germany and Sweden), (ii) the introduction of ad-hoc design & development teams to shorten time-to-market, and (iii) the reinforcement of aftersales and product quality teams to facilitate direct link with OEMs. This is translating in tangible business opportunities, with requests for quote ("RFQ") increased by three times over the period 2019-2023 (from six RFQs in 2019-2020 to approximately 20 in 2022-2023) and the share of RFQs won increased from approximately 30% in 2019-2020 to approximately 45% in 2022-2023.

Steering wheels – Competitive landscape

We are a leading player in the steering wheels market with an expected market share of approximately 21% in 2023 (according to management analysis of industry data). Thanks to our global and vertically integrated platform, our ability to consistently deliver high quality products and the strategic decision to reposition ourselves towards luxury and premium brands, we have been able to maintain our market share, which increased from approximately 20% in 2019 to 21% in 2023 (according to management analysis of industry data). Our focus will continue to be penetrating high-end players with positive long-term outlook and we have a solid pipeline of won RFQs and awaiting approval. In addition, we have also developed a synthetic leather offering for steering wheels, complementary to our natural leather offering, which we started offering to clients from May 2024.

Design furniture market

The global high-end design furniture market's size is expected to amount to approximately €46-48 billion in 2023, recording a steady growth of approximately a 4% CAGR in the 2015-2019 period and a solid acceleration after the COVID-19 pandemic of approximately a 6% CAGR in the 2019-2023 period. The outstanding resiliency demonstrated during the COVID-19 pandemic and the rapid recovery immediately after, were possible thanks to a combination of trends, including (i) "cocooning" and self-expression (with many individuals spending substantial parts of their lives in their homes), (ii) the continuous hybridization of spaces, (iii) urbanization and (iv) a growing demand for improved quality and aesthetics. The reference market in which we operate includes the following key market players: American Leather, Baxter, Cassina, Ethan Allen, Leolux, Luxury Living Group, Molteni & C., Poltrona Frau and Smith Brothers.



Source: management analysis of independent third-party analysis. Note: (1) excluding light commercial vehicles.

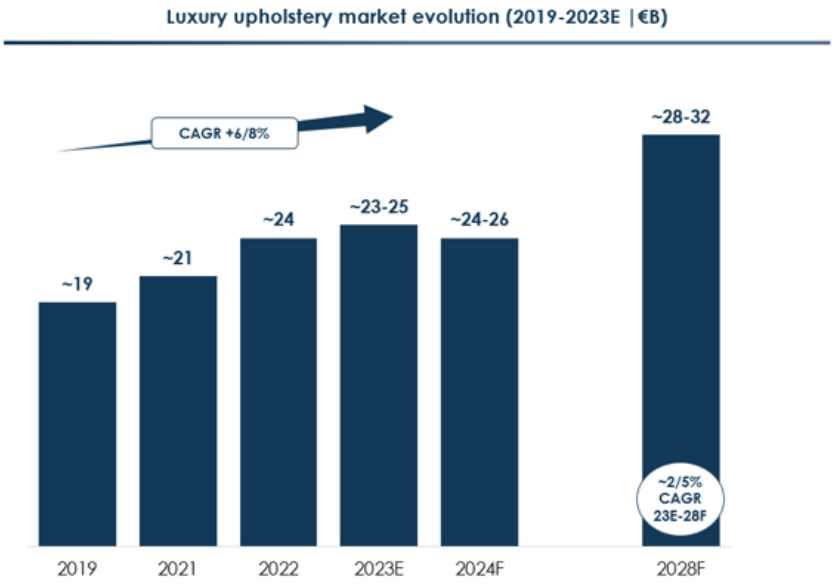
According to third-party analysis of industry data, going forward the high-end design furniture market is expected to grow at a 5-7% CAGR in the 2024-2028 period, with the Asia-Pacific market expected to outgrow the Western region, driven by growing urbanization and increasing average wealth.

The high-end upholstery market

Our core market is the high-end upholstery (indoor and outdoor), which market size is estimated to amount to approximately €20-25 billion in 2023, with an expected 3-7% CAGR in the 2023-2028 period and which is expected to continue to grow at a 5-7% CAGR in the 2024-2028 period, sustained by the following trends (according to third-party analysis of industry data):

- *Increasing importance of homes*: as result of the higher amount of time spent at home during COVID-19, houses became the center of many individuals' lives, resulting in a growing focus on interior design as means for self-expression, as well as a preference for higher quality materials.

- *"Everything but better"*: customer taste for sophistication is also affecting the commercial interior design sector, where demand is shifting towards high-end materials (such as leather or prestigious fabrics).
- *Rise of new business models*: stronger preference for flexibility and rising sustainability concerns are giving birth to furniture rental and leasing solutions, and boosting upholstery after-use recollection.
- *Expansion of indoor category portfolio*: players increasingly expanding their offer beyond their core business, to cover multiple indoor categories and increasing the share of luxury brands diversifying within the broader design category.
- *Intermingling indoor and outdoor furniture*: outdoor furniture gaining increasing relevance as an extension of interior spaces.



Source: management analysis of independent third-party analysis. Note: (1) excluding light commercial vehicles

In terms of materials, leather is estimated to account for approximately 36% of the high-end upholstery market in 2023, with fabrics accounting for the remaining approximately 64%. Leather and fabrics are characterized by different features in terms of aesthetics, premium qualities and durability, leading to a different penetration across market segments. Leather is generally the preferred choice for hospitality, driven by a superior look and feel, while fabrics are a more likely choice in commercial settings, given their functionality. The residential segment presents a differentiated landscape driven by customer tastes and countries (with leather demand being relatively stronger in Asia and in the US, as opposed to fabric in Europe).

According to third-party analysis of industry data, going forward leather and fabric consumptions for high-end upholstery are expected to grow in terms of volumes at a 3-7% CAGR in the 2023-2028 period, with leather-fabrics penetration forecasted to remain broadly stable, driven by expansion of the underlying markets coupled with a combination of trends, including:

- increased prevalence of the contract sector and of commercial spaces premiumization, driving leather consumptions;
- growing interest towards outdoor furniture also driven by continued blurring of indoor vs outdoors boundaries, favoring fabrics consumptions;
- shift in the geographical mix, with China and other Asian markets gaining new market share (skewed towards leather production);
- raising interest of younger generations towards high-end design, with fabrics representing an appealing entry-level for this target audience;

- new luxury players entering the design market from adjacent industries or existing premium design players stretching up the offering to reach wider consumer audience, driving leather consumptions.

Competitive landscape

Within the high-end design furniture market, we had a 10% market share by volume in high-end leather in 2022, and we believe we are strongly positioned to take advantage of the supportive industry trends, enjoying unrivalled reputation in high-end upholstery through Elmo and Carroll, leveraging on our flexible one-stop-shop approach and our tailor-made proposition. We believe Elmo is one of the few the main leather brands that is globally recognized in the interior design segment by architects and designers for very high-quality projects, where we have also recently entered the fabrics segment.

BUSINESS

Overview

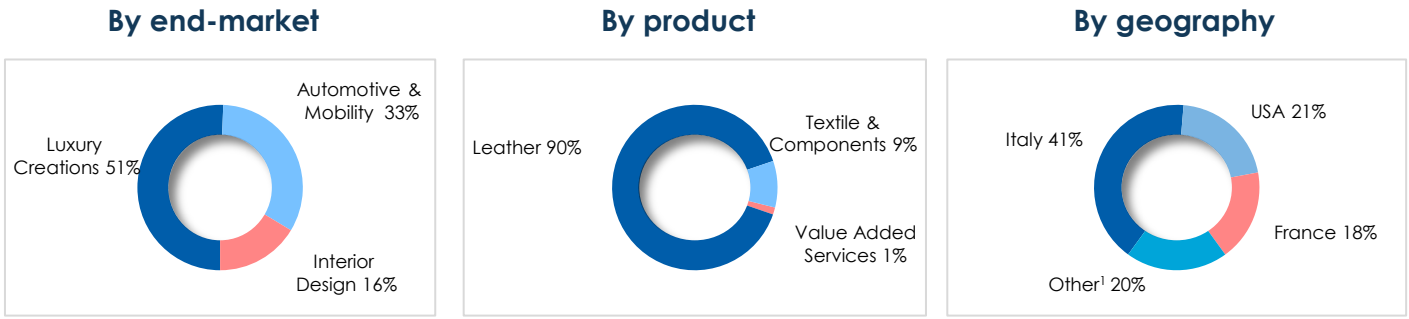
We are a leading supplier of high-quality leather and textile materials, providing a full suite of value-added services, such as printing, laser engraving, cutting and embroidery decorations on both fabric and leather products, mainly for luxury and premium clients across the fashion, automotive and mobility as well as interior design industries (including some of the most recognizable and iconic high-street fashion houses and luxury automotive brands), combining artisanal craftmanship with state-of-the-art industrial processes in all the key steps of the value-chain. For the year ended December 31, 2023, we recorded revenue of €331.6 million (and, on a pro forma basis, of €348.3 million), Adjusted EBITDA of €71.7 million and Adjusted EBITDA margin of 20.6%, in each case on a pro forma basis. For the twelve months ended March 31, 2024, on a pro forma basis, we recorded revenue of €340.8 million, Adjusted EBITDA of €72.5 million and Adjusted EBITDA margin of 21.3%. Our Structuring Adjusted EBITDA and Structuring Adjusted EBITDA margin for the twelve months ended March 31, 2024, on a pro forma basis, were €75.4 million and 22.1%, respectively.

Our business is built around three business units, serving customers in attractive end-markets, namely Luxury Creations, Automotive & Mobility, and Interior Design, which are characterized by positive long-term growth prospects and high barriers to entry. Within our end-markets, the luxury and premium segments constitute our primary focus and drive large part of our growth, due to the fact that high-quality materials play a key differentiating role to address evolving quests for premiumization, elevation and more refined materials. The end-markets in which we operate recorded constant growth over the years, with the Luxury Creations end-market growing at a CAGR of approximately 7% between 2019 and 2023, luxury cars production market within the Automotive & Mobility end-market growing at a CAGR of approximately 5% over the same period, and the high-end Interior Design market growing at a CAGR of approximately 6% between 2019 and 2023, according to third-party analysis of industry data.

We manage a leading integrated platform of high-quality materials and value-added services, capturing multiple revenue streams via a best-in-class offering for luxury brands. According to management analysis of industry data, we believe that we are the leading strategic partner for luxury fashion houses, being the largest global supplier of top-quality calf and bovine natural leather, with a market share of approximately 10% in 2023. Our Luxury Creations business unit specializes in the manufacturing and supply of top-quality calf and bovine leather, high-end textile fabrics, with a focus on jacquard for luxury fashion houses, mainly used for the production of luxury bags and shoes. Our offering is complemented by value-added services, such as printing, cutting and embroidery decorations, and, in recent years, by highly synergistic textiles, tapes and components (such as handles). In the Automotive & Mobility end-market, we believe that we are the leading supplier worldwide of top grain leather for steering wheels with approximately 21% market share in 2023, with recent expansion into synthetic leather. Moreover, we have a strong reputation in the Interior Design end-market, with our brand Elmo being among the most recognized leather brands in the market (according to management analysis of industry data) where the company has a market share of approximately 10% of the high-end upholstery leather volumes, and a growing presence in textiles thanks to the recent acquisition of Imatex, a textile manufacturer specialized in jacquard fabrics for high-end furniture.

As part of our strategy of competitive repositioning towards luxury and premium segments with higher margins and pricing, between 2018 and 2023 we increased our focus on the Luxury Creations end-market. For the year ended December 31, 2023, Luxury Creations was our largest business unit, accounting for 51% of our revenue on a pro forma basis, followed by the Automotive & Mobility business unit, accounting for 33% of our revenue on a pro forma basis and by the Interior Design business unit, accounting for 16% of our revenue on a pro forma basis.

The charts below show a breakdown of our diversified portfolio by end-market, product and geography as of percentage of our revenue on a pro forma basis for the year ended December 31, 2023.



Note: (1) Mainly including Czech Republic, Romania, Slovakia, China, Lithuania.

We have long-term, strategic partnerships with global luxury and premium customers, underpinned by hard to replicate value proposition resulting in recurring revenue and a solid share of purchase, being the sole supplier for certain of their most iconic products. We are recognized as partner of choice for our customers thanks to our distinctive technological edge, the high-level of service (including best-in-class delivery time), and industry leading ESG credentials based on a well-rounded action plan supported by substantial investments. Our customer base, comprised of more than 2,500 customers, includes some of the most recognizable and iconic high-street brands in the Luxury Creation industry with whom we enjoy longstanding partnerships dating back to more than 15 years in most of the cases, as well as well-recognized luxury and premium OEM in the Automotive & Mobility space and certain other mid-market brands, with whom we enjoy longstanding partnerships dating back to more than 20 years in most of the cases. Our customer base is complemented by some of the most renowned and iconic brands in the Interior Design arena. We believe that our customer base is well-diversified, with our top five customers accounting for approximately 34% of our revenue for the year ended December 31, 2023 and no single customer accounting for more than 13% over the same period, and is well balanced to ensure stability of cashflows, on the back of the recurring nature of Luxury Creation orders, coupled with the multi-year nature of Automotive & Mobility contracts, providing good visibility on future revenue.

We operate 16 production facilities across Italy, Europe, the United States and Central and Latin America and employ approximately 1,350 people as of March 31, 2024. Thanks to our operational set-up we are able to ensure proximity to our main customers and suppliers, while maintaining the ability to properly control raw materials sourcing, ensuring logistic optimization. Our production facilities are state-of-the-art thanks to full-cycle maintenance programs that we periodically perform, resulting into limited requirements for recurring capital expenditures (amounting to €2.7 million, €4.0 million, and €5.1 million for the years ended December 31, 2021, 2022 and 2023, respectively).

We have maintained an attractive financial performance with demonstrated ability to preserve margins across cycles ensuring best-in-class cash conversion. We manage our business with a focus on achieving and maintaining strong revenue generation and profitability. We have a strong track-record of revenue growth, which increased from €290.3 million for the year ended December 31, 2021 to €331.6 million (€348.3 million on a pro forma basis) for the year ended December 31, 2023, and a solid Revenue Growth CAGR (ex. acquisitions) at 2.3% for the year ended December 31, 2023. Our organizational structure and our luxury and premium clients allow us to maintain sustainable profitability levels (Structuring Adjusted EBITDA margin of 22.1% for the twelve months ended March 31, 2024, calculated on a pro forma basis) and best-in-class cash conversion (approximately 93% on average over the period from 2021 to 2023).

We have a high profile and committed management team with a long-term track record of delivering sustainable value creation also through selected value-added opportunities, with seamless integration of 7 acquisitions over the past 5 years.

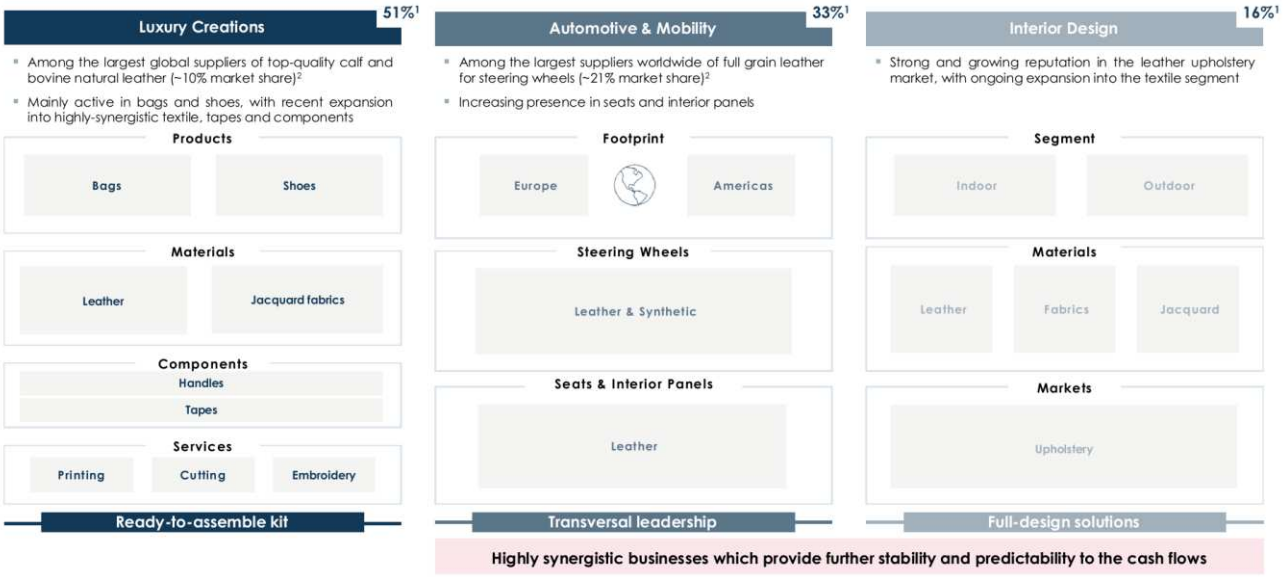
Our Strengths

We operate an integrated multi-material and value-added service platform in the luxury space. Born as a supplier of high-quality leather in 1958, we successfully diversified toward textiles, components and value-added services and we are now positioned as one-stop-shop supplier for our customers across three highly synergistic business units:

- **Luxury Creations**: according to management analysis of industry data, we believe we are the largest global supplier of top-quality calf and bovine natural leather with approximately 10% market share in 2023. We recently expanded into textiles (such as jacquard textiles for luxury bags and shoes), tapes and components and value-added services such as printing, cutting, sewing and embroidery. For the year ended December 31, 2023, on a pro forma basis Luxury Creations generated 51% of our revenue.

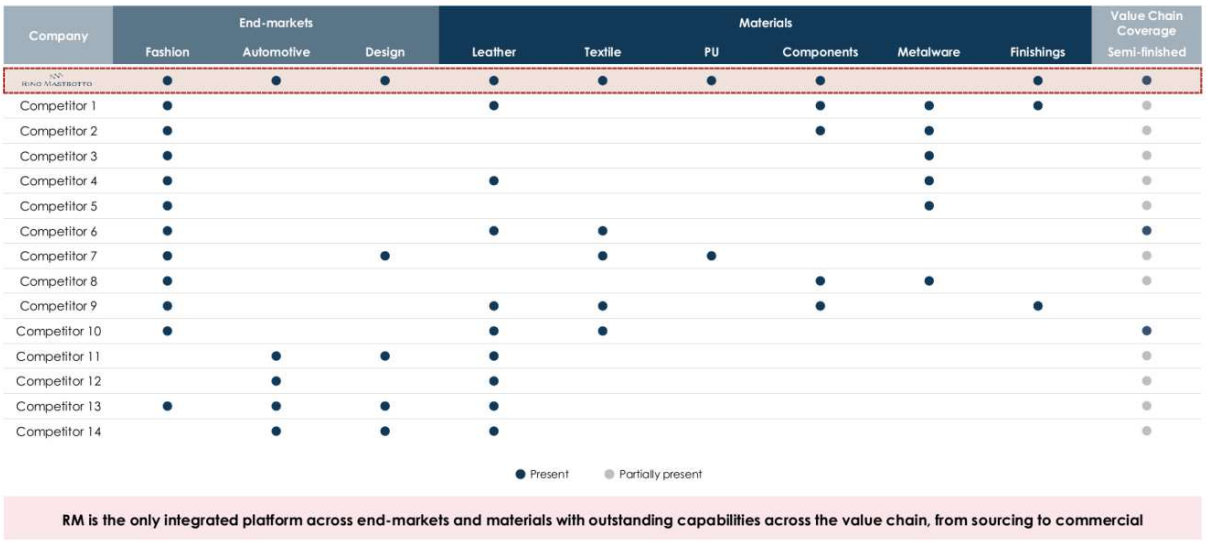
- **Automotive & Mobility**: according to management analysis of industry data, we believe we are the first supplier worldwide of top grain leather for steering wheels with approximately 21% market share in 2023, and have recently expanded into synthetic leather. We also enjoy a growing presence in seats and interior panels, where luxury and premium OEMs are expected to continue to rely on genuine leather to differentiate themselves from other automotive segments (according to management analysis of industry data). For the year ended December 31, 2023, on a pro forma basis Automotive & Mobility generated 33% of our revenue.

- **Interior Design**: we believe we have a strong reputation in the leather upholstery market, with our brand Elmo being among the most recognized leather brands in the market, and a growing presence in textiles thanks to our recent acquisition of Imatex, a textile manufacturer specialized in jacquard fabrics for high-end furniture. We can provide a full set of design solutions which encompass both the interior and the exterior segments. According to management analysis of industry data, we have a strong reputation in the Interior Design end-market, with our brand Elmo being among the most recognized leather brands in the market, where the company has a market share of approximately 10% of the high-end upholstery leather volumes. For the year ended December 31, 2023, on a pro forma basis Interior Design generated 16% of our revenue.



Source: internal management data. Note: (1) Revenues breakdown as of 2023 pro forma for the Imatex Acquisition and the Mapel Acquisition; (2) According to Management analysis of industry data.

We are a worldwide integrated platform across our end-markets and materials, with outstanding capabilities across the value chain. Our business units are deeply integrated with the aim to drive cross-sharing of innovations and technologies, which generally we co-develop together with our luxury and premium customer base. Moreover, our business units serve highly-diversified end-markets, each with different inherent drivers and underlying dynamics, which enable us to balance out potential declines, ensuring steadiness and predictability of cash flows. For instance, we generated approximately €118 million in Adjusted Cash Flow before debt service and M&A over the period 2021-2023.

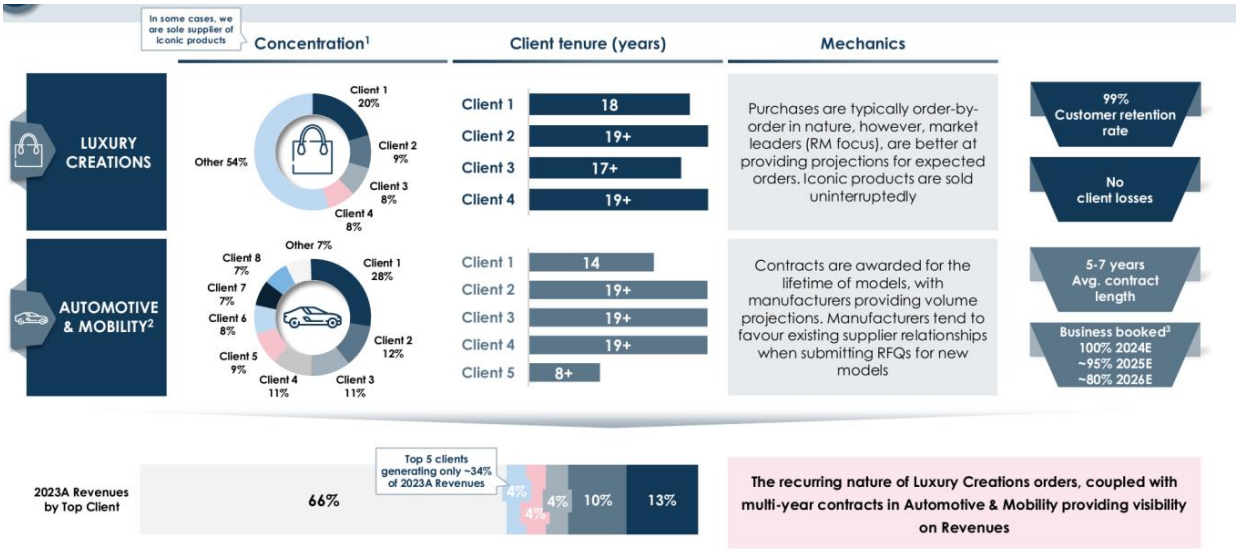


Source: independent third-party analysis.

We have solid and well-recognized capabilities across the entire value chain and, according to management analysis of industry data, we are the only integrated platform in terms of (i) end-markets (encompassing Luxury Creations, Automotive & Mobility and Interior Design) and (ii) supply materials (spanning from leather to textile, polyurethane, components and finishings). Our one-stop-shop offering ensures substantial cross-selling opportunities within the Group and greatly simplifies the supply chain optimization for our luxury and premium clients, which would typically have to source each component separately. For example, for one of the most iconic bags of one of our key clients, a high-end renowned luxury fashion house, we provide (i) side leather and interior lining through our Basmar production facility, (ii) jacquard fabric through our subsidiary Tessitura Oreste Mariani and (iii) handles and tapes through the recently acquired company, Mapel.

Long-term close partnerships with a diversified base of iconic brands underpinned by hard to replicate value proposition resulting in high share of purchases.

Our customer base includes some of the most recognizable and iconic high-street brands in the Luxury Creation industry, as well as well-recognized luxury and premium OEMs in the Automotive & Mobility business unit, with whom we enjoy longstanding partnerships. We believe that our customer base is well-diversified, with our top five customers accounting for approximately 34% of our revenue for the year ended December 31, 2023 and no single customer accounting for more than 13% over the same period, and is well balanced to ensure stability of cashflows. In addition the recurring nature of our Luxury Creations orders, coupled with the multi-year nature of Automotive & Mobility contracts, provide good visibility on future revenue.

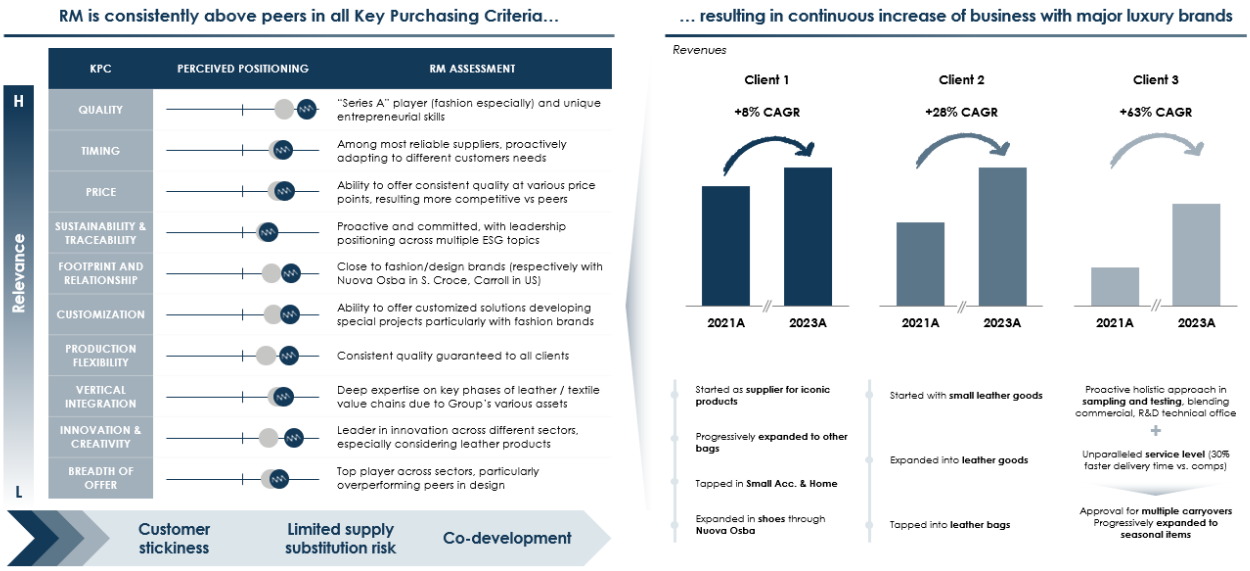


Source: internal management data. Note: (1) average revenue for 2021-2023; (2) automotive clients are showed based on the final OEM. Generally, seats clients are directly served, while steering wheels OEMs are served through Tier 1 suppliers; (3) Awarded business order book estimate.

Within our Luxury Creations business unit, over the past 5 years, we have never experienced client losses, and we have a 99% customer retention rate to date. Our four largest customers accounted for 20%, 9%, 8% and 8%, respectively, of our average revenue for the years ended December 31, 2021, 2022 and 2023, with whom we enjoy a mutually beneficially partnership lasting over 18 years on average. Although contracts in this space are typically based on individual orders, market leaders (which are our primary focus) are better at providing forecasts for expected orders, with some of their most iconic products sold uninterruptedly. We recently negotiated a price increase with a key customer in our Luxury Creations business unit starting from July 2024.

Within our Automotive & Mobility business unit, we have longstanding partnerships spanning between eight and 20 years with our diversified top client base, including major OEMs. Our four largest customers accounted for 28%, 12%, 11% and 11%, respectively, of our average revenue, for the years ended December 31, 2021, 2022 and 2023. We supply our Automotive & Mobility clients directly with respect to seats and either directly or through Tier 1 suppliers with respect to steering wheels. Our customer base ranges between the mass and luxury segments, but our key focus remains on the luxury and premium segment. Contracts are awarded for the lifetime of product models (5-7 years average contract length), with manufacturers providing volume projections and thus visibility on revenue.

According to management analysis of industry data, we believe that we consistently outperform most of our competitors in the main factors that represent key purchasing criteria for our clients, namely quality, timing, pricing, sustainability and traceability, footprint and relationships, customization, production flexibility, vertical integration, innovation and creativity, and breadth of the offering. Such performance, consistent across our three business units, coupled with recurring co-development activities with our key customers results into high switching costs for our clients and continuous share of purchase increase with key brands. For example, our relationship with our top client in the Luxury Creations business unit, a high-end renowned luxury fashion house, exemplifies our strong and growing partnerships with key clients: we began as a supplier of only a few iconic products, then expanded to other bags & small accessories, and finally entered the shoes segment as well, allowing our business to expand at a 8% CAGR between 2021 and 2023, with revenue reaching €34 million for the year ended December 31, 2023 as compared to €30 million for the year ended December 31, 2021.



Source: independent third-party analysis and internal management data.

Strongly positioned on diversified and large end-markets with high barriers to entry.

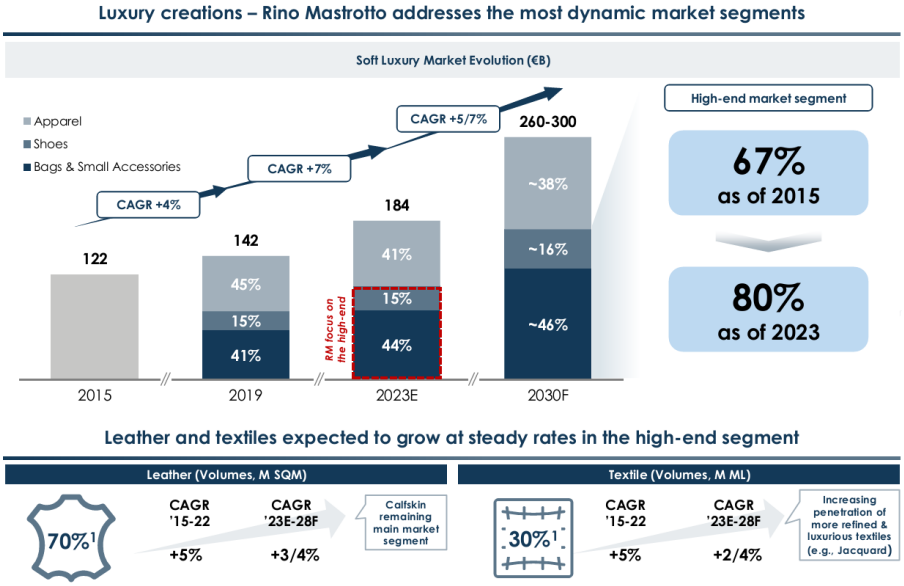
We operate in large and diversified end-markets, namely Luxury Creations, Automotive & Mobility and Interior Design, characterized by positive long-term growth prospects and high barriers to entry.

Luxury Creations

We address the soft luxury market, whose growth was estimated at over 7% CAGR between 2019 and 2023 and is expected to continue to grow substantially at the same pace (according to third-party analysis of industry data). Within the soft luxury market, we cover the most dynamic market segments, including "bags & small

accessories" and shoes, which represent approximately 60% of the soft luxury market. Our focus is on the high-end segment, which increased its total share of the soft luxury market from 67% for the year ended December 31, 2015 to 80% for the year ended December 31, 2023, outperforming the less attractive accessible segment.

In terms of supply materials, for the year ended December 31, 2023 the leather market represented approximately 70% of the high-end segment for "bags & small accessories" and shoes (with calfskin remaining the main material), while textiles represented the remaining 30% (with increasing penetration of more refined materials such as jacquard textiles). In terms of volume growth, both leather and textiles grew at approximately 5% CAGR between 2015 and 2022 and, notwithstanding the overall macroeconomic environment, is expected to grow at a 2-4% CAGR between 2023 and 2028, according to third-party analysis of industry data.



Source: independent third-party analysis and internal management data. Note: (1) soft luxury market volume share as of financial year 2023.

We believe that the growth of the soft luxury market is underpinned by the following key long-term trends:

(i) *Accessorization*: bags & small accessories and shoes are outperforming apparel, with market leaders paving the way driven by consumer quests for recognizability and by the relevant role that both bags and shoes play in acquiring new customers. We believe that providing an integrated offer to our luxury clients remains a key competitive advantage, creating a barrier to entry to potential new entrants.

(ii) *General elevation*: as customers become more sophisticated, demanding and interested in luxury standards, requiring more distinctive and fashionable products, they drive price increases and set higher expectations in terms of quality. We believe that providing high-quality products to our luxury clients is critical for addressing such evolving market needs.

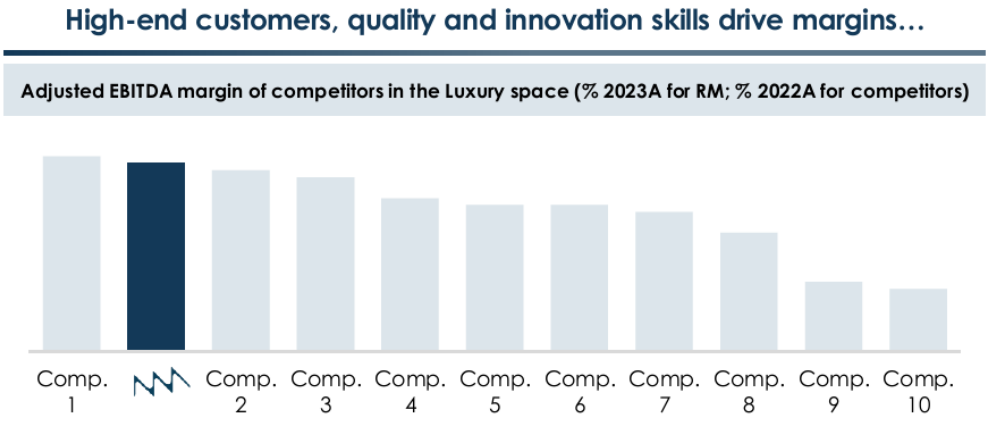
(iii) *High-low strategy*: we observe that successful brands are effectively playing a "high-low" strategy, where they introduce and strengthen their offer at entry prices to capture younger clients maintaining creativity and product quality (such as with wallets or mini-bags), while contextually catering to the higher end of their customer base. We believe this trend creates the need to provide an integrated offer and quick and value-added services to capture evolving market dynamics.

(iv) *Broadening of the customer base*: a growing number of high-net-worth individuals will result in increased average spend and improved resiliency across cycles (according to third-party analysis of industry data).

Within the high-end soft luxury market, we believe we are uniquely positioned when compared to our competitors, having best in class positioning across the most important key purchasing criteria, according to an independent third-party analysis. We deliver top quality products in a quick manner (30% faster on average than our competitors according to management analysis of industry data) and at competitive prices. In addition, we have proven innovation capabilities, co-developing products on a recurring base alongside our customers. This is proven by the longstanding partnerships we enjoy with most of our key luxury customers, covering 21 among

some of the major global high-end fashion houses. We are among the top suppliers of some of the most recognizable and iconic high-street brands and are capable to intercept insurgent brands very quickly.

We believe that our high-end customer base, quality and innovation skills result in margins above our competitors in the luxury space and solid market shares. According to management analysis of industry data, we are the leader in calf and bovine leather globally with 10% market share as of 2022. In particular, calf and bovine leather represent combined approximately 62% of the high-end global leather market. In textiles we have roughly approximately 6-7% market share within the high-end segment, with significant improvement margins.



Source: independent third-party analysis and internal management data.

Automotive & Mobility

We believe that the automotive market is at a favorable point in its cycle, rebounding after the slowdown following the COVID-19 pandemic and subsequent geo-political and macro-economic tensions, with supporting dynamics in the luxury and premium segments, favoring demand for leather, which remain the go-to material for luxury and premium interiors enhancing the driving experience given its look, elegance, comfort and durability.

Over the period between 2019 and 2023, luxury cars production volumes have grown at a CAGR of approximately 5%, premium cars production volumes have grown at a CAGR of approximately 3%, outpacing mass cars production volumes growth, according to third-party analysis of industry data.

With respect to the genuine leather interiors market, we have observed a relatively small decrease in both steering wheels and seats volumes, but we believe that a significant share of leather substitution has already occurred and is now plateauing (particularly with respect to steering wheels). According to third-party analysis of industry data, (i) the seats segment will continue to benefit from an increase in interiors size per vehicle (such as from the sale of SUVs), with genuine leather forecasted to be only limitedly replaced by alternative materials and remaining the preferred option for luxury and premium vehicles and (ii) the steering wheels segment will continue to maintain a stronger penetration of genuine leather as compared to other car components, due in part to the higher durability of genuine leather than alternative materials and resistance to wear, with sizeable opportunities in the upper-premium segments. In the steering wheels business, we expanded our offering to synthetic leather to capture a portion of the market where we are not present, while, in the seating segment, we are an incumbent player with a limited market share in a larger market.

We have been able to successfully reposition our Automotive & Mobility business unit to intercept evolving market trends by, on the one hand, increasing the share of luxury and premium revenue as a percentage of total Automotive & Mobility revenue from 38% in 2019 (of which 6% from luxury vehicles and 32% from premium vehicles) to 55% (of which 8% from luxury vehicles and 47% from premium vehicles) in 2023 and, on the other hand, introducing synthetic leather options for steering wheels, which we started offering to clients from May 2024, complementing our genuine leather offering.

In terms of positioning, we believe that we are the leading producer of steering wheels globally with approximately 21% market share in 2023 and we have a growing presence in the seats market (according to management analysis of industry data). We have also been recently mandated by certain luxury and premium

OEMs in the Automotive & Mobility industry to produce seats and/or interior panels for some of their key car models. This is the result of our unique competitive edge, which stems from the fact that we are a global vertically integrated platform, which enables us to provide top-notch services to our customers and supply top-quality products at competitive prices.

Interior Design

The high-end Interior Design market, historically a steady-growing market that grew at a CAGR of approximately 4% over the period 2015-2019, experienced a strong acceleration in the last few years after the COVID-19 pandemic, growing at a CAGR of 6% over the period 2019-2023 according to third-party analysis of industry data. We believe this market is now at an attractive entry-point in its cycle, currently going through a normalization phase after the COVID-19 pandemic, with favorable tailwinds expected to hold in the long-term with expected CAGR ranging between 5% and 7% CAGR between 2023 and 2028.

We observe the following main trends in the high-end design furniture market:

- the increasing importance of the interior spaces: as a result of the higher amount of time spent at home during the COVID-19 pandemic, houses became the focal point of individual lives, resulting in growing focus on interior design as means for self-expression, as well as increased interest in higher quality materials;
- the sophistication in customer taste is also affecting the commercial sector, where the demand is shifting towards high-end materials;
- outdoor furniture is increasingly gaining relevance as a living extension of interior spaces, driving the growth of fabrics demand, more suitable for outdoor applications;
- high level of taste localization, with the European market more fabric driven, the Asian market seeing increase in leather penetration, while the American market keeping a more balanced mix, always with higher leather penetration in higher-end segments;
- sustainability-related customer and policy demands pushing high-end designer to commit to more environmentally friendly material sourcing and to increase offer of sustainable material alternatives, yet eco-leather market penetration remains marginal over the total.

Within the high-end Interior Design market, we have a 10% volume market share in leather in 2023, and we believe we are strongly positioned to take advantage of the supportive industry tailwinds, enjoying unrivalled reputation in high-end upholstery through Elmo and Carroll, leveraging on our flexible one stop shop and tailor-made proposition. We believe Elmo is one of the few leather brands that is globally recognized in the interior design segment by architects and designers for very high-quality projects.

ESG industry leader with a clear action plan.

Leather is, by its nature, a sustainable and biodegradable product that supports the circular economy as raw hides, the key resource in the leather production process, are a by-product of the meat food production process, which would otherwise be disposed of as waste. We are committed to operating in compliance with environmental requirements and continuously work to reduce the environmental impact of our activities and promote environmentally friendly innovations in our industry.

Over the last years, we have accelerated our effort to integrate ESG topics into our day-to-day business operations. In terms of governance, since 2019, we committed to offering our clients clear and tangible reporting on our ESG impact, goals and achievements, by compiling annual sustainability reports. Similarly, in terms of environmental action, we placed a significant effort in tackling the most important challenges. In 2012 we developed a first Life Cycle Analysis (LCA) to provide insights on our product greenhouse gas (GHG) emissions, and in 2018 we completed the first GHG scope 1 and 2 emissions assessment for some production facilities (enlarged to all our production facilities in 2019), which enables us to make focused and informed decisions to minimize our environmental impact. We have proactively optimized our operational footprint and processes to reach higher efficiency through the introduction of lower-impact technologies (*i.e.*, from sludge treatment to automating chemical formulas weighting and mixing). We have shifted our sourcing (from leather

to chemicals and energy) towards lower-impact solutions (such as renewable energies and Zero Discharge of Hazardous Chemicals (ZDHC) compliant chemicals sourcing).

These efforts have resulted in tangible results, matching our clients' needs, and allowing us to be one of the preferred partners for several high-end players across the Luxury Creations, Automotive & Mobility and Interior Design end-markets (according to management analysis of industry data). In particular, we reduced relative scope 1 and 2 GHG emissions by 42% market based intensity over three years (2019-2022), thanks to (i) a shift to renewable electric energy (from approximately 21% in 2019 to approximately 75% in 2022), (ii) the benefits deriving from the use of a co-generation power plant, paired with a progressive optimization of production processes (approximately 10% less of water consumption per square meter of leather produced) and (iii) the use of higher-quality chemicals (approximately 90% of chemical volumes used in our main Luxury Creations production facilities are currently ZDHC compliant or document compliant, whereas we had no tracking in and before 2019).

According to management analysis of industry data, we enjoy a strong ESG positioning, already ranking among best-in-class leather manufacturers. We are among the few suppliers in the leather manufacturing industry to publicly provide a structured and transparent reporting of our ESG impact, and among those that actively prioritize ESG, outperforming the majority of peers across most ESG-related parameters. We hold an advanced positioning across most of the material environmental topics (from waste management to water and chemicals usage), leveraging strong in-house capabilities (such as internal effluent treatment, physical and chemical test lab, etc.) as well as proactive research in process optimization (including "zero waste" concept production facilities).

We also invest in research and development to improve the sustainability of our products, reduce raw materials consumption, and recycle waste from our operations. Our capital expenditures related to ESG topics, costs and investments, increased from around €0.1 million for the year ended December 31, 2021, to € 1.2 million (of which €0.9 million were used for investments) for the year ended December 31, 2022 and increased further to almost € 3.8 million in 2023 (of which €3.4 million were used for investments), mostly in relation to certifications, purchase of green energy, carbon offsets, tests on water and products, reporting, consultancies, new solar panel plants and innovative technologies. We have also developed (and will continue to develop) new technologies for the tanning phases, in respect of which we expect to significantly reduce water and chemicals consumptions. We have also developed a new category of products using reconstituted leather (containing at least 50% of recycled leathers) and patented composite materials that require substantially less raw materials. Our products made by using recycled leathers are obtained from used natural shredded leather fibers and have the appearance and feel of genuine leather.

Attractive financial performance with demonstrated ability to preserve margins across cycles and high cash conversion.

We manage our business with a focus on achieving and maintaining strong revenue generation and profitability. We have a strong track-record of revenue growth, which increased from €290.3 million for the year ended December 31, 2021 to €331.6 million (€348.3 million on a pro forma basis) for the year ended December 31, 2023 and a solid Revenue Growth CAGR (ex. acquisitions) at 2.3% for the year ended December 31, 2023, coupled with a successful integration of selected value-accretive acquisitions, such as Nuova Osba in 2020, Carroll Leather in 2021, Morellino, Morelab and Tessitura Oreste Mariani in 2022 and Imatex and Mapel in 2023.

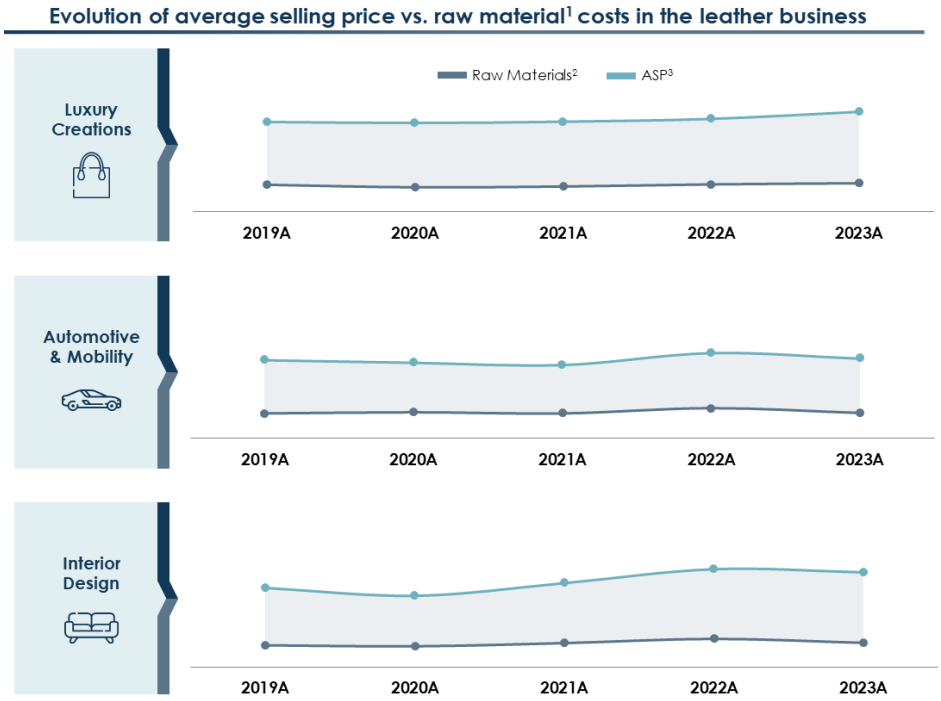
We proved our ability in passing-through cost inflation having preserved a solid profitability thanks to the following dynamics:

- *Luxury Creations*: thanks to the nature of the industry, which entails a constant development of new articles and collections and allows us to continuously update pricing to account for fluctuations in raw material costs, and by our ability of dynamically change the sourcing of raw materials by type and geography to optimize the sourcing mix.

- *Automotive & Mobility*: as contracts are indexed to raw material costs with inflation having a limited time lag allowing us to maintain margins even during periods of economic downturn despite the long-term nature of contracts.

- *Interior Design*: as the premium segment of upholstery is characterized by individual contracts and yearly collections allowing us to pass-through cost inflation regularly when negotiating new contracts.

For the twelve months ended March 31, 2024 (on a pro forma basis), our Structuring Adjusted EBITDA amounted to €75.4 million, underpinned by consistent contribution margin development supported by strong pass-through abilities and controlled sourcing strategy, along with disciplined approach with regards to personnel, outsourcing, manufacturing and other administrative and general expenses. The following chart compares the evolution of our average selling price across our business units against the evolution of raw materials costs in the leather production process.



Source: independent third-party analysis. (1) Excludes Carroll leather and changes in inventory. (2) Chemicals and raw hides. (3) Average selling price.

Furthermore, our business model ensures limited maintenance capital expenditures, contributing to a strong and consistent cash conversion over the past three years averaging approximately 93% of our Adjusted EBITDA. During the last three years, our maintenance capital expenditures have averaged approximately €4.0 million per annum (consistent with our historical trend), and we expect our investment outlays to remain stable as a percentage of our revenue in the medium term. Also, our trade working capital needs are limited and predictable (characterized by limited seasonality), representing 26.6% and 23.8% of our revenue for the years ended December 31, 2021 and 2022, respectively, and 27.0% of our revenue for the year ended December 31, 2023 (on a pro forma basis). As a result, we have been able to generate approximately €118 million of Adjusted Cash flow before debt service and M&A over the period 2021-2023.

High profile and committed management with a long-term track record of delivering sustainable value creation also through selected value-added opportunities.

One of our core strengths is our highly experienced management team, led by Matteo Mastrotto (CEO), combining leading professionalized figures blended with an experienced entrepreneurial family with a deep knowledge of the industry and materials. The Mastrotto family is also directly invested in the business retaining an approximately 30% share, representing a significant incentive to deliver the medium-term business plan alongside NB Renaissance. We intend to draw from the market expertise, business relationships, knowledge and experience of NB Renaissance, who has a strong expertise and an extensive and successful track record of investing in companies in the Italian market.

Our top management consists of a leadership team, including Antonio Perosa (CFO), Fabrizio Viscolani (Head of Operations), Alberto Gallina (Head of ESG) and Nicola Masiero (R&D), as well as business unit managers, namely Matteo Mastrotto (Luxury Creations), Barbara Mastrotto (Automotive & Mobility) and Alberto Atrofini

(Interior Design). Our management team has an excellent track record of successfully running and growing businesses, achieving EBITDA growth, both organically and through compelling value accretive add-ons.

We have been very selective in our acquisition approach, choosing one-to-one deals over competitive processes, and looking for targets that have synergy, commercial fit, and organic growth potential. Between 2019 and 2023, we evaluated over 170 opportunities and then completed only the following acquisitions: (1) Nuova Osba on June 30, 2020 (to expand in the luxury footwear market and increase proximity to Italian Luxury brands), (2) Carroll Leather on June 30, 2021 (distributor, to strengthen our presence in the US market), (3) Morellino (manufacturer specialized in printing and embossing, to enrich our value-added services) and Morelab (manufacturer specialized in finishing techniques, to broaden our value-added services) on February 28, 2022 , (4) Tessitura Oreste Mariani on October 11, 2022 (textile manufacturer, to widen the textiles offering with tangible cross-selling opportunities), (5) Imatex on November 8, 2023 (manufacturer specialized in textiles for interior design) and (6) Mapel on December 14, 2023 (manufacturer specialized in tapes and components).

Our Strategies

Maintain and grow our leading position in Luxury Creations, Automotive & Mobility and Interior Design businesses by leveraging high-quality products and longstanding partnerships with our clients.

As an established integrated platform for luxury brands, we intend to continue to reinforce and grow our leading market position in the Luxury Creations and steering wheels businesses and capitalize and strengthen our seats and interior panels and Interior Design businesses. We believe that we are well-positioned to benefit from global growth trends in our core markets, leveraging on our best-in-class positioning across key purchasing criteria (according to management analysis of industry data), hard-to-replicate product quality and recurring co-development activities with our customers resulting into high switching costs and continuous share of purchase increase with key brands. In particular:

- *Luxury Creations:* we intend to continue to develop and scale our existing client portfolio, leveraging on cross selling synergies while acquiring new brands and customers by: (i) capitalizing market growth on the back of superior performance of our key clients; (ii) succeeding new client wins also leveraging on insurgent brands; and (iii) continuing to unlock cross-selling synergies by providing multiple materials to our customers.

- *Automotive & Mobility:* we believe we are well positioned to capture increasing market shares, leveraging on product diversification to: (i) capture ample white space in leather seats and interior panels (where we have a 2% market share for the year ended December 31, 2023, according to management analysis of industry data); (ii) leverage our leading position in leather steering wheels to maintain our market shares; and (iii) further push on synthetic leather offering.

- *Interior Design:* we intend to expand our market positioning by capitalizing on the attractive entry-point and superior reputation that we have especially through our subsidiary Elmo. We will continue to: (i) target a long runway of white spaces to continue to grow and scale our offering; and (ii) cross-sell our textile offering to existing leather customers through the re-launch of Imatex.

Capitalize on the evolving market trends and right size our business positioning leveraging on one-stop shop proposition and multi-material offering.

We intend to continue to address the evolving market needs focusing on high-end clients and leveraging on our one-stop shop proposition and multi-material offering.

We expect that the luxury and premium segments will keep driving the demand for higher-quality products across our end-markets and we intend to continue to pursue such trend further diversifying and repositioning our business in line with the historical path. In particular, we will continue to diversify our offering towards a balanced mix of leather, textile, synthetic and value-added services across our end-markets, in order to continue to position as one-stop-shop supplier for our customers, cross-sell and cross-share product innovation among business units, while diversifying and thus naturally hedging potential business fluctuations in our end-markets. Our strategy will continue to evolve around luxury and premium clients, selecting those with high grow potentials and which grant recurring revenue streams, as we have successfully done in the past.

Drive margin expansion.

We intend to continue to optimize our business mix by focusing even more on the Luxury Creations end-market to increase our margins.

We will also continue to improve integration across our Group by centralizing procurement: our unique business model allows leather production to be relocated between production facilities. This enables us to optimize how we use the capacity of different production facilities, lowering the costs of outsourcing and logistics. We are also actively exploring the insourcing of the trimming process to increase yield and reduce quality damage.

In addition, we intend to deploy our new technology in the production process which is expected to deliver efficiencies and savings.

Pursuing potential acquisitions and value accretive add-on opportunities.

We continuously evaluate potential acquisitions, collaborations and other business combinations that will enhance our existing product offering and support the creation of a leading multi-materials platform, maintaining a highly disciplined approach, in line with the past. In addition, we seek to strategically invest in key market segments where attractive opportunities that could complement our organic growth strategy may arise and where we believe we have significant expertise in identifying, executing and integrating acquisitions while remaining focused on our financial policy. We will continue focusing on synergistic targets which ensure businesses fit and organic growth potential. Seamless integration and achievement of cost and revenue synergies will remain our key priority to ensure a successful and sustainable external growth strategy. If we believe that growth in selected areas domestically (and potentially internationally) could be undertaken more efficiently and cost-effectively through acquisitions of companies or certain assets, we would consider expansion through focused strategic acquisitions.

Continue delivering superior profitability and strong cash conversion.

We have demonstrated our ability to grow our business not just in size, but also in terms of profitability, delivering a positive organic growth and successfully integrating acquired businesses. For the twelve months ended March 31, 2024 (on a pro forma basis), our Structuring Adjusted EBITDA reached €75.4 million, with a Structuring Adjusted EBITDA margin of 22.1%, notwithstanding the inflationary environment. This results are mainly attributable to our focus on the luxury and premium segments, the quality of our products and our best-in-class level of service. Our goal is to maintain our profitability in the future by, among others, leveraging on our lean and cost-efficient business model as well as on our longstanding partnerships with customers and suppliers to secure the best terms and conditions.

In addition, we intend to continue converting our EBITDA generation into free cash flow by maintaining our historically low levels of maintenance capital expenditure and managing our trade working capital so that it continues to increase moderately over time in line with the expansion of our business.

Focus on continuously improving our ESG performance.

We intend to position ourselves as the partner of choice when it comes to the leather products industry's environmental performance improvements. Environmentally sustainable production is becoming an increasingly important aspect of our industry. The majority of our customers are increasingly focused on sustainability, and our ability to provide sustainable solutions can contribute to our customers' sustainability targets. As a result, for the next years, we have developed a comprehensive action plan supported by a set of specific objectives aimed at reaching a leadership positioning among leather manufacturers, tackling the most important topics sought after by fashion-luxury, automotive luxury and premium and interior design luxury players. In particular, our main goals are:

- providing key brands full greenhouse gases emissions reporting (scope 1, 2 and 3) by the end of 2024;
- implementing a new LCA tool to strengthen our positioning towards our clients, allowing for a quick and precise mapping of greenhouse gases emissions (based on primary data) of almost the full product portfolio;

- helping clients to reach their scope 3 decarbonization targets, by setting our own decarbonization targets in line with SBTi requirements starting from a new 2023 baseline, establishing clear trajectories (facility by facility) and developing a structured monitoring process for track decarbonization roadmap progresses;

- continue working on optimization processes to reduce our environmental footprint (targeting 100% of renewable electric energy purchased from the grid by the end of 2024, and a new photovoltaic plant at Morellino premises by the end of 2024); and

- extending third parties' certifications to increase transparency and traceability (including the implementation of LWG in all production facilities by the end of 2024 and obtaining Ecovadis score by the end of 2024).

In terms of traceability, we target to achieve a leadership positioning through the extension of third parties' certifications to all our production facilities, in addition to the certifications already obtained: (i) Leather Working Group (LWG), obtained for 6 wet process production facilities; (ii) Global Organic Textile Standard (GOTS) certification, obtained for Tessitura Oreste Mariani; and (iii) Global Recycle Standard (GRS) certification, obtained for Tessitura Oreste Mariani and for Mapel.

Our History

We entered the leather industry in 1958, in Trissino (Italy), through the acquisition of the Aurora tannery by Arciso Mastrotto, the father of Rino Mastrotto and grandfather of our current CEO Matteo Mastrotto. In 1969, the Mastrotto family set up the Basmar tannery and entrusted its management to Rino Mastrotto. We acquired other first-class tanneries until 1998, when the Group was created through the merger of our various entities into one large manufacturing company. Since then, we expanded from a small leather manufacturer to a leading player in the global high-end leather industry, supplying the fashion, automotive and interior design markets with top-quality products, to iconic brands. Through the years, we mastered the full cycle of tanning: from the procurement of premier raw materials to the creation of specialized product lines tailored to satisfy the diverse needs of the markets in which we operate.

After consolidating our presence in the Italian market, with the acquisition of the Pomari tannery and the Calbe-Brusarosco tanneries, we started to expand outside Italy. In 1999, we established our first production site in Brazil, Bermas Maracanaù, through our Brazilian subsidiary, Bermas Maracanaù Indùstria e Comércio de Couro L.t.d.a. ("**Bermas**"), specialized in leather for the interior design and automotive industries and serving customers worldwide. In 2010, we strengthened our presence in Europe by acquiring Elmo, a Swedish company renown as a pioneering sustainability leader in its industry focused on the interior design (the "**Elmo Acquisition**").

In 2019, our Sponsor, NB Renaissance, acquired a majority stake in the Issuer (the "**RMG Acquisition**"), enabling us to enhance our organic growth through strategic initiatives, such as expanding our offering, to affirm our presence in the market as a one-stop shop for high-quality materials, components and value-added services, and through the establishment of new key client partnerships. Furthermore, the Sponsor Acquisition allowed us to successfully pursue strategic acquisitions and set up new production facilities, including the following:

- in 2020, we acquired Nuova Osba S.r.l. ("**Nuova Osba**"), a long-standing flagship of the Tuscan tanning district, to strengthen our presence in the luxury footwear sector. Nuova Osba specializes in the production of high-quality calfskin leather designed for the footwear and leather goods sector, which is sold to the most renowned brands in the fashion industry;

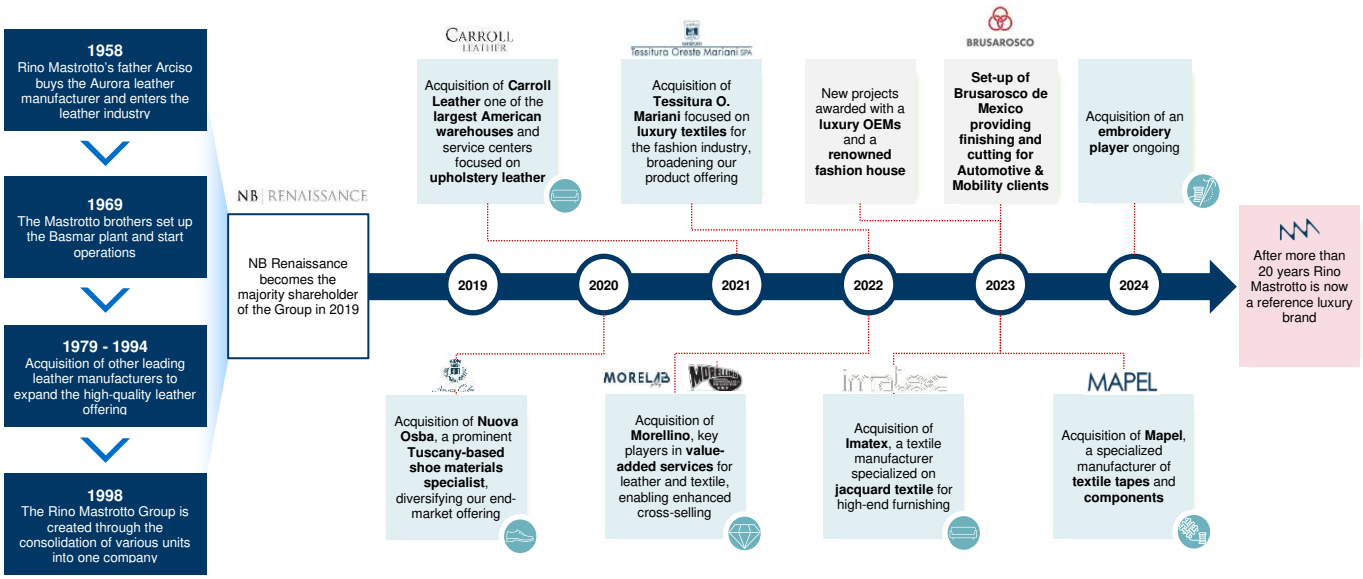
- in 2021, we acquired the furniture business branch of Carroll Leather, one of the largest American warehouses and service centers focused on upholstery leather, thereby further expanding our presence outside of Italy;

- in 2022, we broadened our product offering by acquiring Tessitura Oreste Mariani, focused on high-end textile products and processes for the luxury fashion industry. Tessitura Oreste Mariani boasts an ultra-modern facility equipped with the latest jacquard looms, to create patterned fabrics, and dobby looms, alongside a dyeing department capable of digital fabric printing. Additionally, it features a finishing department dedicated to the development of both fashion and technical coatings;

- in 2022, we enhanced our cross-selling expertise by acquiring Morellino S.r.l. ("**Morellino**"), a key player in value-added services for leather and textile, whose services include advanced printing, customization and leather processing;
- in 2023, we set up our production facility Brusarosco de Mexico, through our subsidiary Brusarosco de Mexico S.A. ("**Brusarosco de Mexico**"), in which the finishing and cutting stages of the leather production process are carried out for our Automotive & Mobility clients;
- in 2023, we enhanced our presence in the textile manufacturing industry through the acquisition of Imatex23 S.r.l. ("**Imatex**"), a textile manufacturer specialized in jacquard fabrics for high-end furniture;
- in 2023, we launched Morelab, a branch of Morellino focused on research and innovation and specialized in value-added services, providing multiple finishing techniques for leather and textile;
- in 2023, we acquired Mapel Group S.r.l. ("**Mapel**"), a specialized manufacturer of textile tapes (such as flat ribbons, jacquard cords, elastic tapes, shoulder straps and other niche products) and components and inserts for leather goods (such as handles and buckles). Thanks to the acquisition of Mapel, we further consolidated our textile manufacturing capabilities, expanding our product offering, and widened our cross-selling opportunities; and
- in 2024, we started negotiations to acquire a company specialized in embroidery, with the aim of further expanding our value-added services offering.

Thanks to our strategic acquisition strategy, characterized by a disciplined approach in selecting target companies, integrating them within the Group and creating synergies, we have established ourselves as a global leader in leather production (according to management analysis of industry data) and are making significant progress in high-end textile manufacturing and value-added services. This has reinforced our pivotal role within the luxury industry. Moreover, we are at the forefront of championing sustainability, leading the charge towards a more balanced and responsible future.

The following chart sets forth the main events of our history.



Our Products

We are a leading supplier of best-in-class, high-quality leather and textile materials, providing a full-suite of value-added services, such as printing, laser engraving, cutting and embroidery decorations on both fabric and leather products, mainly for luxury and premium clients across the fashion, automotive and interior design industries, combining artisanal excellence with mastery of the industrial processes. For the year ended December 31, 2023, we recorded revenue of €331.6 million (and, on a pro forma basis, of €348.3 million), Adjusted EBITDA of €71.7 million and Adjusted EBITDA margin of 20.6%, in each case on a pro forma basis.

For the twelve months ended March 31, 2024, on a pro forma basis, we recorded revenue of €340.8 million, Adjusted EBITDA of €72.5 million and Adjusted EBITDA margin of 21.3%. Our Structuring Adjusted EBITDA and Structuring Adjusted EBITDA margin for the twelve months ended March 31, 2024, on a pro forma basis, were €75.4 million and 22.1%, respectively.

We sell our products to the following end-markets, which represent our business units:

- *Luxury Creations*: specialized in the manufacturing and supply of top-quality calf and bovine leather, textile fabrics and other components (such as handles and tapes), combined with the offering of value-added services for luxury fashion houses, mainly used for the production of bags and shoes. For the year ended December 31, 2023, Luxury Creations generated 51% of our revenue on a pro forma basis;

- *Automotive & Mobility*: specialized in the manufacturing and supply of top grain leather for steering wheels, serving top-tier clients globally, with a growing presence in seats and internal panels. For the year ended December 31, 2023, Automotive & Mobility generated 33% of our revenue on a pro forma basis; and

- *Interior Design*: specialized mainly in the leather upholstery market for indoor and outdoor furniture, with ongoing expansion into the textile and other components business segment. For the year ended December 31, 2023, Interior Design generated 16% of our revenue on a pro forma basis.

Our product offering includes the following products and services:

- *Leather*: we are specialized in the manufacturing and supply of high-quality calf and bovine leather, which is sold to our clients operating in the Luxury Creations, Automotive & Mobility and Interior Design business units. We operate across all the steps of the leather production process through an integrated full-cycle process, with direct access to main players of the food industry chain for the collection of raw hides. For the year ended December 31, 2023, our Leather production generated revenue of €311.8 million on a pro forma basis;

- *Textile & Components*: we manufacture and supply high-quality textile fabrics, with a special focus on jacquard fabrics, to our clients operating in the Luxury Creations and Interior Design business units. Our production is focused on the most value-added steps of the textile value chain (weaving, ennobling, finishing and quality control). Our portfolio is complemented with the offering of specific components, such as handles and textile tapes. For the year ended December 31, 2023, our Textile & Components production generated revenue of €31.7 million on a pro forma basis; and

- *Value-added Services*: we complete our offering to our clients operating in the Luxury Creations business unit with value-added services for leather and textile fabrics, such as embossing, printing, cutting and embroidery decorations. For the year ended December 31, 2023, our Value-added Services generated revenue of €4.8 million on a pro forma basis. We deem our value-added services offering to be strategic for the other products we sell (*i.e.* leather and textile), as it allows to elevate our commercial proposition to our clients and to be selected by them as a strategic partner.

Thanks to our broad product offering, we are uniquely positioned to operate as a one-stop shop platform of high-quality materials, components and value-added services mainly for the luxury market: in our view, our ability to simplify and streamline our clients' value chain represents a significant competitive advantage compared to other players in the market.

We sell our products to our clients located in Europe, particularly in Italy and France, our core markets, the United States of America and Asia.

The following tables set forth a breakdown of our revenue for the years ended December 31, 2021, 2022 and 2023, and for the three months ended March 31, 2024, by product, end-market and geography.

Revenue by Product

	For the year ended December 31,				For the three months ended March 31,	
	2021	2022	2023	2023 *pro forma*	2023	2024
(in € million)						
Leather	290.3	312.9	311.8	311.8	85.7	79.1
Textile & Components	-	-	14.9	31.7	4.4	7.5
Value Added Services	-	5.6	4.8	4.8	1.3	1.5
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

Revenue by End-market

	For the year ended December 31,				For the three months ended March 31,	
	2021	2022	2023	2023 *pro forma*	2023	2024
(in € million)						
Luxury Creations	148.0	156.7	162.0	176.2	46.8	44.4
Automotive & Mobility	94.9	103.0	115.1	115.1	29.1	27.8
Interior Design	47.3	58.9	54.5	57.0	15.5	15.9
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

***Revenue by Geography*(*)**

	For the year ended December 31,				For the three months ended March 31,	
	2021	2022	2023	2023 *pro forma*	2023	2024
(in € million)						
Italy	120.9	134.1	127.2	143.9	37.1	37.3
France	42.2	49.4	62.5	62.5	17.0	17.2
United States	70.6	78.2	72.3	72.3	18.2	15.9
Other(1)	56.6	56.8	69.6	69.6	19.2	17.7
Total	**290.3**	**318.6**	**331.6**	**348.3**	**91.4**	**88.1**

(*) Based on location of the clients, who in turn may sell to other geographies around the world.
(1) Other countries mainly include Czech Republic, Romania, Slovakia, China, Lithuania.

Luxury Creations

In the Luxury Creations end-market, which represents our core business, generating 51% of our revenue on a pro forma basis for the year ended December 31, 2023, we have a primary positioning among the majority of high-end market leaders in the manufacturing and supply of top-quality calf and bovine leather for luxury fashion houses, with a 10% market share consisting mainly of luxury bags and shoes, and with a growing presence in high-end textile fabrics, where we have a market share of approximately 7%, with a focus on jacquard (according to management analysis of industry data). Our offering is complemented by value-added services, such as printing, cutting and embroidery decorations, and, in recent years, by highly synergistic textiles, tapes and components (such as handles).

The following table sets forth a breakdown of our revenue for the years ended December 31, 2021, 2022 and 2023, and for the three months ended March 31, 2023 and 2024, by product.

	For the year ended December 31,			For the three months ended March 31,	
	2021	**2022**	**2023(*)**	**2023**	**2024**
(in € million)					
Leather	148.0	151.1	142.2	36.9	36.3
Textile & components	-	-	14.9	8.6	6.7
Value-added services	-	5.6	4.8	1.3	1.5
Total	**148.0**	**156.7**	**162.0**	**46.8**	**44.4**

(*) On a pro forma basis for the year ended December 31, 2023, our revenue generated by (i) leather was €142.2 million, (ii) textile & components was €29.2 million and (iii) value-added services was €4.8 million.

Automotive & Mobility

In the Automotive & Mobility end-market, which represents 33% of our revenue on a pro forma basis for the year ended December 31, 2023, we believe we are the market leader in the manufacturing and supply of top grain leather for steering wheels, with a 21% market share (according to management analysis of industry data), serving top-tier clients globally, with a growing presence in seats and internal panels for luxury and premium OEMs. Our Automotive & Mobility offering reaches OEMs both directly and, with respect to steering wheels, indirectly through top-tier suppliers.

The Automotive & Mobility product portfolio consists almost entirely in the offering of leather for the production of seats and internal panels and steering wheels, and starting in 2024, we expanded our offering with synthetic materials for steering wheels.

The following table sets forth a breakdown of our revenue for the years ended December 31, 2021, 2022 and 2023, and for the three months ended March 31, 2023 and 2024, by end-product.

	For the year ended December 31,			For the three months ended March 31,	
	2021	**2022**	**2023(*)**	**2023**	**2024**
(in € million)					
Seats and internal panels	39.2	41.7	63.0	15.4	15.5
Steering wheels	55.8	61.3	52.1	13.7	12.3
Total	**94.9**	**103.0**	**115.1**	**29.1**	**27.8**

(*) On a pro forma basis for the year ended December 31, 2023, our revenue generated by (i) seats and internal panels was €63.0 million, and (ii) steering wheels was €52.1 million.

Interior Design

In the Interior Design end-market, which represents 16% of our revenue on a pro forma basis for the year ended December 31, 2023, we are a key player with a strong and growing reputation in the manufacturing and supply of bovine leather for the high-end interior design sector, with a market share of approximately 10% of the high-end upholstery leather volumes (according to management analysis of industry data), serving both residential and contract customers, with an ongoing expansion into the textile and other components business segment. In 2023, we expanded our product offering to textile products thanks to the acquisition of Imatex, a textile manufacturer specialized in jacquard fabrics for high-end furnishing.

The following table sets forth a breakdown of our revenue for the years ended December 31, 2021, 2022 and 2023, and for the three months ended March 31, 2024, by product.

	For the year ended December 31,			For the three months ended March 31,	
	2021	**2022**	**2023(*)**	**2023**	**2024**
(in € million)					
Leather	47.3	58.9	54.5	15.5	15.0
Textile & components	-	-	-	-	0.8
Total	**47.3**	**58.9**	**54.5**	**15.5**	**15.9**

(*) On a pro forma basis for the year ended December 31, 2023, our revenue generated by (i) leather was €54.5 million, and (ii) textile & components was €2.5 million.

Production

Our products are manufactured through the leather and textile production processes.

Leather production process

The leather production process consists of the following incremental steps:

- *Raw hides collection*. The process begins with the collection of raw hides, which are by-products of the meat and dairy industries. We source raw hides directly from main players of the food industry chain. This step is vital for repurposing what would otherwise be discarded as waste from the primary food value chain. See "*Risk Factors—Risks Related to Our Business—We might be unable to properly source raw materials due to their unavailability, operational difficulties with our key suppliers or to deterioration of relationships with our key suppliers.*"

- *Pre-tanning*. Hides are prepared for tanning through a series of steps, such as soaking, liming, splitting, deliming, and pickling.

- *Tanning and finishing*. In this phase, hides undergo a series of treatments to improve durability, appearance and texture, resulting in the creation of finished hides.

- *Cutting.* Finished leather is cut into desired shapes and sizes. Leather can be processed on automatic, roller or press machines.

- *Decorations and embroideries.* At this stage, processed finished leather undergoes a decoration step that may include embroideries.

- *Assembly.* Leather pieces are then assembled to create semi-finished components. Cut hides are assembled together through different techniques, creating for example handles and buckles, profiles and shaped reliefs.

We operate in all the steps of the leather production process through an integrated full-cycle process, with direct access to main players of the food industry chain for the collection of raw hides.

The chart below illustrates the leather value chain, emphasizing the production steps in which each of our Group companies is involved.

Leather value chain



Textile production process

The textiles production process consists of the following steps:

- *Fiber*. The process begins with fibers, the starting point of the value chain for producing textile. Fibers can be categorized as natural (sourced from animals or plants) or synthetic (artificially created or derived from chemicals).

- *Spinning*. Spinning turns a mass of untidy textile fibers (staple) into yarn through a series of steps: (i) carding; (ii) spinning; (iii) washing; and (iv) dyeing (this can also occur during the ennobling phase).

- *Weaving*. Yarns are interlaced to form textiles, with the weft and warp threads being woven together. The different ways in which the threads are interwoven form the weave of the textiles, with various weaving techniques creating distinct textiles, each requiring unique expertise.

- *Ennobling / Finishing.* At this stage, woven textiles are treated to enhance properties such as hydrophilicity, color, and final appearance. A wide range of coatings and finishes are applied, marking key points of distinction.

- *Quality control.* The finished textiles are subjected to both physical and chemical tests, using specialized equipment and techniques, to identify any potential defects.

We focus on the most value-added steps of the textile value chain: weaving, ennobling / finishing and quality control. We outsource lower value-added, less specialized and more labor-intensive work to third-party suppliers. As a result, we fully outsource fiber and spinning work.

The chart below illustrates the textile value chain, emphasizing the production steps in which each of our Group companies is involved.

Textile value chain



Raw Materials Procurement and Suppliers

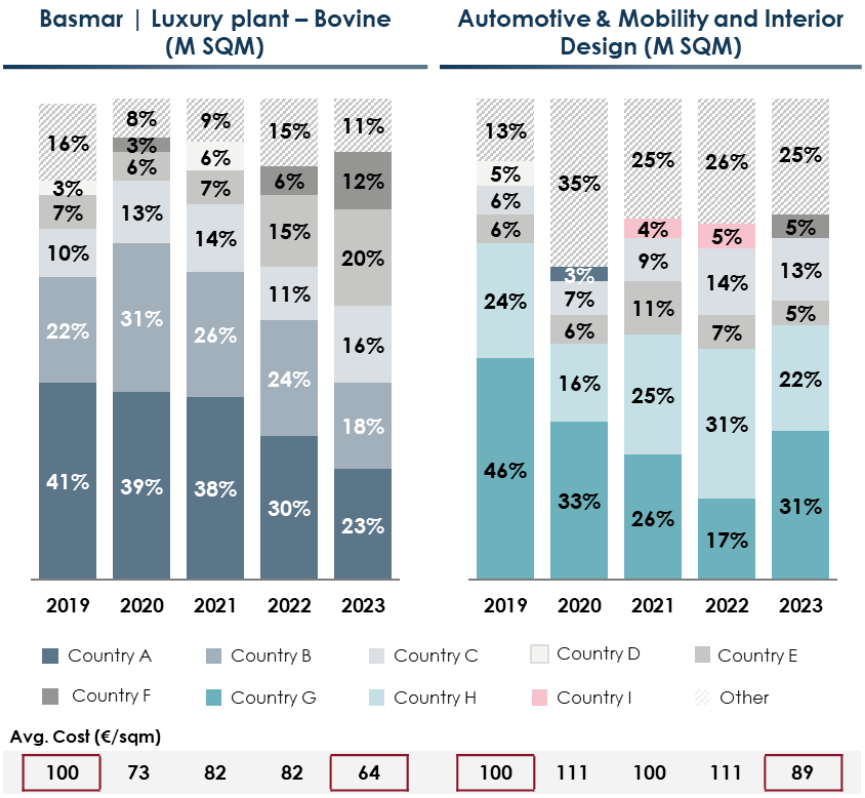
We primarily source three categories of products from third-party suppliers:

- *Raw hides*, which are sourced directly from main players of the food industry chain for further processing.
- *Fibers and textile fabrics,* which are sourced directly from local suppliers in Asia or from local distributors in Italy for further processing.
- *Chemicals*, which are used in our full-cycle production process and mainly sourced from suppliers in Europe.

We purchase our supplies from several third-party suppliers. In the year ended December 31, 2023, no single supplier accounted for 8% or more of our total purchases of raw materials on a pro forma basis. Our top three largest suppliers of raw hides accounted for 7.5%, 6.6% and 5.0%, respectively, of our total purchase of raw materials on a pro forma basis for the year ended December 31, 2023. Our top three largest suppliers of textile fibers accounted for 0.2%, 0.2% and 0.2%, respectively, of our total purchase of raw materials on a pro forma basis for the year ended December 31, 2023. Our top three largest suppliers of chemicals accounted for 2.1%, 1.4% and 1.3%, respectively, of our total purchase of raw materials on a pro forma basis for the year ended December 31, 2023.

The majority of our relationships with suppliers are governed by individual purchase orders and, with regard to the supply of chemicals, by prices lists on the basis of which we recurrently place orders. We are not bound by any obligation to purchase minimum volumes of products. We maintain long-term relationships with our main suppliers and we believe that, as a result of these stable partnerships, our exposure to fluctuations in raw material prices is limited. See "*Risk Factors—Risks Related to Our Business—We might be unable to properly source raw materials due to their unavailability, operational difficulties with our key suppliers or to deterioration of relationships with our key suppliers*."

We are also able to dynamically change the sourcing of raw materials by type and geography, in order to optimize our sourcing mix and margins. The following chart illustrates the geographical breakdown of our sourcing mix for the period 2019-2023 for our Basmar production facility and within our Automotive & Mobility and Interior Design business units.



Source: management analysis of independent third-party industry data.

More specifically, our coverage of the whole leather manufacturing process allows us to purchase different types of raw materials (fresh, salted and tanned hides in particular). We purchase raw hides with different quality levels directly from main players of the food industry chain, which are subsequently allocated across our business units and clients to optimize margins with respect to selling prices. Our knowledge across a wide range of animals also allows us to make continuous adjustments to our sourcing mix. Thanks to our extensive network, we source high-quality raw materials from specific regional markets (such as Switzerland, France and Italy) to meet our Luxury Creations customers' needs and quality standards. We optimize our margin mix also thanks to the use of different technologies to ensure high quality across different raw hides, paired with our ability to work hides of different animals across our production facilities. For additional information, see "*–Research and Development*".

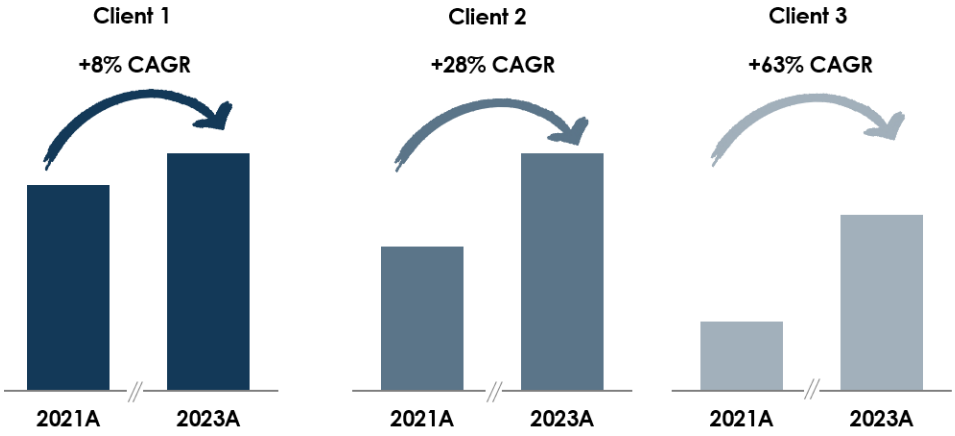
We also have limited exposure to variations in the price of raw materials due to our ability to pass through raw material price increases to customers in all our end-markets. More specifically, the Luxury Creations business unit is characterized by the constant development of new articles and collections. The constant need of our customers to renew collections grants us the possibility, when we are engaged for the manufacturing of a new product, to update pricing to account for fluctuations in raw material costs, although this does not apply to some of the existing iconic products of our customers. With respect to our Automotive & Mobility business, relationships with our clients are governed by long term agreements with average duration ranging from five to seven years. Almost all such contracts are indexed to raw material costs inflation, allowing us to minimize the impact of fluctuations in the price of raw materials. Lastly, contractual relationships with our customer in the Interior Design business unit are governed by individual purchase orders. This allows us regularly update pricing and, therefore, pass through cost inflation when negotiating a new purchase order.

Customers

We supply our products and services to a large and diversified customer based across our Luxury Creations, Automotive & Mobility and Interior Design business units. Our five largest customers collectively represented approximately 34% of our revenue for the year ended December 31, 2023, with no single customer accounting for more than 13% of our revenue.

Luxury Creations

Our Luxury Creations customer base includes some of the most recognizable and iconic high-street brands in the Luxury Creation industry. Our four largest customers represented 20%, 9%, 8% and 8%, respectively, of our revenue as an average for the years ended December 31, 2021, 2022 and 2023. We have long-standing partnerships with our top four clients: as of the date of this Offering Memorandum, we have been working with two of our top four clients for more than 20 years and with the other two for more than 17 years. The chart below illustrates the revenue evolution, in terms of CAGR, generated with certain of our key clients from 2019 to 2023 (referred to below as "Client 1", "Client 2" and "Client 3", respectively).



We have a primary positioning across the majority of high-end market leaders in the manufacturing and supply of calf and bovine leather for luxury fashion houses (according to management analysis of industry data). We have been a key supplier of Client 1 since 2006, supplying leather for its most iconic products. Throughout the years, we have been able to evolve our relationship with Client 1, progressively expanding our offering to the manufacturing of different bag models, small accessories and shoes. Similarly, we have a long-standing partnership with Client 2, being one of its key suppliers over 20 years. We started as a supplier of small leather goods and, over the course of time, we expanded our offering to leather goods and leather bags. We are also one of the key suppliers of Client 3, thanks to our comprehensive and proactive approach to sampling and testing. Our strategy seamlessly integrates commercial operations with our research and development technical office, further enhanced by our exceptional delivery times. Initially starting as a supplier of various carryover items for Client 3, we have progressively broadened our offering to include seasonal items.

Automotive & Mobility

Our Automotive & Mobility customer base includes European automotive luxury cars, global premium OEMs and certain other mid-market brands. Our four largest customers represented 28%, 12%, 11% and 11%, respectively, of our revenue as an average for the years ended December 31, 2021, 2022 and 2023. We have long-standing partnerships with our top four clients: as of the date of this Offering Memorandum, we have been working with our first customer for 14 years and with the remaining three for more than 19 years.

We recently consolidated our position as a strategic supplier in the Automotive & Mobility industry, being awarded by certain luxury and premium OEMs with the supply of leather internal panels and/or seats for some of their key car models.

Interior Design

Our Interior Design customer base includes high-end design brands, as well as leading architects and interior design studios. Our three largest customers represented 24.4%, 18.0% and 17.0%, respectively, of our revenue as an average for the years ended December 31, 2021, 2022 and 2023. We have long-standing partnerships with our top clients: as of the date of this Offering Memorandum, we have been working with our first customer for more than 20 years and with our second customer for more than 15 years.

Material Contracts

Maintaining and building our customer base is essential to the success of our business and we seek to create long-term, strategic partnerships with our customers. We believe our partnerships with long-standing customers are essential not only for the purpose of retaining existing business but also to obtain new contracts. We believe that we have developed a loyal customer base.

Luxury Creations

Relationships with certain of our key customers in the Luxury Creations business unit are governed by framework agreements, which govern the sale and purchase of products requested from time to time by means of single purchase orders. Relationships with our other core customers are instead governed exclusively on the basis of single purchase orders. Nonetheless, leading market players, such as our customers, usually provide accurate projections for expected orders, which we believe allow us to have visibility on the order pipeline. In addition, our customers have "franchise" iconic products which are sold uninterruptedly, therefore contributing to another stream of recurring revenue.

We have several framework agreements in place with our customers (the "**Framework Agreements**") which relate to the manufacturing and supply of specific products and services and contain the general terms and conditions applicable to the sale or supply of products ordered from time to time by the customer through subsequent purchase orders. Although the Framework Agreements may provide for a fixed or indefinite term, the actual relevance and length of the business relationship depends on whether or not the customer issues purchase orders (the "**Purchase Orders**"), as generally neither our Framework Agreements nor individual Purchase Orders provide for minimum order requirements beyond a given Purchase Order or exclusive rights in our favor.

The Framework Agreements with our Luxury Creations customers generally include termination rights in favor of customers in cases of material breach of our undertakings, either with immediate effect or upon prior written notice. In addition, the Luxury Creations Framework Agreements generally include the right of our customers to (i) modify or cancel Purchase Orders within a certain time limit, (ii) cancel Purchase Orders in the event of a delay in delivery exceeding a certain time limit, and require payment of a penalty, and (iii) terminate Purchase Orders in the event of partial delivery or delivery of defective products, and require payment of a penalty. Moreover, Framework Agreements with two of our key Luxury Creations customers provide our customers with a termination right in the event of a change of control over the share capital of the Issuer.

Lastly, the Framework Agreements with our Luxury Creations customers typically contain (i) certain undertakings relating to the use of customers' IP rights and penalties in case of breach of such undertakings, (ii) the undertaking to conform and comply with our customers' respective code of ethics and conduct, under penalty of termination of the relevant Framework Agreement, (iii) the right of our customers to carry out inspections at our production facilities in order to verify compliance with the quality standards guaranteed under the Framework Agreements, either with or without prior notice, and (iv) standard procedures available to our customers to report defects of products or non-compliance with the agreed quality standards and customers' relative right to compensation.

As of the date of this Offering Memorandum, our Luxury Creations business unit has not experienced any significant client losses and has a 99% customer retention rate over the last 5 years.

Automotive & Mobility

Our relationships with the majority of our customers in the Automotive & Mobility business unit are based on "letters of nomination" or "letters of intent" ("**Letters of Nomination**"), which award us the manufacturing and supply of specific products for a certain vehicle model. Letters of Nomination include the general terms and conditions applicable to the supply of the awarded products, such as payment terms, duration of the agreement, which usually extend to the whole life cycle of the relevant vehicle model, and volume projections.

Quantities are not specified in the Letters of Nomination, but car manufacturers provide us, on a rolling basis, with binding firm orders for a fixed period of time (usually four weeks) and non-binding forecast orders for the subsequent period (which usually ranges between eight to 12 weeks).

In addition, each customer usually requires us to enter into (i) specific quality standard agreements, under which we agree to comply with certain quality standards and to indemnify the customer in the event of a breach of such undertakings, and (ii) standard confidentiality agreements.

Agreements with our Automotive & Mobility customers generally provide termination rights in favor of our customers (i) in the event of material breach of our undertakings, failure to perform the agreed services or deliver supplies or meet the agreed quality standards, (ii) for convenience at any time and without cause, with no costs and liabilities, upon prior written notice, (iii) immediately, upon written notice, in the event we become insolvent, bankrupt or in the event all or a substantial part of our business or assets become owned or are transferred to a competitor without the prior written consent of our customer.

Finally, in certain cases, we are also required to enter into additional general terms and conditions, sometimes included in framework agreements, that regulate the entire business relationship with our customer, for the supply of any product.

Interior Design

Relationships with the majority our customers in the Interior Design business unit are governed exclusively on the basis of single purchase orders.

Research and Development

Our engineering and design capabilities have produced and continue to produce a continuous flow of innovations, both with respect to processes and products.

Our R&D expenses accounted for €1.3 million, €1.4 million and €2.2 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and for €2.4 million for the twelve months ended March 31, 2024 (on a pro forma basis).

We consider our R&D activities essential for fostering relationships with our customers, particularly in our Luxury Creations business unit, as we often collaborate with our clients in the realization of new products, leveraging our manufacturing and innovation capabilities. Integrating our offering of value-added services with a deep-rooted commitment to research and innovation has allowed us to continue to meet and exceed the expectations of our clients setting new benchmarks for excellence in the luxury industry.

Ennobling Technology

We believe we have been and still are innovators in leather manufacturing, being the inventors of ennobling bovine technology, which allows us to produce better quality and less defective bovine leather, which represents an optimal and lower cost alternative to calf and lamb leathers. Such technology, first introduced in 2013, was developed to meet the expanding needs of the luxury fashion market and we believe it has been critical for us to capture significant market shares among key luxury clients. Ennobling technology allows us to rebuild leather grain by correcting imperfections, restoring a luxury touch and feel also to lower quality leather, through the use of our release technology, launched in 2013, and, since 2023, in combination with our finishing technology.

For the year ended December 31, 2023, ennobled leather generated revenue of €50.4 million, or 31.2% of the revenue generated by the Luxury Creations business unit.

Release Technology

The release technology consists in pressing onto the leather a smooth or embossed paper with an engraved design of the leather grain, transferring the design to the leather. The paper is then cleaned to be reused by applying an adhesive film. Such technology allows us to minimize scraps during the subsequent leather cutting phase and to use lower-tier leather choice and bovine leather for luxury brands products.

Finishing Technology

Thanks to our research and development efforts and a combination of the various technologies developed by us, we introduced in 2023 a new finishing technology, thanks to which we are able to reduce the utilization of chemicals and consumables in leather production, thereby reducing overall production costs. Furthermore, this new technology allows us to address and overcome quality issues associated with the processing of leather.

Environmental, Social and Governance

We are committed to pioneering a future where luxury and sustainability coexist. We are at the forefront of our industry, steadfastly committed to upcycling bio-based materials, championing ethical sourcing, adhering to "zero-waste" processes concepts, and spearheading sustainable innovation. We are committed to redefining luxury by putting sustainability at the core of all we do, leading the way to a balanced and responsible future.

We adopt a code of conduct and ethics (the "**Code of Conduct and Ethics**") which sets out the fundamental ethical principles according to which we operate and that is binding for both employees and suppliers, who sign it as an integral part of their contractual obligations. The supervision of the application of the Code of Conduct and Ethics is guaranteed by our supervisory body established and regulated by the organizational model adopted pursuant to Italian Legislative Decree no. 231/2001. Moreover, all our Group employees can make anonymous reports in the event of violations of the Code of Conduct and Ethics, of the collective bargaining agreement (*CCNL*) governing their employment relationship or of violations of environmental and occupational health and safety regulations, either through the post or by e-mail. Moreover, since 2023, we implemented an additional and dedicated channel for reports, accessible through our corporate site and available to both internal and external personnel.

In 2022, we adopted our first sustainability policy, further updated in 2023 (the "**Sustainability Policy**"), which aims to spread, foster, and promote within our Group a corporate culture oriented toward ESG principles, defining and guiding strategies in the context of sustainable growth in order to create shared value.

In addition to the above, together with our Sustainability Policy, we also adopted the following policies, all approved by the Board of Directors on May 31, 2023:

- *Environmental Policy*: containing our commitments towards the environment and the management of natural resources, a prerequisite for the planning of future activities and the maintenance of a leading market position;

- *Social Policy*: this policy underscores our dedication to upholding human rights, providing guidelines to prevent violations both within our organization and throughout our supply chain. It emphasizes our commitment to fostering a fair, inclusive, and non-discriminatory work environment that guarantees equal opportunities and safeguards diversity. Additionally, it addresses health and safety in the workplace and other social considerations related to the procurement of raw materials;

- *Animal Welfare and Traceability Policy*: this policy sets out, among others, the procedures to strengthen and increase respect for animals within our supply chain and maintain a raw materials and product traceability system (in accordance with the ICEC TS410/412 technical specification already applied at several sites);

- *Environmental Management System*: implemented at the premises of the Issuer and Elmo in compliance with the ISO 14001:2015 standard, with a view to continuously improve pollution prevention and respect for the environment;

- *Quality System*: implemented at the premises of Calbe-Brusarosco, Elmo, Bermas Maracanaù and Brusarosco de Mexico in compliance with ISO 9001:2015 and IATF 16949:2016 in order to establish the highest standard of quality, value and service through a constant process of improvement.

The sustainability macro-goals we have been working on in the past few years have been set out in a structured ESG action plan (the "**ESG Action Plan**"). The ESG Action Plan, inspired by the United Nations 2030 Agenda for Sustainable Development, sets out the goals we aim to fulfill by 2025. These goals are designed to amplify the positive impacts that can be tied to our core business activities while minimizing any adverse effects. We believe this strategic approach has enabled us to surpass our competitors in nearly all ESG-related performance indicators, positioning us as leaders in sustainability strategies.

Our main goals under the ESG Action Plan include: (i) decarbonization: we aim to achieve product carbon neutrality by 2040 and organizational carbon neutrality by 2050; (ii) conscious water consumption and responsible wastewater discharge ; (iii) waste management: through our research and development efforts, along with promoting recycling and upcycling initiatives, both internally and through external partnerships, we

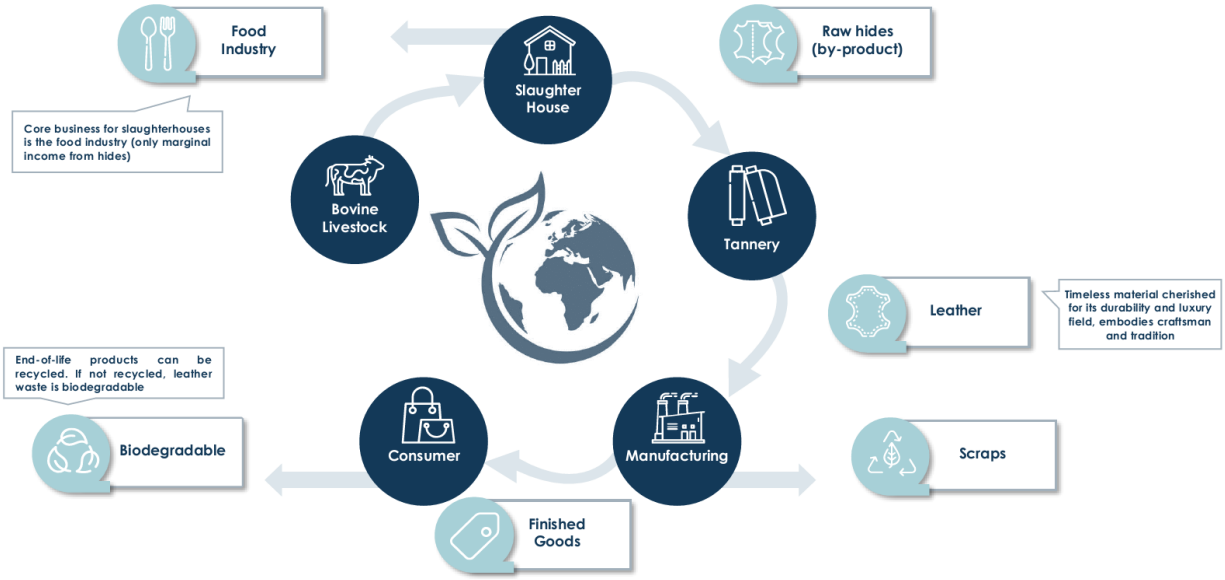
are committed to efficient waste management; (iv) adoption of lower impact tanning agents: we plan to extend our affiliation to the "Supplier to Zero" ZDHC (Zero Discharge of Hazardous Chemicals) policy; (v) supply chain traceability: our goal is to extend traceability certifications across all business unit, ensuring complete transparency in our supply chain; and (vi) product specific data: we are implementing a new life-cycle assessment tool to provide detailed environmental impact data for our products.

Thanks to our ESG initiatives implemented since 2019, we were able to achieve the following goals in 2022: (i) a 42% reduction in greenhouse gas emissions market based intensity; (ii) an approximately 10% decrease in water intensity usage; (iii) a 90% increase in ZDHC–compliant chemical usage; (iv) a 54% increase in our share of renewable electric energy; and (v) an approximately 2x increase of average employee training hours.

Our ESG Action Plan is based on the following pillars.

Product Sustainability

We promote one of the world's oldest circular economies, as we work in the tradition of recovering organic material of animal origin, leather. Hides are a by-product of meat food production which otherwise would be disposed of as waste. The chart below further illustrates the leather lifecycle.



We are committed to product sustainability, with particular attention to minimizing the impact of our activities, also in the management of the weaving processes. Our Elmo and Calbe-Brusarosco facilities have adopted, in transforming raw hides into superior leather for interior applications, a circular philosophy and approach to business and waste management. Moreover, the Tessitura Oreste Mariani facility has obtained the Global Recycled Standard (GRS) certification, an international standard for the sustainable production of textile products made from recycled materials.

Responsibilities in the Supply Chain

We monitor the commitment of our suppliers by requiring them to eliminate or replace the hazardous chemicals used in the production processes and materials they supply. Our selection of suppliers and the determination of purchasing conditions are made based on objective and impartial assessments, based on quality, price, respect for the principles contained in our Code of Conduct and Ethics concerning ESG issues.

We are committed to implementing all necessary precautions to minimize, and where possible, to avoid suffering and discomfort to animals during all stages of procurement, in compliance with relevant laws and regulations and internationally recognized animal welfare standards, such as those developed by the International World Organization for Animal Health (WOAH). Products of animal origin that do not comply with these guidelines are considered non-compliant and therefore not accepted by us.

Responsibility towards the environment and the climate

We are actively committed to ensuring maximum respect for the environment in our daily activity, from the supply of raw materials to the entire production process. The management of our processes is geared towards minimizing the environmental impact at every stage, from the arrival of raw materials to the shipment of the finished product, in compliance with increasing national and local legislative constraints. These principles are therefore applied operationally on the following environmental matrices:

- *Energy consumption.* Our Group's energy consumption is mainly due to the consumption of electricity, natural gas and diesel oil, which are mainly used for production processes, *i.e.*, for the operation of equipment and lighting, transport and material handling. Since 2020, we started purchasing certified renewable electricity. In 2023, the Group consumed over 440,737 GJ (+11% with respect to 2022 mainly due to new acquisition), stemming from: (i) non-renewable sources: 63% (278,290 GJ), an 8% growth with respect to 2022; (ii) renewable sources: 37% (162,447 GJ), a 19% increase with respect to 2022. Thanks to the commitment of all our Group companies, energy consumption from renewable sources remained substantially stable in the two-year period 2022-2023 (increasing by 2% compared to 2022). Due to the investments made in recent years to purchase renewable energy from the grid with guarantee of origin, over 82% of electric energy we use comes from renewable sources;

- *Greenhouse gas emissions and other pollutants*. We monitor and report our direct emissions (Scope 1), which derive from consumption relating to both production and heating activities (natural gas and diesel), our car fleet (diesel, petrol and natural gas) and refrigerant gases-deriving emissions. Scope 1 emissions in 2023 were equal to 14,043 tCO2 Eq, increasing by 24% compared to 2022 (11,350 tCO2 Eq). In 2023, indirect Scope 2–Location based emissions (i.e. emissions deriving from the consumption of purchased electricity and steam and hot water) amounted to 12,750 tCO2, recording a 6 % increase compared to 2022 emissions (11,998 tCO2). Indirect Scope 2–Market Based emissions, on the other hand, amounted to 4,081 tCO2 in 2023, decreasing by 26% compared to 2022 (5,5245 tCO2);

- *Water consumption and discharge*. We are committed to safeguarding quality and availability of water through careful and periodic checks carried out by environmental managers and external audits as part of our ISO 14001 and LWG certifications. Depending on the sites, water withdrawals for production in Italy and Brazil come either from the civil-industrial aqueduct or from underground wells, while the water used for production in Sweden comes from a neighboring watercourse;

- *Waste production*. The main types of waste produced by our activity are salt, which is used to preserve the original leather, scraps, production offcuts, shaving powder and sludges (deriving from the effluent treatment plants). In 2023, waste production stood at 26,917 tons, increasing by 12% compared to 2022. Moreover, in line with last years, in 2023, most of the waste is in the "non-hazardous" category (90% of the total), while hazardous waste turns out to be only 10% of the total (12% in 2022).

People

We strongly believe in the value and importance of our people and we have always invested in them to create a cohesive and motivated team. We value our human capital, which is why we offers stable and continuous growth paths to our workforce, as can be seen from the type of contracts we offered to our employees, which consist of over 97% permanent contracts, with a minority of 3% fixed-term contracts.

We protect and promote respect for human dignity, which must not be discriminated against based on age, gender, sexual orientation, personal and social conditions, race, language, nationality, political and trade union opinions, and religious beliefs. In this regard, we confirm that, as in 2022, our Group received no reports of incidents of discrimination during 2023.

We organize training activities for staff, for both employees and non-employed workers, which covers different issues based on the various roles, in addition to all training related to occupational health and safety. In 2023, a total of 13,959 hours of staff training were provided, an increase of 44% compared to 2022.

Our Group is committed to providing and maintaining safe and healthy working environments in compliance with current legislation on worker protection and accident prevention in the workplace to guarantee the physical and moral integrity of its employees and collaborators. We adopt a health and safety management system at

our production sites in line with national legal requirements and inspired by the international standard OHSAS 18001. The Issuer and Elmo are planning to achieve ISO 45001 certification within 2024. In addition, we are periodically subjected to audits conducted by control bodies and customers to ensure the application of legislative and regulatory requirements.

Responsibility towards the community

One of our ESG pillars is to intervene jointly and effectively within a territorial system. In this sense, to create value for the community and the territory, we dedicate part of our resources to support sports and cultural activities through sponsorships and to offer support to communities through social contributions. In Italy, we have always been very active in the world of sport sponsorship and we support the Città della Speranza Foundation, which deals with medical research and assistance in the pediatric field, and some local schools by contributing to the cost of a first aid course and sponsored some local cultural events.

In addition, our Brazilian subsidiary Bermas has established a partnership with the Associação Estação da Luz, a non-profit civil entity which offers support to vulnerable families in the community and to compensate for the lack of social facilities for local children, adolescents and young people. Finally, Elmo has decided to support initiatives to extend the search for high quality water resources for all, regardless of geographic location, making a significant contribution to WaterAid (an international non-profit organization supporting people in developing countries in combating the contamination of water and raising awareness about health policies) for many years.

Production Facilities

We operate sixteen production facilities worldwide, of which eleven are located in Italy, one in Sweden, one in the United States, one in Brazil and two in Mexico. Thanks to our operational set-up, we are able to ensure proximity to main customers and suppliers, while maintaining the ability to properly control raw materials sourcing, ensuring logistic optimization. Through our production facilities we are able to satisfy all customer requests from the supply of selected raw material from controlled supply chains, to the total verticalization of the production facilities, which allows for the control of the complete tanning cycle, up to the production of a wide range of products and services that meet the most demanding requirements. Most of our production facilities are located in Italy, and we believe that the Made in Italy brand is a strong selling proposition for our products compared to products made outside of Italy.

The following table shows our production facilities as of December 31, 2023:

Name	Location	Owned or Leased	Type of facility	Activity
Calbe-Brusarosco	Italy	Owned	Leather Manufacturing Plant	Production of leather for Automotive & Mobility and Interior Design
Nuova Osba	Italy	Owned	Leather Manufacturing Plant	Production of high-end leather for Luxury Creations
Basmar	Italy	Owned	Leather Manufacturing Plant	Production of bovine and calf leather for bags
Pomari	Italy	Owned	Leather Manufacturing Plant	Production of high-end calf leather for bags
Imatex	Italy	Leased	Textile Plant	Manufacturing of jacquard textiles for Interior Design
Tessitura Oreste Mariani	Italy	Owned	Textile Plant	Production of jacquard textiles
Mapel Group (TE)	Italy	Owned	Textile Plant	Manufacture of textile tapes
Mapel Group (VA)	Italy	Owned	Component Plant	Manufacture of inserts and accessories
Morellino	Italy	Owned	Value-added Services	Embossing of leather and textile
Morelab	Italy	Owned	Value-added Services	Multiple finishing techniques for leather and textile

Name	Location	Owned or Leased	Type of facility	Activity
Cutting Italia	Italy	Owned	Value-added Services	Cutting for Automotive & Mobility
Elmo	Sweden	Owned	Leather Manufacturing Plant	Production of leather for Interior Design and Automotive & Mobility
Carroll	United States	Owned	Distribution Company	Distribution of leather and textile for Interior Design
Brusarosco de Mexico	Mexico	Leased	Leather Manufacturing Plant; Value-added Services	Finishing and cutting for Automotive & Mobility
JV AFX (Matamoros)	Mexico	n.a.	Value-added Services	Cutting for Automotive & Mobility
Bermas Maracanaù	Brazil	Owned	Leather Manufacturing Plant; Value-added Services	Production of leather for Automotive & Mobility and Interior Design

Certifications

Depending on the sites, we hold a variety of third-party certifications guaranteeing the responsible management of our manufacturing processes that support the quality of our products. We are certified to ISO14001:2015 for our environmental management system, to ISO 9001:2015 to IATF-16949 for our quality management system, and under ICEC TS PC412, ICEC TS SC410 and ICEC TS 733 for the procurement, use and traceability of our hides. We also hold the UNIC Social Accountability certification released by ICEC, guaranteeing our compliance with the UNIC Social Accountability Code (*Codice Conciario di Condotta UNIC*), the Leather Working Group certification, guaranteeing that our tanneries have been audited against the Leather Working Group Environmental Auditing Protocol. With regard to chemical management, we are actively engaged in the ZDHC Programme, achieving the "Supplier to Zero" levels and the 4Sustainability certifications, as an expression of our commitment for the elimination of toxic and harmful substances in our production processes.

Employees

As of March 31, 2024, we employed 1,351 employees globally. In addition to our employees, as of March 31, 2024, we also employed 184 workers who are not employees (temporary workers, self-employed and interns), which bring our workforce to 1,535.

The following table sets forth the number of employees as of March 31, 2024 broken down by function:

	As of March 31, 2024
Senior executives	19
Administrative personnel	217
Manufacturing specialists	1,115
Total	**1,351**

We believe that offering a stable and long-term work relationship is key to promoting employee motivation and, in turn, fostering our growth. Therefore, as of March 31, 2024, 98.7% of our staff was recruited on a permanent basis, while only 1.53% were employed on temporary contracts.

We consider our relations with employees, works councils and unions to be satisfactory, and we have not had any significant labor issues, including strikes, during the past three years. As of the date of this Offering Memorandum, we do not have any ongoing or expected material litigations with our employees. As of March 31, 2024, the amount set aside under our severance indemnities under employees' contracts of employment amounted to €3 million.

Collective Bargaining Agreements

The national collective labor agreements for employees of tanning companies are usually applied to our personnel, in line with the regulations of the country of the place of work. Almost all employees are covered by

a collective labor agreement in accordance with the regulations in force in the individual countries in which we operate, for a total percentage of 98%; in particular, this percentage is not equal to 100% considering the exclusion from national collective labor agreements of employees at RMG Leather and Elmo of America INC.

We consider our relations with employees to be satisfactory, and we have not had any significant labor issues, including strikes, during the past three years. As of the date of this Offering Memorandum, we do not have any ongoing or expected material litigations with our employees.

Intellectual Property

We are not dependent on any patents or licenses or other agreements concerning the use of trademarks, patents or licenses, or on any industrial, commercial or financial contracts or new manufacturing processes.

We operate a broad business portfolio and operate under the Rino Mastrotto brand, which we believe is recognizable across the markets in which we operate. We hold certain internet domains relating to our main brand and we believe that we hold all internet domains that are material to our businesses.

We believe that we own or have the right to use the patents, trademarks, confidential information and trade secrets necessary to operate our businesses. See "*Risk factors—Risks related to our business— Infringements of intellectual property rights by us or by third parties against us may affect our performance*."

Trademarks

As of March 31, 2024, we hold 52 trademarks (national, community and international) relating to our brand names and to our products. Our main brands are those that identify the Company and the other companies of the Group (such as Rino Mastrotto Group, Brusarosco, Nuova Osba Italia and Morelab).

Insurance

We maintain insurance covering, among other things, environmental risk, general product liability and third-party car liability, professional indemnity, cyber, travel and directors' and officers' liability. We believe that our insurance coverage is consistent with industry practice and is sufficient for the risks that would normally be associated with our operations, but we cannot guarantee that we could not be adversely affected by damage or accidents despite possessing said insurance coverage.

Legal Proceedings

We occasionally become involved in claims and legal proceedings that arise in the ordinary course of business, such as disputes with our customers and suppliers, authorities or business partners or labor law disputes. These disputes can entail amounts that are material for the operation of our business. When disputes do arise, our preferred approach is to look for a timely and amicable solution. We are currently not involved in any, and are not aware of any potential, legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our reputation, financial position or results of operations. We note, however, that the outcome of legal proceedings can be extremely difficult to predict, and we offer no assurances in this regard.

MANAGEMENT

The Issuer

We were incorporated as a private joint stock company (*società per azioni*) under the laws of the Republic of Italy on March 2, 1989 and are registered under number 01402740060 with the Companies Register of Vicenza, (*Camera di Commercio di Vicenza*). Our registered office is at Via dell'Artigianato 100, 36070 Trissino (Vicenza), Italy. The Issuer has an authorized share capital of €39,000,000 divided into 75,215,350 fully paid shares without nominal value. The Issuer's immediate shareholders are Gold Leather, which is indirectly controlled by the Sponsor, as well as the Mastrotto Family Members and certain directors, managers, key employees and/or consultants of the Group. See "*Principal Shareholders."*

We are managed by a Board of Directors (*Consiglio di Amministrazione*) (the "**Board of Directors**") which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee or certain managing directors. The Board of Directors determines the powers of the Chairman. In addition, the Italian Civil Code requires us to have a Board of Statutory Auditors (*Collegio Sindacale*) (the "**Board of Statutory Auditors**") which functions as a supervisory body as further described below.

Board of Directors

As of the date of this Offering Memorandum, our Board of Directors comprises seven members. Members of the Board of Directors are appointed by our shareholders at ordinary shareholders' meeting. Our current members of the Board of Directors were appointed on December 15, 2022 and, save for their expected early termination or resignation, they are expected to remain in office until approval by our shareholders of the financial statements for the year ending December 31, 2024.

The following table sets forth the names, ages and titles of the members of the Board of Directors:

Name	Age	Title	Date of appointment
Rino Mastrotto	78	Chairperson	December 15, 2022
Matteo Mastrotto	47	CEO and Director	December 15, 2022
Barbara Mastrotto	51	Executive Director	December 15, 2022
Eliano Lodesani	68	Director	December 15, 2022
Fabio Cosmo Domenico Canè	63	Director	December 15, 2022
Pietro Migliorini	43	Director	December 15, 2022
Antonio Lino Sala	64	Director	December 15, 2022

The business address of Rino Mastrotto, Matteo Mastrotto, Barbara Mastrotto and Antonio Lino Sala is Via dell'Artigianato 100, 36070 Trissino (Vicenza), Italy. The business address of Eliano Lodesani, Fabio Cosmo Domenico Canè and Pietro Migliorini is Via San Damiano 7, 20122 Milan, Italy.

Set out below are brief biographies of the members of our Board of Directors:

Rino Mastrotto

Mr. Rino Mastrotto, born on October 29, 1946, in Nogarole Vicentino (Vicenza), is the founder and Chairperson of the Board of Directors of the Issuer. Besides his roles at the Issuer, Mr. Mastrotto is Chairperson of, *inter alia*, Nexus S.r.l., Sicit Group, Intesa Holding S.p.A. and Adige S.r.l., as well as Sole Director of Mipel S.r.l., Industria Conciaria Europa S.p.A., United S.r.l. and Bollerino S.r.l. Mr. Mastrotto serves also as director of UNIC (*Unione Nazionale Conciatori*), the world's leading association of tanning industrialists, and Stazione Sperimentale Pelli, a public company aimed at supporting all Italian companies in the tanning sector with research and development, training, product and process certification, analysis, control and consulting activities. Prior to joining the Issuer, Mr. Mastrotto was also Chairman of the tanning department of Confindustria Vicenza.

Matteo Mastrotto

Mr. Matteo Mastrotto, born on March 6, 1977, in Montecchio Maggiore (Vicenza), is the CEO and Director of the Board of Directors of the Issuer. Mr. Mastrotto started working with the Issuer in 1998 and has contributed to the Issuer's growth since then, becoming CEO in 2019, after the completion of the RMG Acquisition. Besides

his roles at the Issuer, Mr. Mastrotto is Chairperson of *inter alia*, Nuova Osba S.r.l., Tessitura Oreste Mariani S.p.A., Mapel Group S.r.l. and Imatex23 S.r.l., as well as Director of Elmo Sweden AB and Ngozi AB.

Barbara Mastrotto

Mrs. Barbara Mastrotto, born on March 7, 1973, in Montecchio Maggiore (Vicenza), is the CEO and Director of the Board of Directors of the Issuer. Mrs. Mastrotto holds a diploma in linguistic studies and has been in charge of the Automotive & Mobility Business Unit of the Issuer since 2004. Besides her role at the Issuer, Mrs. Mastrotto is also Chairperson of the Board of Directors of Centro Cuore Hera S.r.l. as well as Director of Elmo Sweden AB, Ngozi AB and Videomedia S.p.A. From 2016 to 2023 Mrs. Mastrotto served as director of the Chamber of Commerce of Vicenza, where she actively contributed to the economic development of the local business community. In 2021, Mrs. Mastrotto was appointed Vice President of Confindustria Vicenza, in charge of special projects and territorial development and, in June 2023, she joined the General Council of UNIC (*Unione Nazionale Conciatori*).

Eliano Lodesani

Mr. Eliano Lodesani, born on June 4, 1956, in Reggio Emilia, is a Director of the Board of Directors of the Issuer. He holds a diploma in scientific studies. Besides his role at the Issuer, Mr. Lodesani is Chairperson of the Board of Directors and of the Executive Committee of REOCO Intesa Sanpaolo S.p.A., as well as Director of Banca Fideuram and Tecno S.p.A. Prior to joining the Issuer, Mr. Lodesani was Chairperson of the Board of Directors of Endeka S.G.R. and of Agents4you Intesa Sanpaolo S.p.A., Sole Director of Regrel S.r.l. as well as Director of Zanotta S.p.A. and Chili S.p.A.

Fabio Cosmo Domenico Canè

Mr. Fabio Cosmo Domenico Canè, born on July 4, 1961, in Foggia, is a Director of the Board of Directors of the Issuer. He holds a degree in economics and business from LUISS University, Rome, completed a master's degree in business administration at New York University, Stern School of Business and is registered as chartered public accountant in Italy. Besides his role at the Issuer, Mr. Canè is a founding partner at NB Renaissance and is a member of the Dean's Executive Board at New York University, Stern School of Business. He also chairs the *Commissione Large Buy Out e Operatori Paneuropei* of *AIFI – Associazione Italiana del Private Equity, Venture Capital e Private Debt*. Prior to joining the Issuer, Mr. Canè was an executive officer at Intesa Sanpaolo's Corporate and Investment Banking Division, co-founded Yoox Net-A-Porter Group, and was a partner at Cuneo e Associati as well as Bain & Co.

Pietro Migliorini

Mr. Pietro Migliorini, born on June 7, 1981, in Arezzo, is a Director of the Board of Directors of the Issuer. He holds a Master of Science in Business and Administration from LUISS University, Rome. Besides his role at the Issuer, Mr. Migliorini is principal at NB Aurora, private equity fund. Prior to joining the Issuer, Mr. Migliorini served as investment manager for private equity at Fondo Italiano d'Investimento from 2010 to 2017 and was part of the Board of Directors of Finlogic S.p.A., Comet S.p.A. and Exacer S.r.l.

Antonio Lino Sala

Mr. Antonio Lino Sala, born on December 8, 1960, in Milan, is a Director of the Board of Directors of the Issuer. Mr. Sala holds a degree in economics and business from Bocconi University, Milan and is registered as chartered public accountant as well as auditor in Italy. Besides his role at the Issuer, Mr. Sala is a member of the Board of Directors of Caffè Borbone S.r.l., Food Italia S.r.l., ASAH S.r.l. and Arbo S.p.A. Prior to joining the Issuer, Mr. Sala served as CFO from 1999 to 2007 and then as CEO from 2007 to 2010 at Gruppo Galbani and as deputy at GM Lactalis Group in France from 2010 to 2015. He was also a member of the Board of Directors of Parmalat S.p.A., Exythus S.r.l. and Gruppo Sirap, as well as Chairman of the Board of Directors of Nuova Castelli and Vice Chairman of the Board of Directors of Farnese Vini S.r.l. (ora Fantini Wines).

Senior Management

The following table sets forth the names, ages and titles of the members of the senior managers of the Group.

Name	Age	Title
Matteo Mastrotto	47	Chief Executive Officer
Antonio Perosa	60	Chief Financial Officer
Barbara Mastrotto	51	Head of Automotive Business Unit
Fabrizio Viscolani	53	Chief Operating Officer

The business address of the Senior Management is Via dell'Artigianato 100, 36070 Trissino (Vicenza), Italy.

Set out below are brief biographies of our Senior Managers:

Matteo Mastrotto

See "*Management—Board of Directors*" for Matteo Mastrotto's biographical information.

Antonio Perosa

Mr. Antonio Perosa, born on February 16, 1964 in Pordenone, is the Chief Financial Officer of the Issuer. He holds a degree in economics and business from Ca' Foscari University, in Venice, and is registered as chartered public accountant as well as auditor in Italy. Besides his role at the Issuer, Mr. Perosa is Director of Mapel Group S.r.l., Tessitura Oreste Mariani S.p.A. and Imatex23 S.r.l. Prior to joining the Issuer, Mr. Perosa served as, *inter alia*, CFO Tennant Co. EMEA and Chief Financial Officer of the IPC Group from April 2017 to July 2020, as Group CFO of IPC Worldwide from September 2005 to March 2017, CFO of Sanitec Group from September 2000 to September 2005, as Senior Financial Controller of Jacuzzi Europe S.p.A. from September 1993 to September 2000, as Senior Financial Director of Electrolux from September 1991 to September 1993 and as Auditor Senior of Ernst & Young from September 1989 to September 1991.

Barbara Mastrotto

See "*Management—Board of Directors*" for Barbara Mastrotto's biographical information.

Fabrizio Viscolani

Mr. Fabrizio Viscolani, born on November 27, 1971, in Montecchio Maggiore (Vicenza), is the Chief Operating Officer of the Issuer. Mr. Viscolani started working with the Issuer in 1990 and has contributed to its growth since then. In addition to his function as COO, Mr. Viscolani is also Safety Manager (*Dirigente per la sicurezza*) and takes part in the definition of the Issuer's strategies concerning the supply chain, the internal processes, and the human resources. Finally, Mr. Viscolani is a member of the raw material purchasing committee at Group's level.

Compensation

The aggregate compensation of the members of the Board of Directors of the Issuer amounted to €2.8 million for the year ended on December 31, 2023.

Board of Statutory Auditors

Pursuant to applicable Italian law, the Issuer has appointed a board of statutory auditors (*Collegio Sindacale*) whose objective is to oversee the Issuer's compliance with applicable law and with its by-laws, monitor the implementation of best practices in the administration of its business, and assess the adequacy of the internal controls and accounting reporting systems at the Issuer, including the adequacy of the procedures in place for the exchange of information between ourselves and our subsidiaries.

Our Board of Statutory Auditors comprises five statutory auditors. Members of the Board of Statutory Auditors are appointed by the shareholders of the Issuer at ordinary shareholders' meetings through a vote for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term.

Our current members of the Board of Statutory Auditors were appointed on July 19, 2022 and will remain in office until approval by the shareholders of the financial statements for the year ending December 31, 2024.

The following table sets forth the names, ages and titles of the members of the Board of Statutory Auditors.

Name	Age	Title
Fabio Cavallino	58	Chairperson
Maurizio Salom	70	Statutory Auditor
Paolo Verì	56	Statutory Auditor
Giovanni Tedeschi	70	Alternate Auditor
Manfredo Turchetti	68	Alternate Auditor

Set out below are brief biographies of the members of our Board of Statutory Auditors:

Fabio Cavallino

Mr. Fabio Cavallino, born on April 15, 1966 in Conegliano (Treviso), is the Chairperson of the Board of Statutory Auditors of the Issuer. He holds a degree in economics and business from Ca' Foscari University, in Venice, and is registered as chartered public accountant as well as auditor in Italy. Besides his role at the Issuer, Mr. Cavallino is also Founder and Partner of "Studio Cavallino & Associati", and he serves as Chairperson of the Board of Directors of, *inter alia*, Casagrande S.p.A., Majestic S.p.A. and ICE S.p.A., as well as statutory auditor of Distillerie Franciacorta S.p.A., and Sole Director of Quadrifoglio S.r.l. Prior to joining the Issuer, Mr. Cavallino has served as auditor, director and then senior manager at Deloitte S.p.A. until 2007, as well as auditor of, *inter alia*, Italtecna S.p.A. and Costruzioni Dondi S.p.A.

Maurizio Salom

Mr. Maurizio Salom born on April 9, 1954 in Milan, Italy, is a Standing Statutory Auditor of the Issuer. Mr. Salom holds a Bachelor of Science in business administration from Bocconi University, Milan, and is registered as chartered public accountant as well as auditor in Italy. Besides his role at the Issuer, Mr. Salom is a member of the Chairperson of the Board of Statutory Auditors of other Italian companies, including AMF S.p.A., Twinset S.p.A, Esaote S.p.A. and Engineering – Ingegneria Informatica S.p.A.

Paolo Verì

Mr. Paolo Verì, born on June 30, 1968 in Termoli (Campobasso), is a Standing Statutory Auditor of the Issuer. He holds a degree in economics and business from Gabriele D'Annunzio University, Pescara. Besides his role at the Issuer, Mr. Verì is Chairman of the Board of Statutory Auditors of Tessitura Oreste Mariani S.p.A. Prior to joining the Issuer, Mr. Verì was Chairman of the Board of Statutory Auditors of Fide S.p.A. from 2016 to 2020, as well as CEO and General Director of Finmolise S.p.A., an in-house providing company of the Molise region, from 2016 to 2019. From 2018 to 2024, Mr. Verì served as member of the Board of Statutory Auditors and of the Supervisory Body of Enel Global Trading S.p.A., a company wholly owned by Enel S.p.A.

Management and Control Organizational Model Pursuant to Legislative Decree No. 231/2001

The Issuer adopted a management and control organizational model in accordance with LD 231/2001, which was lastly updated on March 29, 2022. This organizational model identifies areas where the Group could be at risk by mapping the structures and business processes of the company, and identifying the areas and business activities which are potential "crime-risks" as well as the procedures and controls in place to avoid such crimes. Such management and organizational model also governs the functions and powers of a dedicated supervisory board (*organismo di vigilanza*) which is in charge of supervising the functioning of the Issuer, the Issuer's adherence to the management and organizational model and to the additional internal procedures, and the Group's commitment to constantly update those procedures.

Code of Ethics and Conduct

In connection with our management and control organizational model in accordance with LD 231/2001, we have adopted a code of ethics and conduct with which all our employees are required to comply. Our code of ethics and conduct is regularly updated, most recently on May 31, 2023. Our code of ethics and conduct: (i) outlines the ethical principles and behavioral rules which must inspire all our business activities; and (ii) is aimed at ensuring the highest quality standards, increasing environmental sustainability and animal welfare, together with the implementation of social policies.

Violations of our code of ethics and conduct must immediately be reported to our whistleblowing committee pursuant to our whistleblowing procedure. Our code of ethics and conduct prohibits retaliation against whistleblowing employees and guarantees their protection.

Our LD 231/2001 dedicated supervisory board (*organismo di vigilanza*), composed by a single member, Enrico De Negri, monitors overall compliance and reviews reports of breaches of our code of conduct.

Share Ownership

On October 29, 2020, Gold Leather S.à r.l. has established a management equity co-investment plan, pursuant to which certain members of the Group's senior management team (including the Chief Executive Officer Matteo Mastrotto, the Executive Director Barbara Mastrotto and the Chief Financial Officer Antonio Perosa) subscribed to a portion of the share capital of the Issuer. See "*Principal Shareholders*" and "*Certain Relationships and Related Party Transactions—Existing Management Co-Investment Plan*."

PRINCIPAL SHAREHOLDERS

The Issuer

The Issuer was incorporated in Italy as a joint stock company (*società per azioni*) on March 2, 1989. The Issuer is registered under number 01402740060 with the Companies Register of Vicenza (*Camera di Commercio di Vicenza*), LEI code no. 81560023CC212E3A5E06, and has its registered office in Vicenza, Italy, Via dell'Artigianato 100, 36070.

As of the date of this Offering Memorandum, the Issuer has an authorized share capital of €39,000,000.00 divided into 75,215,350.00 fully paid shares without nominal value. As of the date of this Offering Memorandum, NB Renaissance indirectly holds 69.8% of the share capital of the Issuer through the intermediate company Gold Leather, the Mastrotto Family Members hold 30.1% of the share capital of the Issuer and 0.1% of the share capital of the Issuer is held by certain directors, managers, key employees and/or consultants of the Group under a management co-investment plan.

Within 60 days from the Issue Date, the Mastrotto Family Members will either incorporate a new entity or investment vehicle to directly hold their respective shares of the Issuer or enter into fiduciary arrangements such that their respective shareholding in the Issuer will be held by a single fiduciary entity on their behalf on a fiduciary basis, to facilitate the granting of the share pledge over the shares of the Issuer beneficially owned by them in order to secure the Notes by such date.

Following the Issue Date, our majority shareholder Gold Leather may consider a partial demerger (the "**Demerger**") in favor of a separate entity controlled by our Sponsor ("**DemergerCo**"). As a result of the Demerger, the Intercreditor Agreement will require that any DemergerCo, among other things, (i) acquires a portion of the capital stock of the Issuer and (ii) accedes to the Indenture, the Intercreditor Agreement, the Security Documents to which Gold Leather is a party, and the Revolving Credit Facility. The Demerger is subject to certain conditions and may not be completed. See "*Description of Certain Financing Arrangements— Intercreditor Agreement— Potential Demerger*" For an overview of our corporate structure see "*Summary Corporate and Financing Structure*."

Principal Shareholders

NB Renaissance Partners is an investment firm with a focus on companies with a high growth potential primarily headquartered in Italy. Founded in 2015 by the management team as the spin-off of Intesa Sanpaolo Private Equity sponsored by Neuberger Berman Group LLC ("**Neuberger Berman**"), NB Renaissance Partners currently manages €2.8 billion in assets and is invested in 12 companies with an aggregate turnover of approximately €6 billion, including: U-Power, Engineering, Bending Spoons, Inetum, Arbo, Neopharmed Gentili and Sicit. NB Renaissance is focused on value creation initiatives including the implementation of ESG best practices and buy-and-build, and leverages a strong network in Italy catered by a dedicated team of 30 professionals based in Milan and Luxembourg, supported by Neuberger Berman's global private markets platform. Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. As of December 31, 2023, Neuberger Berman had $463 billion in client assets, including approximately $153 billion in alternative assets (mainly private equity). Neuberger Berman employs over 2,800 professionals, of which 751 are investment professionals averaging 18 years of industry experience, across 39 cities and 26 countries globally.

On April 29, 2024, Neuberger Berman Europe Limited ("**NBEL**"), a company controlled by Neuberger Berman, and Renaissance Partners S.à r.l. ("**RP**"), entered into a reorganization agreement to reorganize their joint venture operations related to the direct private equity business ("**Direct PE Business**") carried out by Neuberger Berman Renaissance S.à r.l., a company owned by NBEL, for 51%, and RP, for 49% of its shareholding. As a result, NBEL will reduce its investment in the Direct PE Business, through a newly incorporated company named Renaissance Partners 2 S.à r.l. ("**RP 2**"), from control to a minority position. Simultaneously, RP will increase its interest in the Direct PE Business, through RP 2, becoming the controlling shareholder. Following the completion of this transaction, which is subject to several conditions precedent set out in the reorganization agreement, it is expected that the Direct PE Business will be transferred, by means of a demerger, to Renaissance AIFM S.à r.l., a company directly controlled by RP 2. This transaction is expected to occur by no later than December 31, 2025. However, no assurance can be given that this transaction will be completed by such date or at all.

Shareholder Agreement

On August 1, 2019, the Sponsor Gold Leather and certain members of the Mastrotto family entered into a shareholders agreement governing the mechanics for their co-investment into the Group as well as their rights with respect to its management and corporate governance and their future divestment therefrom (the "**Shareholder Agreement**").

The Shareholder Agreement provides for certain governance rights to be exercised, directly or indirectly (as the case may be) by the Sponsor. The majority of voting rights (*i.e.*, for the appointment of the corporate bodies) are held by the Sponsor. However, resolutions on certain matters, including but not limited to material changes to the corporate purpose of the Issuer, capital increases and transactions with related parties of the Sponsor, still require the affirmative vote of at least two of the directors appointed by the Mastrotto family.

In addition, the Shareholder Agreement grants the parties with a customary right of first offer, tag-along and drag along rights, and a three-year lock-up undertaking by all parties.

Management Co-Investment Plan

On October 29, 2020, Gold Leather S.à r.l. has established a management equity co-investment plan, pursuant to which certain members of the Group's senior management team (including the Chief Executive Officer Matteo Mastrotto, the Executive Director Barbara Mastrotto and the Chief Financial Officer Antonio Perosa) subscribed to a portion of the share capital of the Issuer. In connection with their investment, the subscribing managers have entered into certain customary documentation with customary terms and conditions. As of March 31, 2024, 0.1% of the share capital of the Issuer is held by the members of the Issuer's senior management team pursuant to the management equity co-investment plan. See "*Principal Shareholders*."

RELATED PARTY TRANSACTIONS

General

In the course of our ordinary business activities, we have entered into certain related party transactions with our shareholders, key management and affiliated companies and persons, including intercompany loans, commercial agreements, lease agreements and consulting agreements. We believe that all such transactions have been negotiated and conducted on an arm's-length basis and that the terms of these transactions are comparable to those currently contracted with unrelated third parties. For an overview of the material transactions between the Group and its related parties please refer to the notes to our Financial Statements included elsewhere in this Offering Memorandum.

Transactions with Related Parties

On September 20, 2019, the Issuer, as tenant, entered into a lease agreement with RM Holding S.r.l., as landlord, concerning a real estate property located in Trissino comprising office spaces and parking facilities. The Chairman of the Issuer, Rino Mastrotto, the CEO of the Issuer, Matteo Mastrotto, and the Executive Director Barbara Mastrotto are shareholders of RM Holding S.r.l.

Management Co-Investment Plan

On October 29, 2020, Gold Leather S.à r.l. has established a management equity co-investment plan, pursuant to which certain members of the Group's senior management team (including the Chief Executive Officer Matteo Mastrotto, the Executive Director Barbara Mastrotto and the Chief Financial Officer Antonio Perosa) subscribed to a portion of the share capital of the Issuer. In connection with their investment, the subscribing managers have entered into certain customary documentation with customary terms and conditions. As of March 31, 2024, 0.1% of the share capital of the Issuer is held by the members of the Issuer's senior management team pursuant to the management equity co-investment plan. See "*Principal Shareholders*."

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of our principal financing arrangements after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. We recommend you refer to the actual agreements for further details, copies of which are available upon request.

Revolving Credit Facility

In this section, the following words and expressions have the following meanings, unless the context otherwise requires or unless otherwise so defined.

"*Italian Banking Law*" means the Legislative Decree No. 385 of September 1, 1993 and the relevant implementation regulations, each as subsequently amended, integrated and supplemented.

"*Transaction*" means the refinancing of the Existing Facilities and to pay certain fees and expenses in connection with such transactions.

Overview and structure

The Revolving Credit Facility Agreement provides for a super senior revolving credit facility in a principal amount up to €50 million (the "*Revolving Credit Facility*"), made available to the Issuer as original borrower.

The Revolving Credit Facility may be utilized by the Issuer (and certain subsidiaries of the Issuer who accede as additional borrowers in accordance with the terms and conditions specified under the Revolving Credit Facility) in euro, GBP and U.S. dollars and any other currency approved by the lenders under the Revolving Credit Facility, by the drawing of cash advances, the issuance of letters of credit and/or bank guarantees and by way of ancillary facilities (on a bilateral and fronted basis). Subject to certain exceptions and conditions, amounts under the Revolving Credit Facility that have been repaid or prepaid may be re-borrowed. The Revolving Credit Facility may be used towards financing or refinancing, directly or indirectly: (i) the refinancing, discharge and/or acquisition of debt of the Group as at the Issue Date (including back-stopping, replacing and/or providing cash cover in respect of any letters of credit, guarantees or similar instruments or ancillary, revolving, working capital or local facilities or other arrangements) and paying any breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing and/or acquisition; and/or (ii) the general corporate purposes and/or working capital requirements of the Group (including, without limitation, the refinancing and/or repayment of existing revolving credit, any existing debt and existing receivables financing arrangements of the Group or any acquisition target (including factoring, securitization and other similar receivables financings); and/or (iii) capital expenditure and related costs and expenses; and/or (iv) acquisitions, investments, joint ventures and related costs and expenses; and/or (v) operational restructurings and reorganizations of the Group and related costs and expenses; and/or (vi) payments (including to be made to the vendors) in respect of working capital related adjustments (howsoever structured) relating to or arising in connection with any acquisition, and/or (vii) payment of any refundable VAT on any fees, costs or expenses related to or incurred or charged in connection with the foregoing, any acquisition or any other indebtedness and any original issue discount, fees, flex and/or other related financing costs and other amounts (including drawing the proceeds thereof onto balance sheet to finance such items in future and/or refinance previous expenditure on such items).

The Revolving Credit Facility may be utilized: (a) in relation to the "*Original Revolving Facility*", from and including the Issue Date until and including the date falling one (1) month prior to the termination date applicable to the "*Original Revolving Facility*"; and (b) in relation to any "*Additional Facility*", from and until the period specified in the relevant "*Additional Facility*" notice (or as otherwise agreed by the relevant borrower(s) (or the Issuer on its behalf) and the "*Additional Facility*" lender(s) under that "*Additional Facility*" from time to time).

Availability of the Revolving Credit Facility is subject to satisfaction of certain customary conditions precedent, **provided that** the Revolving Facility Commitment shall be cancelled to the extent that the issue of the Notes does not occur.

In addition, the Issuer may elect to request additional facilities either as a new additional or existing commitment or facility or as an additional tranche or class of, or an increase of, or an extension of an existing facility under the Revolving Credit Facility Agreement (the "*Additional Facility Commitments*") provided that the aggregate principal amount of total commitments under the Revolving Credit Facility Agreement (including the Additional Facility Commitments) does not exceed the amount permitted to be incurred under clause (1) of the covenant described under *"Description of the Notes—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" below. The Issuer and the lenders may agree to certain terms in relation to the Additional Facility Commitments, including the margin, the termination date and the availability period (each subject to parameters as set out in the Revolving Credit Facility Agreement). There are certain limitations on the ability to incur Additional Facility Commitments.

Maturity and repayment requirements

The Revolving Credit Facility matures on the date falling six months prior to the Maturity Date of the Notes.

Each advance of the Revolving Credit Facility will be repaid on the last day of the interest period relating thereto, subject to an ability to rollover cash drawings. All outstanding amounts under the Revolving Credit Facility must be repaid in full on or prior to the maturity date for the Revolving Credit Facility.

The termination date for a facility under an Additional Facility Commitment is the date agreed between the Issuer and the relevant lenders, and must fall on or after the original termination date for the Revolving Credit Facility as at the date of the Revolving Credit Facility Agreement, unless the lenders under the Revolving Credit Facility are offered the opportunity by the Issuer to amend the original termination date for the Revolving Credit Facility to a date on or prior to that of the relevant additional facility provided that (i) each lender under the Revolving Credit Facility will be deemed to have declined any such offer and consented to the proposed termination date of the relevant additional facility unless 50.1 per cent. of the lenders by commitment under the Revolving Credit Facility notify the agent under the Revolving Credit Facility that they (A) accept such offer (in which case the terms of such offer shall be implemented without further consent if the Issuer elects to implement the relevant Additional Facility on such terms), or (B) reject such offer and do not consent to the termination date of the relevant additional facility, in each case by 11 a.m. 7 business days after the date of such offer, and (ii) no such offer shall be required if the Additional Facility Commitments with an earlier termination date do not exceed the greater of €11 million (or its equivalent in other currencies) and 15% of consolidated EBITDA.

Interest and fees

As of the date of this Offering Memorandum, loans under the Revolving Credit Facility bear interest at rates per annum initially equal to 3.00 per cent. plus EURIBOR, SONIA or SOFR (as applicable) (with interest for any USD loans initially accruing on the basis of compounded SOFR, with the option for the Issuer to elect to switch to Term SOFR at any time during the life of the Revolving Credit Facility) and provided that no insolvency, payment (insofar as it relates to the payment of principal and/or interest) or breach of other obligations (insofar as it relates to failure to deliver a compliance certificate such that the margin cannot be determined) event of default has occurred or is continuing, will be subject to margin ratchet step downs based on the Group's senior net leverage ratio, as set out in the Revolving Credit Facility Agreement.

If EURIBOR, SOFR (or, following an election by the Issuer to switch to Term SOFR, Term SOFR) or SONIA (as applicable), is less than zero, EURIBOR, SOFR (or, following an election by the Issuer to switch to Term SOFR, Term SOFR) or SONIA (as applicable) shall be deemed to be zero in respect of loans under the Revolving Credit Facility.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from (and including) the Closing Date to (and including) the last day of the availability period for the Revolving Credit Facility. The commitment fee is equal to 30.00 per cent. of the margin applicable at that time, and is payable quarterly in arrear, on the last day of the availability period of the Revolving Credit Facility and on the date on which a lender's commitment is cancelled.

Default interest will be calculated as an additional 1.00 per cent. on the overdue amount, although unpaid default interest may only be compounded to the extent permitted under any applicable laws, including, but not limited to, the Italian Civil Code and/or the Italian Banking Law.

The Issuer is also required to pay customary agency fees to the Agent and the Security Agent in connection with the Revolving Credit Facility Agreement and/or the Intercreditor Agreement, arrangement fees to the arrangers, and fronting fees to the issuing bank under the Revolving Credit Facility Agreement and letter of credit fees to the lenders in an amount equal to the margin of the Revolving Credit Facility with respect to an issuance of a letter of credit.

Borrowers and Guarantors

The original borrower under the Revolving Credit Facility is the Issuer but the Revolving Credit Facility Agreement includes a mechanism to enable any of the Issuer's restricted subsidiaries in Italy, the same jurisdiction as an existing borrower or otherwise with the consent of all of the lenders under the Revolving Credit Facility, to accede as an additional borrower under the Revolving Credit Facility, subject to certain conditions.

At the Closing Date, the Revolving Credit Facility was guaranteed by the Issuer.

Subject to the Agreed Security Principles and to any agreed limitation language, the Issuer shall procure that:

(i) by no later than sixty (60) days following the Closing Date Elmo, Mapel Components, Mapel Textile, RMG Leather and Tessitura Oreste Mariani shall become guarantors of the Revolving Credit Facility Agreement and shall accede to the Intercreditor Agreement; and

(ii) by no later than the date falling (x) 60 days after the Closing Date, and (y) thereafter, 90 days after the latest due date on which the annual financial statements are required to be delivered to the agent in respect of each subsequent financial year:

  (a) each of the Issuer's restricted subsidiaries which is or has become a material subsidiary under the Revolving Credit Facility Agreement shall become a guarantor of the Revolving Credit Facility Agreement and shall accede to the Intercreditor Agreement; and

  (b) the aggregate of earnings before interest, tax, depreciation and amortization (calculated on the same basis as consolidated EBITDA is calculated under the Revolving Credit Facility Agreement and excluding any member of the Group which is not required to (or cannot) become a guarantor in accordance with the provisions of the Agreed Security Principles) of the guarantors (excluding the contribution of any on-balance sheet joint ventures) is not less than 80 per cent. of consolidated EBITDA of wholly-owned members of the Group incorporated in a guarantor jurisdiction (the "**Guarantor Coverage**") (subject to certain exceptions),

in each case by reference to the original financial statements and then the relevant annual financial statements of the Issuer (or, at the Issuer's option, any more recent available financial information which is provided to the Agent), as applicable, **provided that** no guarantees and security will be required to be provided by a member of the Group not incorporated in Italy, Sweden and United States of America and any other jurisdiction in which any borrower under the Revolving Credit Facility is incorporated (but only in relation to such borrower) (the "**Guarantor Jurisdiction**") or which is not wholly-owned by another member of the Group (other than Mapel Components, Mapel Textile, RMG Leather and Tessitura Oreste Mariani) or over the shares or other ownership interests of a member of the Group not incorporated in a Guarantor Jurisdiction (the Issuer, together with any members of the Group that accede to the Revolving Credit Facility Agreement as additional guarantors, being the "**Guarantors**").

Security

The Revolving Credit Facility (subject to certain agreed security principles set out in the Revolving Credit Facility Agreement) is secured as further described in the section entitled "*Description of the Notes-Security*".

Representations and warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain agreed customary materiality, actual knowledge and other qualifications, exceptions and baskets as applicable (with certain representations and warranties being repeated on the date of each utilization, on the first day of each interest period (other than with respect to a Rollover Loan) and at certain other times), including: (i) status and due incorporation; (ii) power and authority; (iii) legal, valid and binding documentation; (iv) no

conflict; (v) no breach of laws; (vi) validity and admissibility in evidence; (vii) governing law and enforcement; (viii) no filing or stamp taxes; (ix) taxation; (x) the accuracy of financial statements; (xi) no litigation; (xii) legal and beneficial ownership; and (xiii) sanctions/anticorruption law and anti-bribery/anti-money laundering.

Undertakings and covenants

The Revolving Credit Facility Agreement contains certain of the incurrence covenants, information undertakings and related definitions (with, in each case, certain adjustments) that apply to the Notes, including: (i) limitation on indebtedness; (ii) limitation on restricted payments; (iii) limitation on liens; (iv) restrictions on distributions from restricted subsidiaries; (v) limitations on sale of assets and subsidiary stock; (vi) limitation on affiliate transactions; (vii) reports; (viii) merger and consolidation; (ix) suspension of covenants on achievement of investment grade status; (x) impairment of security interests; (xi) additional intercreditor agreements; and (xii) IPO debt pushdown. In addition, the Revolving Credit Facility Agreement also contains certain additional affirmative and negative covenants and a financial covenant. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge and other qualifications, exceptions and baskets (as applicable).

Additional covenants

The additional covenants include, among others: (i) provision of a compliance certificate with each set of the Issuer's annual audited and quarterly financial statements; (ii) maintenance of the Guarantor Coverage; (iii) authorizations; (iv) compliance with laws; (v) *pari passu* ranking; (vi) further assurance; (vii) sanctions, anti- corruption and anti-money laundering; (viii) no change of "center of main interest"; (ix) taxes; and (x) conditions subsequent.

Financial covenant

If at 5.00 p.m. on a testing date (being each quarter date, commencing on the first quarter date falling on the last day of the first complete Financial Quarter to elapse after the Closing Date) the aggregate principal amount of all loans under the Revolving Credit Facility Agreement and any additional facility that is specified to benefit from the financial covenant (in each case excluding (i) any utilizations by way of letters of credit (or bank guarantees), (ii) ancillary facilities, and (iii) any loans drawn to fund any fees and/or original issue discount or other fees, costs and expenses in connection with the Transaction) on such testing date (iv) any utilization used directly or indirectly for funding (or refinancing) any Permitted Acquisition, in an aggregate principal amount at such Test Date not exceeding €10.0 million and (v) any rollover loans in respect of any utilizations referred to in the aforementioned sub-paragraphs (i) to (iii) inclusive less any cash and cash equivalents exceeds 40 per cent. of the aggregate of (A) the total commitments under the Revolving Credit Facility as at the date of the Revolving Credit Facility Agreement and (B) the aggregate of all Additional Facility Commitments established after the date of the Revolving Credit Facility Agreement (disregarding, in each case, any reduction of commitments following the establishment thereof) (the "**Test Condition**"), the super senior net leverage ratio in respect of the relevant period will not exceed 1.10:1.00 (the "**Financial Covenant**"). The Financial Covenant only acts as a draw stop to new drawings under the Revolving Credit Facility and, if breached, will not trigger a default or an event of default under the Revolving Credit Facility Agreement.

The Revolving Credit Facility Agreement contains a (a) repayment cure provisions and (b) an equity cure provision enabling the Issuer to cure or prevent a draw stop event of the Revolving Credit Facility at any time if the Group has received one or more shareholder injections by way of shareholder loan and/or equity and the Issuer has elected that all or any part of any amounts so received shall, at the option of the Issuer, either (i) increase the consolidated EBITDA or (ii) decrease total net super senior debt, in each case under the Revolving Credit Facility Agreement. The equity cure right may not be exercised on more than five occasions during the term of the Revolving Credit Facility Agreement and may not be utilized in two consecutive quarters and no more than twice in any four consecutive quarters. The Issuer can also cure or prevent a draw stop event by electing to recalculate (i) the super senior net leverage ratio for any relevant period for which the Issuer has sufficient available information to effect such recalculation and/or (ii) the Test Condition on any subsequent date notwithstanding that such date is not a test date (including to give effect to any reduction in the aggregate principal amount of loans outstanding, any reduction in total net super senior debt and/or any increase in cash and/or cash equivalents).

Prepayments

Upon a change of control under the Revolving Credit Facility Agreement, each lender under the Revolving Credit Facility Agreement shall be entitled to cancel its commitments and require repayment of all of its share of the utilizations and payment of all amounts owing to it under the finance documents provided that the relevant lender gives notice to the agent within 30 days of the Issuer notifying the agent of the change of control.

A borrower may voluntarily prepay amounts outstanding under the Revolving Credit Facility, without penalty or premium, at any time in whole or in part, subject to agreed minimum amounts and multiples, on not less than (in the case of a term rate loan) two business days' notice and (in the case of a compounded rate loan) three RFR business days' notice to the agent.

Events of default

The Revolving Credit Facility Agreement provides for events of default, the occurrence and continuance of which would allow, unless otherwise indicated below, subject to certain exceptions, 66 2/3 per cent. of the lenders by commitment under the Revolving Credit Facility to (among other things) accelerate all outstanding loans and terminate their commitments, including (subject in certain cases to customary materiality, actual knowledge and other qualifications, exceptions, baskets and/or grace periods, as appropriate). The Revolving Credit Facility Agreement provides for the following events of default: (i) misrepresentations; (ii) breach of the Intercreditor Agreement; (iii) unlawfulness, invalidity, rescission and repudiation of finance documents; (iv) non-payment of amounts due under the finance documents; (v) non-compliance with other obligations under the finance documents; (vi) cross payment default and cross acceleration; (vii) final judgment default; and (viii) insolvency and insolvency proceedings.

Material Adverse Effect

In the Revolving Credit Facility, the term "Material Adverse Effect" means any event or circumstance which, in each case, after taking into account all mitigating factors or circumstances, including any warranty, indemnity or other resources available to the Group or right of recourse against any third party with respect to the relevant event or circumstance and any obligation of any person in force to provide any additional equity investment (1) has a material adverse effect on (x) the consolidated business, assets or financial condition of the Group taken as a whole or (y) the ability of the Group (taken as a whole) to perform its payment obligations under the Revolving Credit Facility, the Intercreditor Agreement, the security documents and the other Finance Documents (as defined therein); or (2) subject to certain legal and perfection requirements, affects the validity or enforceability of any security granted or purporting to be granted pursuant to any of the Transaction Security Documents in a manner which is materially adverse to the interests of the Lenders taken as a whole under the Finance Documents, and, in each case, if capable of remedy, is not remedied within 20 Business Days of the earlier of the Issuer becoming aware of the issue and the giving of written notice of the issue by the relevant agent under the Revolving Credit Facility to the Issuer.

Governing law

The Revolving Credit Facility Agreement and any non-contractual obligation arising out of or in connection with it are governed by, and shall be interpreted in accordance with, English law although the restrictive covenants, the information undertakings and the events of default, which are scheduled to the Revolving Credit Facility Agreement and any non-contractual obligations arising out of or in connection with such schedules, shall be interpreted in accordance with the laws of the State of New York.

Intercreditor Agreement

To establish the relative rights of the relevant creditor groups, amongst others, the Issuer, the lenders under the Revolving Credit Facility Agreement (the "**RCF Lenders**"), each obligor in respect of the Revolving Credit Facility (collectively, the "**Obligors**"), Gold Leather as Third Party Security Provider, the Security Agent and the Subordinated Creditors (as that term is defined in the Intercreditor Agreement) have entered into the Intercreditor Agreement. The Trustee shall accede to the Intercreditor Agreement as Senior Secured Notes Trustee on the Issue Date. The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes upon accession of the Trustee to the Intercreditor on their behalf. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the

description that follows, defines certain rights of the holders of the Notes. Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility, the Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail. Capitalized terms used below shall have the meanings given to them in the Intercreditor Agreement unless otherwise defined.

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain indebtedness of the Group (as defined below);
- the relative ranking of certain security granted by certain members of the Group;
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) ("**Enforcement Action**") can be taken in respect of the Transaction Security (as defined below);
- provisions relating to the making of any acceleration or demand for payment in respect of the Notes;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turn over amounts received from enforcement of the Transaction Security;
- when the Transaction Security and any guarantee(s) issued by certain Obligors and Third Party Security Providers will be released to permit an enforcement sale;
- the circumstances in which creditors' claims (including noteholders' claims against the Issuer and/or Future Senior Issuer) might be required to be transferred to third parties or released to assist in enforcement; and
- the order for applying proceeds from the enforcement of the Transaction Security and other amounts received by the Security Agent.

Parties

Upon the issuance of the Notes and accession of the Trustee to the Intercreditor Agreement as Trustee, the principal parties to the Intercreditor Agreement will be: (i) Gold Leather S.à r.l. in its capacity as, *inter alia*, Third Party Security Provider, (ii) the Issuer (in such capacity and certain other capacities), (iii) the agent for the finance parties under the Revolving Credit Facility Agreement (the "**RCF Agent**"), (iv) the RCF Lenders, (v) the Senior Secured Notes Trustee and (vi) the Security Agent.

The "**Super Senior Creditors**" include the RCF Lenders and the RCF Agent together with, upon accession, the Super Senior Hedging Lenders (as defined below). The "**Senior Secured Creditors**" include the holders of the Senior Secured Notes, the Senior Secured Notes Trustee together with, upon accession, the *Pari Passu* Hedging Lenders (as defined below), the Future *Pari Passu* Creditors (as defined below) and the Cash Management Facility Creditors (as defined in the Intercreditor Agreement). The "**Senior Creditors**" include, upon accession, the Future Senior Creditors (as defined below).

The Intercreditor Agreement therefore allows for accession by certain future creditors in order to share (to the extent set out in the Intercreditor Agreement) in the relevant security, including (i) hedge counterparties pursuant hedging agreements which are secured on a super senior basis with (among other liabilities) the Revolving Credit Facility (the "**Super Senior Hedging Agreements**" and the providers thereof the "**Super Senior Hedging Lenders**"), (ii) hedge counterparties pursuant to hedging agreements which are secured on a *pari passu* basis with (among other liabilities) the Senior Secured Notes (the "***Pari Passu* Hedging Agreements**" and the providers thereof, the "***Pari Passu* Hedging Lenders**" and together with the Super Senior Hedging Lenders, the "**Hedge Counterparties**"), (iii) creditors of future loan or bond indebtedness of the Obligors (which is permitted by or not restricted under the terms of the Credit Facility Documents (as defined in the Intercreditor Agreement) and the Senior Secured Notes, and which is not subordinated in right of payment to the liabilities owed to the

Super Senior Creditors or the Senior Secured Creditors) (the "**Future *Pari Passu* Debt**"), including any senior secured notes issued after the Issue Date pursuant to the Senior Secured Notes Indenture (the "**Future *Pari Passu* Creditors**"), (iv) creditors of future loan or bond indebtedness of the Obligors (which is permitted by or not restricted under the terms of the Credit Facility Documents and the Senior Secured Notes, and which is *pari passu* with, and not subordinated in right of payment to, the liabilities owed to the Senior Creditors) ("**Future Senior Debt**"), (the "**Future Senior Creditors**") and (v) creditors of future loan or bond indebtedness of the Obligors (which is permitted by or not restricted under the terms of the Credit Facility Documents and the Senior Secured Notes, and which is not subordinated in right of payment to the liabilities owed to the Super Senior Creditors or the Senior Secured Creditors but is secured on the Transaction Security on a second ranking basis ("**Future Second Lien Debt**" and the providers thereof, the "**Future Second Lien Creditors**")).

No Restricted Subsidiary (as that term is defined in the Intercreditor Agreement) of the Issuer nor any shareholder of a member of the Group which, in each case, is not otherwise party to (1) a document creating security in favor of the Super Senior Creditors, the Senior Secured Creditors or the Senior Creditors or (2) the debt documents thereby secured, will be party to the Intercreditor Agreement save for (i) any shareholder of the Issuer in respect of any existing or future loan made to the Issuer or any other member of the Group or any shareholder of a Future Senior Issuer (as that term is defined in the Intercreditor Agreement) in respect of any existing or future loan made to that Future Senior Issuer (each a "**Shareholder Creditor**") (the Intercreditor Agreement contains customary subordination provisions and restrictions relating to the receivables owing from the Issuer or any member of the Group or any Future Senior Issuer to any Shareholder Creditor (the "**Shareholder Liabilities**")) and (ii) certain members of the Group that lend to another member of the Group (each an "**Intragroup Lender**") that will accede to the Intercreditor Agreement with respect to the loans or indebtedness owing from such members of the Group to such Intra-Group Lenders in respect of intra- group loans (the "**Intra-Group Liabilities**"). The Intercreditor Agreement contains subordination provisions relating to any Intra-Group Liabilities. However, members of the Group will not be prohibited from incurring, amending or making payments in respect of any Intra-Group Liabilities until an acceleration event under the Credit Facility Documents or the Indenture is continuing and at any time prior to such acceleration event, such Intra-Group Liabilities may be converted into equity (subject to certain security being granted where required).

Potential Demerger

The Intercreditor Agreement provides that, in the event that our majority shareholder Gold Leather undertakes a demerger, spin-off or other reorganization transaction (the "**Demerger**"), pursuant to which Gold Leather will transfer all or a portion of the share capital of the Issuer and, at Gold Leather's sole discretion, any receivables, if any, owed by the Issuer to the Gold Leather into one or more newly-incorporated entities which is (or are, as applicable) controlled by the Sponsor (each, a "**DemergerCo**" and together with Gold Leather (and any successor thereof), a "**New NB HoldCo**"), each such New NB HoldCo will be required to, *inter alia*, accede to the Indenture, the Intercreditor Agreement, the Security Documents to which Gold Leather is a party and the Revolving Credit Facility, in each case, as applicable. The Demerger is subject to certain conditions and may not be completed.

Certain Provisions relating to Third Party Security Providers

The Intercreditor Agreement requires the accession, subject to any legal or contractual restrictions in doing so and save for where such accession would incur a material cost that is disproportionate to the benefit of the accession, as Third Party Security Provider of any person that has provided Transaction Security over any or all of its assets (including Shared Security) but is not a Debtor in respect of any of the direct Borrowing Liabilities or Guarantee Liabilities of the Secured Obligations to which that Transaction Security relates, or otherwise any other person that becomes a Party as a Third Party Security Provider in accordance with the terms of the Intercreditor Agreement, unless, in each case, the aggregate amount of the Liabilities in respect of which any such security against loss has been given is less than €10,000,000.

The Intercreditor Agreement will provide that, if any person that is not a Debtor of any of the Liabilities under the Senior Secured Debt Documents, Future Second Lien Debt Documents or the Future Senior Debt Documents but is a fiduciary company provides Transaction Security over any or all of its assets (including Shared Security), subject to any legal or contractual restrictions in doing so (provided that such person uses reasonable endeavors to overcome any such restrictions) and save for where such accession would incur a material cost that is disproportionate to the benefit of such accession, the Debtors will use their commercially reasonable endeavors to procure that the fiduciary company giving that security accedes to the Intercreditor Agreement as a Third Party

Security Provider, in accordance with the provisions set out under the Intercreditor Agreement, as soon as reasonably practicable following the giving of that security unless the aggregate amount of the Liabilities in respect of which any such security against loss has been given is less than €10,000,000. In the event that, notwithstanding the exercise of any commercially reasonable endeavors, the Debtors are not capable to procure the accession of that fiduciary company to the Intercreditor Agreement as a Third Party Security Provider and as long as such person is required to provide the relevant security in respect of any of the Liabilities under the Senior Secured Debt Documents, Future Second Lien Debt Documents or the Future Senior Debt Documents, the Debtors shall procure that the relevant Transaction Security Document contains also provisions which are substantially equivalent to the provisions contained in the clauses of the Intercreditor Agreement which are relevant to the third party security providers, including those relating to creditors' actions as subordinated creditors; sums received by debtors and third party security providers; deferral of subrogation; waiver of rights; distressed disposals; actions of creditors; subordinated creditors, debtors and third party security providers; disclosure; and other provisions relevant to Third Party Security Providers or other related provisions as may be determined by the Security Agent (acting reasonably).

The Intercreditor Agreement will not require any individual to accede to the Intercreditor Agreement as a Third Party Security Provider provided that, as long as such individual is required to provide the relevant security in respect of any of the Liabilities under the Senior Secured Debt Documents, Future Second Lien Debt Documents or the Future Senior Debt Documents, the Debtors shall procure that the relevant Transaction Security Document contains also provisions which are substantially equivalent to the provisions contained in the clauses of the Intercreditor Agreement which are relevant to the third party security providers, including those relating to creditors' actions as subordinated creditors; sums received by debtors and third party security providers; deferral of subrogation; waiver of rights; distressed disposals; actions of creditors; subordinated creditors, debtors and third party security providers; disclosure; and other provisions relevant to Third Party Security Providers or other related provisions as may be determined by the Security Agent (acting reasonably).

Ranking and priority

Priority of indebtedness

The Intercreditor Agreement provides that the liabilities of the Obligors shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

(a) *first*, the liabilities owed to the Security Agent, the liabilities owed to the Super Senior Creditors (the "**Super Senior Liabilities**"), the liabilities owed to the Senior Secured Creditors including with respect to the Senior Secured Notes (the "**Senior Secured Liabilities**"), the liabilities owed to any Hedge Counterparty (the "**Hedging Liabilities")** (to the extent not already included in the Super Senior Liabilities), the liabilities owed to the Cash Management Facility Creditors (the "**Cash Management Facility Liabilities**"), the liabilities owed to the Future *Pari Passu* Creditors (the "**Future Pari Passu Liabilities**"), the liabilities owed to the Future *Pari Passu* Creditors (the "**Future Pari Passu Liabilities**"), the liabilities owed to any future issuer of Future Senior Debt to the Future Senior Creditors (the "**Future Senior Issuer Liabilities**"), and certain customary costs and expenses of the Senior Secured Notes Trustee (the "**Trustee Liabilities**") *pari passu* and without any preference between them;

(b) *second*, any guarantee liabilities owed to any Future Senior Creditor *pari passu* (the *"***Future Senior Guarantee Liabilities**") and without any preference between them;

(c) *third*, the Intra-Group Liabilities and the Shareholder Liabilities owed by any member of the Group to any direct or indirect shareholder of the Company (and their respective transferees and successors) *pari passu* and without any preference between them; and

(d) *fourth*, the Shareholder Liabilities owed by any direct or indirect shareholder of the Parent (and their respective transferees and successors) to such Future Senior Issuer.

The Intercreditor Agreement provides that the Intra-Group Liabilities, will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the creditors under the Super Senior Liabilities, Senior Secured Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Future Pari Passu Liabilities, Future Second Lien Liabilities, Future Senior Issuer Liabilities, Trustee Liabilities and Future Senior Guarantee Liabilities (as set out above).

The Intercreditor Agreement contains an acknowledgment by all parties thereto that the Future Senior Issuer Liabilities are senior obligations of the relevant issuer, and provides that nothing in the Intercreditor Agreement shall impair the right of the Senior Creditors to institute suit for the recovery of any payment due by such an issuer in respect of the Future Senior Issuer Liabilities (as applicable), but provided that the Senior Creditors shall not, until the Senior Secured Debt Discharge Date (as defined in the Intercreditor Agreement), take any steps to appropriate the assets of such an issuer subject to the Transaction Security in connection with any Enforcement Action other than as expressly permitted by the Intercreditor Agreement.

Priority of security

The Intercreditor Agreement provides that the security provided for the liabilities described in paragraphs (a) to (c) below (the "**Transaction Security**") shall rank and secure these liabilities in the following order (and subject to the proceeds of such security being distributed in accordance with the Payments Waterfall defined below):

(a) *first*, the liabilities owed to the Security Agent, the Super Senior Liabilities, the Senior Secured Liabilities, the liabilities owed to any Hedge Counterparty (to the extent not already included in the Super Senior Liabilities), the Future *Pari Passu* Debt, the Cash Management Facility Liabilities and the Trustee Liabilities, *pari passu* and without any preference between them (but only to the extent that such Transaction Security is expressed to secure those liabilities);

(b) *second*, the Future Second Lien Liabilities *pari passu* and without any preference between them (but only to the extent that such Transaction Security is expressed to secure those liabilities); and

(c) *third*, the Future Senior Debt *pari passu* and without any preference between them (but only to the extent that such Transaction Security is Shared Security (which term shall include, for the purposes of the Intercreditor Agreement, certain other security as may be granted in future and designated by the Issuer as "**Shared Security**")).

For the purposes of this description only:

"**Additional Liabilities**" means, in relation to any Liability, any money, debt or liability due, owing or incurred under or in connection with:

(a) any refinancing, deferral or extension of such Liability;

(b) any further advance which may be made under any document, agreement or instrument supplemental to any original finance document under or in connection with which such Liability was incurred or created together with any related interest, fees and costs;

(c) any claim for damages or restitution in the event of rescission of such Liability or otherwise in connection with any relevant agreement, deed, document or instrument relating to such Liability;

(d) any claim against any Debtor or any Third Party Security Provider flowing from any recovery by a Debtor, Third Party Security Provider or any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer of a payment or discharge in respect of such Liability on the grounds of preference or otherwise; and

(e) any amount (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

"**Cash Management Services**" means any customary cash management, cash pooling or netting or setting off arrangements or arrangements for the honoring of cheques, drafts or similar instruments, including automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services, operational intra-group balances and/or cash management services, controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"**Senior Secured Notes Liabilities**" means all the Liabilities of the Issuer and/or any Debtor or Third Party Security Provider to any Senior Secured Notes Creditor under or in connection with the Senior Secured Notes Documents, together with any related Additional Liabilities (but excluding any Hedging Liabilities).

The Intercreditor Agreement further provides that any security provided for the Future Senior Debt only (the "**Senior Notes Only Security**") shall rank and secure the Future Senior Debt, *pari passu* and without any preference between them (but only to the extent that such Senior Notes Only Security is expressed to secure such liabilities).

The Shareholder Liabilities and the Intra-Group Liabilities shall not be secured by the Transaction Security or the Senior Notes Only Security.

If security is to be granted for certain future indebtedness (including Credit Facility Lender Liabilities (other than with respect to the Revolving Credit Facility) (as defined in the Intercreditor Agreement), Cash Management Facility Liabilities, Future *Pari Passu* Debt, Future Second Lien Debt and Future Senior Debt) ("**Future Debt**"), to the extent such Future Debt cannot be secured with the agreed ranking without the existing security first being released, the Intercreditor Agreement contains provisions that such Future Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a second or lesser-ranking basis and such Future Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security *pari passu* with corresponding liabilities which would otherwise have the same ranking as contemplated above and any amounts to be applied towards such Future Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release and retaking of security under the existing security documents shall be permitted without the consent of the required creditors under the documents thereby secured unless permitted by such documents (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured document).

Payments and prepayments; subordination of Future Second Lien Debt

Prior to the discharge of all Senior Secured Liabilities, no Debtor and Third Party Security Provider may make payments in respect of the Future Second Lien Liabilities without the consent of the Majority Super Senior Creditors (as that term is defined in the Intercreditor Agreement) and the Majority Senior Secured Creditors (as that term is defined in the Intercreditor Agreement) except as described in the foregoing paragraph or as permitted by the Intercreditor Agreement including the following:

(1) if:

(a) the payment is of:

(i) any of the principal or interest (including capitalized interest) amount of the Future Second Lien Liabilities which is either (1) not prohibited from being paid by the Credit Facility Documents, the Cash Management Facility Documents, the Senior Secured Notes Indenture or any Future *Pari Passu* Debt Document or (2) is paid on or after the final maturity of the Future Second Lien Liabilities; or

(ii) any other amount in respect of the Future Second Lien Liabilities which is not an amount of principal or capitalized interest accrued due and payable in cash in accordance with the terms of the Future Second Lien Debt Documents (such other amounts including all additional amounts payable as a result of the tax gross up provisions relating to the Future Second Lien Liabilities and amounts in respect of currency indemnities in the relevant Future Second Lien Debt Documents);

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Second Lien Debt (a "**Future Second Lien Debt Payment Blockage Notice**") is outstanding; and

(c) no Senior Secured Debt Payment Default (as that term is defined in the Intercreditor Agreement) has occurred and is continuing; or

(2) if the payment is pursuant to provisions contained in a Future Second Lien Debt Document that are

comparable to the following provisions in the Revolving Credit Facility Agreement (and no acceleration event under the Senior Secured Debt Documents has occurred): (a) illegality, (b) right of cancellation and repayment in relation to a single lender or issuing bank, (c) change of control and (d) replacement of a lender;

(3) payments in respect of amounts due under the Future Second Lien Debt Documents to the Future Second Lien Debt Representative;

(4) certain amounts due under the original form of any fee letter relating to agency or upfront fees under any Future Second Lien Debt Document;

(5) (for so long as a Future Second Lien Event of Default is continuing), if the payment is in respect of commercially reasonable work fees and professional fees, costs and expenses for restructuring advice and valuations (including legal advice and the advice of other appropriate financial and/or restructuring advisers) incurred by the Future Second Lien Debt Representative not covered by paragraph (3) above in an aggregate amount to all such Future Second Lien Debt Representatives under this paragraph not exceeding €7.5 million (or its equivalent in other currencies) in aggregate until the discharge of all Senior Secured Liabilities;

(6) payments of amounts equal to any payment accrued pursuant to the Future Second Lien Debt immediately after the period during which any Future Second Lien Debt Payment Blockage Notice is outstanding or a Senior Secured Debt Payment Default or a Future Second Lien Debt Payment Default ceases to be continuing and which would otherwise have been a permitted payment pursuant to the terms of the Intercreditor Agreement;

(7) for so long as a Senior Secured Debt Event of Default is continuing certain payments as a result of the Future Second Lien Liabilities being released or otherwise discharged in exchange for the issuance of shares in any holding company of the Future Senior Issuer, subject to certain conditions; costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Future Second Lien Debt documents (including in relation to any reporting or listing requirements under the Future Second Lien Debt documents), subject to certain conditions;

(8) costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Future Second Lien Debt in compliance with the Intercreditor Agreement, the Credit Facility Documents, the Senior Secured Notes Indenture, the Cash Management Facility Documents and any Future *Pari Passu* Debt document;

(9) payments of certain reasonable and customary consent fees in connection with amendments to the Future Second Lien Debt documents in proportion to any corresponding amounts paid in respect of the Super Senior Liabilities and the Senior Secured Liabilities (to the extent such fees are paid or payable);

(10) payments in connection with purchases or redemptions of the Future Second Lien Debt permitted under the Credit Facility Documents, Cash Management Facility Documents, Senior Secured Notes documents and Future *Pari Passu* Debt documents; or

(11) payment of any other amount not exceeding €2.0 million (or its equivalent) in aggregate in any financial year of the Issuer provided that any such amount not so applied may be carried forward and utilized in the subsequent financial year (where it shall be deemed to have been used first).

If an event of default (other than a Senior Secured Debt Payment Default) under the finance documents in respect of the Senior Secured Liabilities (each a "**Senior Secured Default**") has occurred and is continuing and the Future Second Lien Debt Representative has received a Future Second Lien Debt Payment Blockage Notice from either the Credit Facility Agent, the Cash Management Facility Agent, the Senior Secured Notes Trustee or the representative of the Future *Pari Passu* Debt, all payments in respect of the Future Second Lien Liabilities (other than those consented to by the Majority Super Senior Creditors and the Majority Senior Secured Creditors and those permitted by paragraph (2)(a), (3) and (5) above) are suspended until the earliest of:

(a) the date on which there is a waiver, remedy or cure of such Senior Secured Default in accordance with the relevant finance documents;

(b) 120 days after the receipt by the Future Second Lien Debt Representative of the Future Second Lien Debt Payment Blockage Notice;

(c) the repayment and discharge of all obligations in respect of the Senior Secured Liabilities;

(d) the date on which the Relevant Representative which issued the Future Second Lien Debt Payment Blockage Notice (and, if at such time a Senior Secured Default is continuing in relation to the Senior Secured Liabilities (other than the Senior Secured Liabilities in respect of which the notice was given), the Relevant Representative(s) in respect of those other Senior Secured Liabilities notify/ies (amongst others) the Future Second Lien Debt Representative that the Future Second Lien Debt Payment Blockage Notice is cancelled);

(e) the date on which the Security Agent or Future Second Lien Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;

(f) the date on which the relevant Senior Secured Default is no longer continuing and if the relevant Senior Secured Liabilities have been accelerated such acceleration has been rescinded (and if such acceleration consisted solely of declaring the relevant debt payable on demand, such rescission can be effected by the relevant majority creditors in respect of the relevant debt);

(g) provided no Senior Secured Debt Payment Default is continuing, the original scheduled maturity date of the Future Second Lien Debt issued in the form of notes (provided that such maturity date is a date not earlier than the later of the original maturity date of the Senior Secured Notes and the Termination Date (as defined in the Credit Facility Documents) at the time of issuance of such Future Second Lien Debt); and

(h) if a Future Second Lien Debt Standstill Period (as defined below) is in effect at any time after delivery of a Future Second Lien Debt Payment Blockage Notice, the date on which the Future Second Lien Debt Standstill Period expires.

No new Future Second Lien Debt Payment Blockage Notice may be served by a Future Second Lien Debt Relevant Representative in respect of a Future Second Lien Debt Default unless 360 days have elapsed since the immediately prior Future Second Lien Debt Payment Blockage Notice. No Future Second Lien Debt Payment Blockage Notice may be served in respect of a Senior Secured Debt Payment Default more than 60 days after the date that the Relevant Representative received notice of that Senior Secured Default. No Relevant Representative may serve more than one Future Second Lien Debt Payment Blockage Notice with respect to the same event or set of circumstances, and no Future Second Lien Debt Payment Blockage Notice may be served in respect of a Senior Secured Debt Payment Default notified to a Relevant Representative at the time at which an earlier Future Second Lien Debt Payment Blockage Notice was issued.

If a Future Second Lien Debt Payment Blockage Notice ceases to be outstanding and/or (as the case may be) Senior Secured Debt Payment Default has ceased to be continuing (by being waived by the relevant creditors/ creditor's representative or remedied) the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Future Second Lien Debt and if it does so promptly any event of default under the Future Second Lien Debt caused by such delayed payment shall be waived and any enforcement notice which may have been issued as a result of that event of default shall be waived. A Future Second Lien Debt Payment Default is remedied by the payment of all amounts then due.

Payments and prepayments-Obligors and Third Party Security Providers

The Obligors and the Third Party Security Providers may make payments and prepayments in respect of the Credit Facility Documents, the Super Senior Hedging Agreements, the *Pari Passu* Hedging Agreements, and the Senior Secured Notes at any time in accordance with their terms and may prepay or acquire the Senior Secured Notes.

Payments and prepayments; subordination of the Future Senior Debt

Any Future Senior Issuer may make payments and prepayments in respect of the Future Senior Issuer Liabilities (including by prepaying or acquiring Future Senior Debt) at any time in accordance with the terms of the Future

Senior Debt Documents and the Intercreditor Agreement provided that such payment is not made from assets subject to Transaction Security and not financed by a payment from a member of the Group that was prohibited at such time by any of the Debt Documents.

Prior to the discharge of all Senior Secured Liabilities and Future Second Lien Liabilities, no Debtor nor Third Party Security Provider may make payments in respect of the Future Senior Liabilities without the consent of the Majority Super Senior Creditors (as that term is defined in the Intercreditor Agreement), the Majority Senior Secured Creditors (as that term is defined in the Intercreditor Agreement) and the Majority Future Second Lien Creditors (as that term is defined in the Intercreditor Agreement)

(1) if:

(a) the payment is of:

(i) any of the principal or interest (including capitalized interest) amount of the Future Senior Liabilities which is either (1) not prohibited from being paid by the Credit Facility Documents, the Cash Management Facility Documents, the Senior Secured Notes Indenture, any Future *Pari Passu* Debt Document or any Future Second Lien Debt Document or (2) is paid on or after the final maturity of the Future Senior Debt; or

(ii) any other amount in respect of the Future Senior Liabilities which is not an amount of principal or capitalized interest accrued due and payable in cash in accordance with the terms of the Future Senior Debt Documents or a corresponding amount under any Shareholder Debt Document (as that term is defined in the Intercreditor Agreement) entered into by and between a Shareholder Creditor and a member of the Group (such other amounts including all additional amounts payable as a result of the tax gross up provisions relating to the Future Senior Liabilities and amounts in respect of currency indemnities in the relevant Future Senior Debt Documents or Shareholder Debt Documents);

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Senior Liabilities (a "**Future Senior Debt Payment Blockage Notice**") is outstanding; and

(c) no Senior Secured Debt Payment Default (as that term is defined in the Intercreditor Agreement) or Future Second Lien Debt Payment Default has occurred and is continuing; or

(2) certain amounts due to the Future Senior Debt Representative for its own account;

(3) payments of amounts equal to any payment accrued pursuant to the Future Senior Debt Documents immediately after the period during which any Future Senior Debt Payment Blockage Notice is outstanding or a Senior Secured Debt Payment Default or Future Second Lien Debt Payment Default ceases to be continuing and which would otherwise have been a permitted payment pursuant to the terms of the Intercreditor Agreement;

(4) for so long as a Senior Secured Debt Event of Default is continuing certain payments as a result of the Future Senior Debt Liabilities being released or otherwise discharged in exchange for the issuance of shares in any holding company of any Future Senior Issuer, subject to certain conditions;

(5) certain payments of non-cash interest by way of capitalization;

(6) payments funded with the incurrence of Future Senior Liabilities;

(7) costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Future Senior Debt Documents (including in relation to any reporting or listing requirements), subject to certain conditions;

(8) costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Future Senior Debt in compliance with the Intercreditor Agreement, the Credit Facility Documents, the Senior Secured Notes Indenture, the Cash Management Facility Documents, any Future *Pari Passu* Debt document and any Future Second Lien Debt Documents;

(9) payments of certain reasonable and customary consent fees in connection with amendments to the Future Senior Debt documents in proportion to any corresponding amounts paid in respect of the Super Senior Liabilities, the Senior Secured Liabilities and the Future Second Lien Liabilities (to the extent such fees are paid or payable);

(10) payments in connection with purchases or redemptions of Future Senior Debt permitted under the Credit Facility Documents, Cash Management Facility Documents, Senior Secured Notes documents and Future *Pari Passu* Debt documents; or

(11) payment of any other amount not exceeding €2.5 million (or its equivalent) in aggregate in any financial year of the Issuer provided that any such amount not so applied may be carried forward and utilized in the subsequent financial year (where it shall be deemed to have been used first).

Until the later of the discharge of all the Senior Secured Debt and the Future Second Lien Debt, if a Senior Secured Debt Payment Default has occurred and is continuing or a Future Second Lien Payment Default has occurred and is continuing, all payments in respect of the Future Senior Debt Liabilities (other than those consented to by the Majority Super Senior Creditors. the Majority Senior Secured Creditors and (if following a Distress Event or when a Future Second Lien Debt Event of Default is continuing) the Majority Future Second Lien Creditors and certain amounts due to any Future Senior Debt Representative for its own account) will be suspended.

In addition, if either (x) a Senior Secured Default has occurred and is continuing and any Future Senior Debt Representative has received a Future Senior Debt Payment Blockage Notice from either the Credit Facility Agent, the Cash Management Facility Agent, the Senior Secured Notes Trustee or the representative of the Future *Pari Passu* Debt (or, in the case of (y) below, the representative of the Future Second Lien Debt) (the "**Relevant Representative**" (as applicable)) or (y) an event of default (other than a Future Second Lien Payment Default) under the finance documents in respect of the Future Second Lien Liabilities is continuing and any Future Senior Debt Representative has received a Future Senior Debt Payment Blockage Notice from the Relevant Representative, all payments in respect of the Future Senior Liabilities (other than those consented to by the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Future Second Lien Creditors and certain amounts due to the Future Senior Debt Representative for its own account and those permitted pursuant to paragraph (5) above) are suspended until the earliest of:

a) the date on which there is a waiver, remedy or cure of such Senior Secured Default or Future Second Lien Debt Event of Default (as applicable) in accordance with the relevant finance documents;

b) 179 days after the receipt by the relevant Future Senior Debt Representative of the Future Senior Debt Payment Blockage Notice;

c) the later of the repayment and discharge of all obligations in respect of the Senior Secured Liabilities and the repayment and discharge of all obligations in respect of the Future Second Lien Liabilities; the date on which the Relevant Representative which issued the Future Senior Debt Payment Blockage Notice (and, if at such time a Senior Secured Default or Future Second Lien Debt Event of Default (as applicable) is continuing in relation to the Senior Secured Liabilities (other than the Senior Secured Liabilities in respect of which the notice was given) or the Future Second Lien Liabilities (other than the Future Second Lien Liabilities in respect of which the notice was given), the Relevant Representative(s) in respect of that other Senior Secured Liabilities or Future Second Lien Liabilities (as applicable)) notify/ies (amongst others) the relevant Future Senior Debt Representative that the Future Senior Debt Payment Blockage Notice is cancelled;

d) the date on which the Security Agent or any Future Senior Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;

e) the date on which the relevant Senior Secured Default or Future Second Lien Debt Event of Default (as applicable) is no longer continuing and if the relevant Senior Secured Liabilities or Future Second Lien Liabilities (as applicable) have been accelerated such acceleration has been rescinded (and if such acceleration consisted solely of declaring the relevant debt payable on demand, such rescission can be effected by the relevant majority creditors in respect of the relevant debt); or

f) if a Standstill Period (as defined below) is in effect at any time after delivery of a Future Senior Debt Payment Blockage Notice, the date on which the Standstill Period expires,

provided that none of the circumstances described in this paragraph, nor those described in the paragraph above shall prevent the Future Senior Issuer from making payments in respect of the Future Senior Issuer Liabilities in accordance with the terms of the relevant documentation from its own assets (excluding at all times any assets which are subject to Transaction Security) provided that such payment is not financed by a payment to the Future Senior Issuer from a member of the Group that was prohibited by the Senior Secured Debt Documents and the Future Second Lien Debt Documents.

g) No new Future Senior Debt Payment Blockage Notice may be served by a Relevant Representative in respect of a Senior Secured Debt Event of Default unless 360 days have elapsed since the immediately prior Future Senior Debt Payment Blockage Notice. No Future Senior Debt Payment Blockage Notice may be served in respect of a Senior Secured Debt Event of Default or a Future Second Lien Debt Event of Default more than 60 days after the date that the Relevant Representative received notice of that Senior Secured Debt Event of Default or Future Second Lien Debt Event of Default (as applicable). No Relevant Representative may serve more than one Future Senior Debt Payment Blockage Notice with respect to the same event or set of circumstances, and no Future Senior Debt Payment Blockage Notice may be served in respect of a Senior Secured Debt Event of Default or Future Second Lien Debt Event of Default notified to a Relevant Representative at the time at which an earlier Future Senior Debt Payment Blockage Notice was issued.

h) If a Future Senior Debt Payment Blockage Notice ceases to be outstanding or the relevant Senior Secured Debt Payment Default and/or Future Second Lien Debt Payment Default has ceased to be continuing (by being waived by the relevant creditors/creditor's representative or remedied) the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Future Senior Debt Documents and if it does so promptly any event of default under the Future Senior Debt Documents caused by such delayed payment shall be waived and any enforcement notice which may have been issued as a result of that event of default shall be waived. A Senior Secured Debt Payment Default and/or Future Second Lien Debt Payment Default is remedied by the payment of all amounts then due.

Restrictions on enforcement by the Future Second Lien Creditors; Future Second Lien Debt Standstill

Until the discharge of all the Senior Secured Liabilities, no Future Second Lien Creditor may take Enforcement Action with respect to the Future Second Lien Debt, except that such restriction will not apply in relation to any Future Second Lien Liabilities if:

(a) a Future Second Lien Debt Event of Default is continuing;

(b) the Credit Facility Agent and the other representatives of the Senior Secured Liabilities have received notice of the specified event of default from the Future Second Lien Debt Representative;

(c) a Future Second Lien Debt Standstill Period (as defined below) has expired; and

(d) the relevant event of default is continuing at the end of the Future Second Lien Debt Standstill Period.

"**Future Second Lien Debt Standstill Period**" shall mean the period starting on the date (the "**Future Second Lien Debt Standstill Date**") that the Future Second Lien Debt Representative serves an enforcement notice on the Credit Facility Agent, the Cash Management Facility Agent, the Senior Secured Notes Trustee and the representative of any Future *Pari Passu* Debt until the earliest of:

(a) the date falling (i) 90 days in the case of a non-payment of interest, principal or fees representing the Future Second Lien Liabilities, (ii) 120 days in the case of a failure to make a payment of any other amount representing the Future Second Lien Liabilities, and (iii) 150 days in the case of any other Future Second Lien Debt Event of Default, in each case after the Future Second Lien Debt Standstill Start Date;

(b) the date on which the Security Agent takes Enforcement Action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), provided that the Future Second Lien Creditors may only take the same Enforcement Action against the same entity as is taken by the Security Agent and may not take any other action against any other member of the

Group;

(c) the date on which an insolvency event occurs in respect of any Debtor owning Future Second Lien Liabilities against whom Enforcement Action is to be taken;

(d) in respect of Future Second Lien Debt issued in the form of notes, the date on which a Future Second Lien Debt Event of Default occurs for failure to pay principal at the original scheduled maturity of the Future Second Lien Debt; and

(e) the expiration of any other Future Second Lien Debt Standstill Period which was outstanding at the date that the current Future Second Lien Debt Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If the Security Agent has notified the Future Second Lien Debt Representative that it is enforcing Transaction Security, no Future Second Lien Creditor may take any enforcement action against that Debtor, Third Party Security Provider, or any subsidiary of that Debtor or Third Party Security Provider (as the case may be) while the Security Agent is taking steps to enforce that Transaction Security where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom. If the Future Second Lien Creditors are permitted to give instructions to the Security Agent to require the enforcement of such Transaction Security, such Enforcement Action must require the realization of the relevant Security by way of a sale or disposal conducted in accordance with the Intercreditor Agreement.

Restrictions on enforcement by the Future Senior Creditors; Future Senior Debt Standstill

Until the later of the discharge of all the Senior Secured Liabilities and the Future Second Lien Liabilities, neither any Future Senior Debt Representative nor the holders of any Future Senior Liabilities may take Enforcement Action (including a Senior Notes Only Distressed Disposal) with respect to the Future Senior Liabilities (including any action against the Future Senior Issuer or the guarantors of any Future Senior Liabilities (if any)) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security or Senior Notes Only Security document without the prior consent of or as required by an Instructing Group (as defined below), except that such restriction will not apply in relation to:

(1) any Future Senior Debt Guarantee Liabilities and Shared Security if:

  (a) an event of default under the Future Senior Debt Documents is continuing;

  (b) the Credit Facility Agent and the other representatives of the Senior Secured Liabilities and the Future Second Lien Debt Representatives, have received notice of the specified event of default from any Future Senior Debt Representative (as the case may be);

  (c) a Future Senior Debt Standstill Period (as defined below) has expired; and

  (d) the relevant event of default is continuing at the end of the Future Senior Debt Standstill Period; and

(2) any Future Senior Issuer Liabilities and/or the Senior Notes Only Security if:

  (a) an event of default under the Future Senior Debt Documents is continuing;

  (b) the Credit Facility Agent and the other representatives of the Senior Secured Liabilities and the Future Second Lien Debt Representatives, have received notice of the specified event of default from any Future Senior Debt Representative (as the case may be);

  (c) a Future Senior Issuer Standstill Period (as defined below) has expired; and

  (d) the relevant event of default is continuing at the end of the Future Senior Debt Issuer Standstill Period,

A "**Future Senior Debt Standstill Period**" shall mean the period starting on the date that any Future Senior Debt Representative serves an enforcement notice on the Credit Facility Agent, the Cash Management Facility Agent, the Senior Secured Notes Trustee, the representative of any Future *Pari Passu* Debt and the Future Second Lien Debt Representative(s) until the earliest of:

(a) 179 days after such date;

(b) the date on which the Security Agent takes Enforcement Action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), provided that any Future Senior Debt Representative and Future Senior Creditors may only take the same Enforcement Action against the same entity as is taken by the Senior Secured Creditors and may not take any other action against any other member of the Group;

(c) the date on which an insolvency event occurs in respect of the Future Senior Issuer and/or any guarantor of the Future Senior Liabilities against whom Enforcement Action is to be taken; and

(d) the expiration of any other Future Senior Debt Standstill Period which was outstanding at the date that the current Future Senior Debt Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

A "**Future Senior Issuer Standstill Period**" shall mean the period starting on the date that any Future Senior Debt Representative serves an enforcement notice on the RCF Agent, the Cash Management Facility Agent, the Senior Secured Notes Trustee, the representative of any Future *Pari Passu* Debt and the Future Second Lien Debt Representative(s) until the earliest of:

(a) 90 days after such date in respect of an event of default arising by reason of non-payment and 150 days after such date in respect of any other event of default;

(b) the date on which the Security Agent takes Enforcement Action in respect of the Future Senior Issuer (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement);

(c) the date on which an insolvency event occurs in respect of the Future Senior Issuer; and

(d) the expiration of any other Future Senior Issuer Standstill Period which was outstanding at the date that the current Future Senior Issuer Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If the Security Agent has notified any Future Senior Debt Representative that it is enforcing Transaction Security, no other Future Senior Creditor may take any enforcement action against that Debtor, Third Party Security Provider, or any subsidiary of that Debtor or Third Party Security Provider (as the case may be) while the Security Agent is taking steps to enforce that Transaction Security where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom. If the Future Senior Creditors are permitted to give instructions to the Security Agent to require the enforcement of such Transaction Security, such Enforcement Action must require the realization of the relevant Security by way of a sale or disposal conducted in accordance with the Intercreditor Agreement.

Curing of certain Events of Default and termination of Enforcement

If an Event of Default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that Event of Default shall cease to continue.

Consultation

Prior to giving any instructions to the Security Agent to commence enforcement of all or part of the Transaction Security and/or the requesting of a distressed disposal and/or the release or disposal of claims or Transaction Security on a distressed disposal ("**Enforcement**"), the relevant representative of the Senior Secured Liabilities and/ or Super Senior Liabilities (as applicable) shall notify the Security Agent and the creditor representatives for each of the Super Senior Creditors and each of the Senior Secured Creditors that the applicable Transaction Security has become enforceable. As soon as reasonably practicable after receipt of such a notice instructing the Security Agent to solicit instructions to enforce security or take any other Enforcement Action given by the Super Majority Super Senior Creditors and/or the Majority Senior Secured Creditors, the Security Agent shall distribute such notice to the relevant addressees promptly upon receipt, following which, the Credit Facility Agent (acting on the instructions of the Super Majority Super Senior Creditors), the Cash Management Facility Agent, the representative of any Future *Pari Passu* Creditors and the Senior Secured Note Trustee will consult

in good faith with each other and the Security Agent for a period of 15 days from the date such notice is received by such persons (or such shorter period as the relevant parties may agree) with a view to coordinating the instructions to be given by an Instructing Group and agreeing an enforcement strategy (the "**Consultation Period**").

No such consultation shall be required (and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of the Consultation Period), in each case provided such instructions comply with the Security Enforcement Principles set forth below ("**Qualifying Instructions**") where:

(a) any of the Transaction Security has become enforceable as a result of an insolvency event affecting the Future Senior Issuer, the Issuer, a borrower or a guarantor, a Third Party Security Provider (as that term is defined in the Intercreditor Agreement) or any Material Subsidiary (as that term is defined in the Revolving Credit Facility Agreement) (each a "**Relevant Company**"); or

(b) subject to no instructions having been given by an Instructing Group in the circumstances described in (1)(c) below, the Super Majority Super Senior Creditors or the Majority Senior Secured Creditors determine in good faith (and notifies each other representative agent of the Super Senior Creditors, each Cash Management Facility, the Senior Secured Creditors, the Future *Pari Passu* Creditors and the Security Agent) that any delay caused by such consultation could reasonably be expected to reduce the amount likely to be realized to a level such that (following application thereof in accordance with the Payments Waterfall described below) the Super Senior Liabilities would not be discharged in full or have a material adverse effect of the ability to effect an enforcement or a distressed disposal and in this case any instructions will be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors or, as the case may be, the Super Senior Creditors, on behalf of which the relevant Instructing Group is acting and the Security Agent shall act in accordance with the instructions first received.

If following the Consultation Period, the Super Majority Super Senior Creditors and/or the Majority Senior Secured Creditors have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.

Subject to the paragraph below, in the event that conflicting instructions (and for these purposes silence is deemed to be a conflicting instruction) are received by the end of the Consultation Period, the Security Agent shall enforce the Transaction Security and/or refrain from enforcing the Transaction Security and/or take the relevant other Enforcement Action in accordance with the instructions provided by the Majority Senior Secured Creditors, in each case provided such instructions are Qualifying Instructions and the terms of all instructions received by the Super Majority Super Senior Creditors during the Consultation Period shall be deemed revoked.

If the Super Majority Super Senior Creditors or the Majority Senior Secured Creditors (acting reasonably) consider that the Security Agent is enforcing the security in a manner which is not consistent with the Security Enforcement Principles, subject to (a) and (b) above, the relevant representative shall give notice to the other representatives after which each such representative shall consult with the Security Agent for a period of 10 days (or such lesser period as the relevant representatives may agree) with a view to agreeing the manner of Enforcement, provided that such representatives shall not be obliged to consult more than once in relation to each Enforcement Action.

For the purposes of Enforcement, an "**Instructing Group**" means:

(1) if prior to the Credit Facility Lender Discharge Date (as that term is defined in the Intercreditor Agreement), the Super Majority Super Senior Creditors and the Majority Senior Secured Creditors, provided that if:

    (a) the Super Senior Liabilities have not been repaid in full in cash within six months of the end of the Consultation Period (or within six months of the delivery of a specified notice by the Majority Senior Secured Creditors, where no consultation period is required);

    (b) the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action within three months of the end of the Consultation Period (or within three months of the delivery of a specified notice by the Majority Senior Secured Creditors, where no consultation period is required); or

(c) an insolvency event has occurred with respect to a Relevant Company and the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action at that time with respect to such Relevant Company,

then the Security Agent shall thereafter follow any instructions that are subsequently given by the Super Majority Super Senior Creditors (in each case provided the same are Qualifying Instructions) to the exclusion of those given by the Majority Senior Secured Creditors (to the extent conflicting with any instructions previously given by the Majority Senior Secured Creditors) and "**Instructing Group**" in relation to such Enforcement shall mean the Super Majority Super Senior Creditors. Subject to the foregoing, in the event of conflicting Enforcement Instructions, the "**Instructing Group**" shall mean the Majority Senior Secured Creditors provided that such instructions from the Majority Senior Secured Creditors are Qualifying Instructions, it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the timeframe for the realization of value from the enforcement of the Transaction Security or Distressed Disposal pursuant to such instructions will be determined by the Majority Senior Secured Creditors;

(2) after the Credit Facility Lender Discharge Date but prior to the Senior Secured Debt Discharge Date, the Majority Senior Secured Creditors;

(3) on or after the Senior Secured Debt Discharge Date but prior to the Future Second Lien Debt Discharge Date, the Majority Future Second Lien Creditors; and

(4) on or after the Senior Secured Debt Discharge Date and the Future Second Lien Debt Discharge Date, the Majority Senior Creditors.

Prior to the Senior Secured Debt Discharge Date: (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Shared Security; or (ii) in the absence of instructions from an Instructing Group, and, in each case, an 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 Transaction Security which the Majority Future Second Lien Creditors are then entitled to give to the Security Agent in accordance with the Intercreditor Agreement, as described under the heading "Restrictions on Enforcement by the Future Second Lien Creditors" above. Notwithstanding the foregoing, if at any time any Future Second Lien Creditor or its Creditor Representative is then entitled to give the Security Agent instructions to enforce the Transaction Security and the Majority Future Second Lien Creditors do not give such instruction and do not indicate any intention to give such instruction, then the Instructing Group may give instructions to the Security Agent to enforce the Transaction Security as the Instructing Group sees fit in lieu of any instructions to enforce given by the Future Second Lien Creditors or its Creditor Representative under the Intercreditor Agreement and Security Agent shall act on such instructions received from the Instructing Group.

Prior to the later of the Senior Secured Debt Discharge Date and the Future Second Lien Debt Discharge Date: (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or (ii) in the absence of instructions from an Instructing Group, and, in each case, an 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 Shared Security which the Majority Senior Creditors are then entitled to give to the Security Agent in accordance with the Intercreditor Agreement, as described under the heading "Restrictions on Enforcement by the Future Creditors; Future Senior Debt Standstill" above. Notwithstanding the paragraph above, if at any time any Senior Creditor or its Creditor Representative is then entitled to give the Security Agent instructions to enforce the Shared Security pursuant to the above and the Majority Senior Creditors do not give such instruction and do not indicate any intention to give such instruction, then the Instructing Group may give instructions to the Security Agent to enforce the Shared Security as the Instructing Group sees fit in lieu of any instructions to enforce given by the Senior Creditors or its Creditor Representative under the Intercreditor Agreement and the Security Agent shall act on such instructions received from the Instructing Group.

For the avoidance of doubt, the above provisions do not apply to the enforcement of the Senior Notes Only Security in accordance with the terms of the Intercreditor Agreement where the Security Agent will act in accordance with and subject to the instructions of the Majority Senior Creditors (as that term is defined in the Intercreditor Agreement).

Security Enforcement Principles

Unless otherwise agreed in writing between the Issuer, Super Majority Super Senior Creditors, the Majority Cash Management Facility Creditors (as defined in the Intercreditor Agreement), the Senior Secured Notes Required Holders (as defined below) (if prior to the Senior Secured Notes Discharge Date), the Future *Pari Passu* Debt Required Holders (as defined below) (and to the extent relating to the definition of Security Enforcement Objective or paragraph (a) below, the Majority Future Second Lien Creditors), enforcement of the Transaction Security must be conducted in accordance with the "**Security Enforcement Principles**," which are summarized as follows:

(a) It shall, subject to any requirements of applicable law, be the primary and overriding aim of any enforcement of the Transaction Security to maximize, so far as is consistent with a prompt and expeditious realization of value from Enforcement of the Transaction Security, the recovery by the Super Senior Creditors, the Senior Secured Creditors, the Future *Pari Passu* Creditors and the Future Second Lien Creditors (to the extent that Transaction Security is expressed to secure the Future Second Lien Liabilities) (the "**Security Enforcement Objective**").

(b) The Transaction Security will, subject to any requirements of applicable law, be enforced and other action as to Enforcement will be taken such that either (i) all proceeds of Enforcement are received by the Security Agent in cash (or substantially all in cash) for distribution in accordance with the Payments Waterfall; or (ii) sufficient proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Payments Waterfall, the Super Senior Liabilities are repaid and discharged in full (unless the Super Majority Super Senior Creditors agree otherwise).

(c) The Enforcement Action must be prompt and expeditious it being acknowledged that, subject to the other provisions of the Intercreditor Agreement and any requirements of applicable law, the time frame for the realization of value from the Enforcement of the Transaction Security or Distressed Disposal (as defined below) pursuant to Enforcement will be determined by the Instructing Group provided that it is consistent with the Security Enforcement Objective.

(d) On a proposed Enforcement of any of the Transaction Security, the Security Agent shall (unless such enforcement is made pursuant to a public auction or process supervised by a court of law which makes a determination as to value) obtain an opinion from a reputable internationally recognized investment bank or international accounting firm or other reputable, third-party professional firm that is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced (a "**Financial Advisor**") to opine as expert (A) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Principles and maximize recovery of any such Enforcement Action, (B) that the proceeds received from enforcement is fair from a financial point of view after taking into account all relevant circumstances, and (C) that such sale is otherwise in accordance with the Security Enforcement Objective. Such Financial Advisor shall be selected by the Instructing Group giving any enforcement instructions to the Security Agent in accordance with the Intercreditor Agreement and the Security Agent shall be directed to appoint such Financial Adviser in any such enforcement instruction.

(e) The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement and it has received instructions as to the identity of such Financial Advisor from the Instructing Group. The liability of any Financial Advisor in respect of the opinions referred to in paragraph (d) above may be limited to the amount of its fees in respect of such engagement.

(f) The Financial Advisor's opinion will be conclusive evidence that the Security Enforcement Objective has been met and the Security Agent shall not be liable to any party as a result of having acted on the basis of the instructions given to it by the Instructing Group, as opined on by the Financial Advisor.

(g) In the event that an Enforcement of the Transaction Security is over assets and shares and such Enforcement is conducted by way of public auction, any equity investors of the Group shall be entitled to participate in such auction. There is no requirement in the Security Enforcement Principles that requires the Enforcement of Transaction Security to take place by way of public auction.

(h) In the absence of written notice from a creditor or group of creditors that are not part of the relevant Instructing Group that such creditor(s) object to any Enforcement of the Transaction Security on the grounds that such Enforcement Action does not aim to achieve the Security Enforcement Objective (an "Objection"), the Security Agent is entitled to assume that such Enforcement of the Transaction Security is in accordance with the Security Enforcement Objective.

(i) If the Security Agent receives an Objection (and without prejudice to the ability of the Security Agent to rely on other advisers and/or exercise its own judgement in accordance with the Intercreditor Agreement), a Financial Advisor's opinion to the effect that the particular action could reasonably be said to be aimed at achieving the Security Enforcement Objective will be conclusive evidence that the requirement of paragraph (a) above has been met.

For the avoidance of doubt, the above provisions do not apply to the enforcement of the Senior Notes Only Security.

Turnover

The Intercreditor Agreement also provides that if any Super Senior Creditor, Cash Management Facility Creditor, Super Senior Hedging Lender, Senior Secured Creditor, Future *Pari Passu* Creditor, Future Senior Creditor or Future Second Lien Creditor receives or recovers the proceeds of any Enforcement of Transaction Security (whether before or after an insolvency event) or any Senior Notes Only Security not permitted under the Intercreditor Agreement or applied other than in accordance with Payments Waterfall that it shall (subject to certain prior actual knowledge qualifications in the case of the Senior Secured Notes Trustee and any Future Senior Debt Representative, as applicable):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold an amount of that receipt or recovery equal to the relevant liabilities of that creditor (or, if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Certain further turnover obligations following receipt of non-permitted payments apply to Future Second Lien Creditors, Future Senior Creditors and Subordinated Creditors.

Application of proceeds/Waterfall

All amounts received or recovered by the Security Agent in connection with the realization or Enforcement of all or any part of the Transaction Security (and, in relation to the Future Senior Creditors, Shared Security) or otherwise paid to the Security Agent in accordance with the Intercreditor Agreement for application in accordance with the Payments Waterfall (the "**Enforcement Proceeds**"), other than with respect to the Senior Notes Only Security, will be paid to the Security Agent for application in accordance with the following payments waterfall in each case to the extent that security has been given in favor of such obligations (the "**Payments Waterfall**"):

- first, in payment of the following amounts in the following order (i) *pari passu* and pro rata any sums owing to the Security Agent, any receiver or any of its delegates and any Trustee Liabilities as the case may be, and then (ii) *pari passu* and pro rata to each Creditor Representative (as the term is defined in the Intercreditor Agreement) (to the extent not included in (i) above and excluding any Hedge Counterparty as its own Creditor Representative) of the costs and expenses of each such Creditor Representative and any receiver, attorney or agent appointed by such Creditor Representative under any Transaction Security Document or the Intercreditor Agreement;

- second, *pari passu* and pro rata, in or towards payment of all costs and expenses incurred by the Super Senior Creditors, the Senior Secured Creditors and the Senior Creditors in connection with any realization

or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- third, *pari passu* and pro rata, in or towards payment to (i) each Creditor Representative(s) in respect of a Credit Facility on its own behalf and on behalf of the Arrangers and the Credit Facility Lenders under that Credit Facility; and (ii) to the Priority Hedge Counterparties, for application towards the discharge of (A) the liabilities owed to the Creditor Representative in respect of each Credit Facility, the Credit Facility Lender Liabilities and the related Arranger Liabilities in accordance with the terms of the Credit Facility Documents and (B) the Priority Hedging Liabilities (in proportion to each Priority Hedge Counterparty's Priority Hedge Proportion), on a pro rata basis as between paragraphs (A) and (B) above;

- fourth, *pari passu* and pro rata to the Cash Management Facility Agent on behalf of the Cash Management Facility Creditors, the Senior Secured Notes Trustee and to the relevant Creditor Representative on behalf of the Future *Pari Passu* Creditors for application towards any unpaid costs and expenses incurred by or on behalf of any Cash Management Facility Creditors, holders of Senior Secured Notes and Future *Pari Passu* Creditors in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

- fifth, *pari passu* and pro rata to the Cash Management Facility Agent on behalf of the Cash Management Facility Creditors for application towards the Cash Management Facility Liabilities, to the Senior Secured Notes Trustee on behalf of the holders of Senior Secured Notes for application towards the discharge of the Senior Secured Notes Liabilities (in accordance with the relevant documents) and to the relevant Creditor Representative on behalf of the Future *Pari Passu* Creditors for application towards the discharge of the Future *Pari Passu* Debt (in accordance with the relevant documents) and to the *Pari Passu* Hedging Lenders for application towards the discharge of the Non-*Priority* Hedging Liabilities (in proportion to each *Pari Passu* Hedging Lender's Non-*Priority* Hedge Proportion);

- sixth, and only to the extent that the Future Second Lien Creditors are entitled to the relevant Recoveries, *pari passu* and pro rata in or towards payment to each Future Second Lien Debt Representative on behalf of the Future Second Lien Creditors it represents for application towards any unpaid costs and expenses incurred by or on behalf of any Future Second Lien Creditors in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

- seventh, and only to the extent that the Future Second Lien Creditors are entitled to the relevant Recoveries, *pari passu* and pro rata to each Future Second Lien Debt Representative on behalf of the Future Second Lien Creditors it represents for application towards the discharge of the Future Second Lien Liabilities (in accordance with the Future Second Lien Debt Documents);

- eighth, and only to the extent that the Future Senior Creditors are entitled to the relevant recoveries, *pari passu* and pro rata, in or towards payment to the relevant Creditor Representative on behalf of the Future Senior Creditors for application towards any unpaid costs and expenses incurred by or on behalf of the holders of any Future Senior Debt in connection with any realization or enforcement of the Shared Security taken in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

- ninth, and only to the extent that the Future Senior Creditors are entitled to the relevant Recoveries, *pari passu* and pro rata to the relevant Creditor Representative on behalf of the Future Senior Creditors for application towards the discharge of the Future Senior Debt (in accordance with the relevant documents); and

- tenth, after the Final Discharge Date, in payment of the surplus (if any) to the relevant Obligor or other person entitled to it.

For the avoidance of doubt (other than as provided above) payments of Enforcement Proceeds may only be made to the Senior Secured Notes Trustee for the holders of the Senior Secured Notes, if all payments then due and payable under the Revolving Credit Facility to the RCF Lenders, ancillary lenders and issuing bank and to

the Super Senior Hedging Lenders in respect of the Priority Hedging Liabilities and the other payments referred to under "**thirdly**" above have been paid in full. All amounts received or recovered by the Security Agent in connection with the realization or Enforcement of all or any part of the Senior Notes Only Security will be applied in accordance with a separate payments waterfall as follows (the "**Senior Notes Only Security Payments Waterfall**"):

- first, in payment of the following amounts in the following order (i) *pari passu* and pro rata any sums owing to the Security Agent, any receiver or any of its delegates and any Trustee Liabilities, as the case may be, and then (ii) *pari passu* and pro rata to each Creditor Representative of the holders of the Future Senior Creditors of the costs and expenses of each such Creditor Representative and any receiver, attorney or agent appointed by such Creditor Representative under any Senior Notes Only Security document or the Intercreditor Agreement;

- second, *pari passu* and pro rata, to the relevant Creditor Representative on behalf of the Future Senior Creditors in or towards payment of all costs and expenses incurred by the by any of Future Senior Creditors in connection with any realization or enforcement of the Senior Notes Only Security taken in accordance with the terms of the Senior Notes Only Security documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

- third, *pari passu* and pro rata, to the relevant Creditor Representative on behalf of the Future Senior Creditors for application towards the discharge of the Future Senior Debt (in accordance with the relevant documents); and

- fourth, after the Senior Debt Discharge Date, in payment of the surplus (if any) to the relevant Obligor or other person entitled to it.

Acceleration

If an event of default occurs under the Revolving Credit Facility, the Senior Secured Notes or Future *Pari Passu* Debt then any decision to accelerate the Revolving Credit Facility or Senior Secured Notes or Future *Pari Passu* Debt and, subject as provided below, to take any other Enforcement Action will be determined in accordance with the provisions of the Revolving Credit Facility or relevant Senior Secured Notes Indenture or in accordance with the terms of the Future *Pari Passu* Debt (as applicable). The Intercreditor Agreement contains provisions requiring relevant Creditor Representative to notify the Security Agent of such event and the Security Agent shall, upon receiving that notification, notify each other party to the Intercreditor Agreement.

Release and/or transfer of claims and liabilities in respect of the Future Senior Debt and the Senior Secured Notes and the Transaction Security

Non-distressed disposal

In circumstances where a disposal or other transaction whereby a release, consent or other step in relation to, Transaction Security is considered necessary or desirable by the Issuer in connection with such transaction (including to reflect the Agreed Security Principles), is not being effected pursuant to a Distressed Disposal and is otherwise permitted by the terms of the Senior Secured Notes Indenture, the Credit Facility Documents, the Cash Management Facility Documents, the Future *Pari Passu* Debt Documents, the Future Second Lien Debt Documents and the Future Senior Debt Documents (as those terms are defined in the Intercreditor Agreement), the Intercreditor Agreement provides that (subject to certain conditions) the Security Agent is authorized (i) to release relevant the Transaction Security or any other relevant claim (relating to a Debt Document) over any relevant asset; (ii) where any relevant asset consists of all the shares in the capital of an Obligor, to release the Transaction Security or any other claim (relating to a Debt Document) over the assets of that Obligor and the shares in and assets of any of its subsidiaries; (iii) to execute and deliver or enter into any release of the Transaction Security or any claim described in (i) and/or (ii) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing, or return any physical collateral or other documents, in each case, as reasonably requested by the Issuer, and (iv) to take any other action on behalf of the Secured Parties in connection with the same that is permitted under the relevant Debt Documents provided that, to the extent that replacement Transaction Security is required from the transferee under the terms of the Debt Documents, such Transaction Security shall, to the extent reasonably practicable and subject to the Agreed Security Principles, be granted at the same time as (or before) the relevant disposal is effected.

Distressed Disposal

"**Distressed Disposal**" means a disposal of an asset of a member of the Group or of a holding company which in each case is subject to the Transaction Security or any disposal of a Material Subsidiary (as that term is defined in the Revolving Credit Facility Agreement as at the date of the Intercreditor Agreement) or all or substantially all of the assets of a Material Subsidiary (as defined in the Revolving Credit Facility Agreement as at the date of the Intercreditor Agreement) which is (a) being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable, (b) being effected by enforcement of the Transaction Security, or (c) being effected, after the occurrence of a Distress Event (as defined below), by a Debtor, any holding company of a Debtor or a Third Party Security Provider to a person or persons which is not a member of the Group.

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement provides that the Security Agent is authorized and instructed:

(i) to release the Transaction Security, or any other claim over that asset and execute and deliver or enter into any release of that Transaction Security, or claim and issue any letters of non- crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of an Obligor, to release (a) that Obligor and any subsidiary of that Obligor from all or any part of: (x) the liabilities it may have as a principal debtor in respect of financial indebtedness arising under the Debt Documents (whether incurred solely or jointly and including, without limitation, liabilities as a Borrower under and as defined in the Revolving Credit Facility Agreement or liabilities as an issuer of the Senior Secured Notes or in any equivalent capacity under the Future *Pari Passu* Debt Documents, Future Second Lien Debt Document and/or Future Senior Debt Documents) (the "**Borrowing Liabilities**"); (y) the liabilities under the Debt Documents (present or future, actual or contingent and whether incurred solely or jointly) it may have as or as a result of its being a guarantor or surety or giving an indemnity as a primary debtor, contribution or subrogation and in particular any guarantee or indemnity arising under or in respect of the Senior Secured Debt Documents, the Future Second Lien Debt Documents or the Future Senior Debt Documents (as each such term is defined in the Intercreditor Agreement) (the "**Guarantee Liabilities**") and (z) any trading and other liabilities (not being Borrowing Liabilities or Guarantee Liabilities) it may have to any Intra-Group Lender, any Obligor, any Shareholder Creditor or any holding company of any Obligor (the "**Other Liabilities**"); (b) any Transaction Security granted by that Obligor or any subsidiary of that Obligor over any of its assets; and (c) any other claim of a Subordinated Creditor, an Intra-Group Lender, or another Obligor over that Obligor's assets or over the assets of any subsidiary of that Obligor, in each case, on behalf of the relevant Creditors, Obligors and Third Party Security Providers;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of an Obligor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Borrowing Liabilities, Guarantee Liabilities and Other Liabilities; (b) any Transaction Security granted by any subsidiary of that holding company over any of its assets; and (c) any other claim of a Subordinated Creditor, an intra-Group Lender or another Obligor over the assets of any subsidiary of that holding company, in each case, on behalf of the relevant Creditors and Debtors;

(iv) if the asset which is disposed of consists of shares in the capital of an Obligor or a holding company of an Obligor and the Security Agent decides to dispose of all or any part of (y) all present and future moneys, debts, liabilities and obligations due at any time of any member of the Group or any Future Senior Issuer to any Creditor under the Debt Documents, both actual and contingent and whether incurred solely or jointly with any other person or in any other capacity, together with any additional liabilities (the "**Liabilities**"); or (z) any liabilities owed to any Obligor or Shareholder Creditor (whether actual or contingent and whether incurred solely or jointly (the "**Debtor Liabilities**") owed by that Obligor or holding company or any subsidiary of that Obligor or holding company on the basis that (A) if the Security Agent does not intend that any transferee of those Liabilities or Debtor Liabilities will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of those Liabilities owed to the Primary Creditors or Debtor Liabilities provided that notwithstanding any other provision of any Debt Document, the transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes

of the Intercreditor Agreement; and (B) if the Security Agent does intend that any transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of (I) all (and not part only) of the Liabilities owed to the Primary Creditors; and (II) all or part of any other Liabilities and the Debtor Liabilities, on behalf of, in each case the relevant Creditors, Obligors and Third Party Security Providers: and

(v) if the asset which is disposed of consists of shares in the capital of an Obligor or the holding company of an Obligor (the "**Disposed Entity**") and the Security Agent decides to transfer to another Obligor or a holding company of an Obligor all or part of the Disposed Entity's obligations or any obligations of any Subsidiary of that Disposed Entity in respect of (x) the Intra- Group Liabilities; (y) the Liabilities owed by any member of the Group to any Shareholder Creditor(including for the avoidance of doubt with respect to any Proceeds Loan), together with any related additional liabilities; or (z) the Debtor Liabilities to execute and deliver or enter into any agreement to (A) agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities, Shareholder Liabilities or Debtor Liabilities on behalf of the relevant Intra- Group Lenders, the Shareholder Creditor and the relevant Obligors to which those obligations are owed and on behalf of the Obligors which owe those obligations; and (B) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities, Shareholder Liabilities or Debtor Liabilities on behalf of the receiving entity or receiving entities to which the obligations in respect of those Intra-Group Liabilities, Shareholder Liabilities or Debtor Liabilities are to be transferred.

If a Distressed Disposal is being effected (provided that, for this purpose, a Distressed Disposal shall not be deemed to include reference to any disposal of a Material Subsidiary (as defined in the Revolving Credit Facility Agreement) or all or substantially all of the assets of a Material Subsidiary (as defined in the Revolving Credit Facility Agreement)) such that the Future Second Lien Liabilities' and Transaction Security over shares in the Issuer or assets of a Future Second Lien Guarantor or the Issuer will be released, it is a condition to the release that either:

(i) the Future Second Lien Debt Representative has approved the release on the instructions of the Majority Future Second Lien Creditors (as defined in the Intercreditor Agreement); or

(ii) each of the following conditions is satisfied:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash);

(B) all present or future obligations owed to the Senior Secured Creditors and the Super Senior Creditors under the Senior Secured Debt Documents by a member of the Group all of whose shares pledged under in favor of the Senior Secured Creditors and the Super Senior Creditors are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale; and

(C) such sale or disposal is made:

(I) pursuant to Competitive Process (being a public or private auction or other competitive sale process in which more than one bidder participates or is invited to participate (including any person invited that is a Primary Creditor (as defined in the Intercreditor Agreement) at the time of such invitation), which may or may not be conducted through court or other legal proceedings, and which is conducted with the advice of a Financial Advisor) in which the Future Second Lien Creditors (or a representative acting on their behalf) shall be entitled to participate as bidder or financier to the potential purchaser and shall be provided equal information rights as any other bidder, subject to applicable securities law (and for the avoidance of doubt in which the Future Second Lien Creditors or a representative acting on their behalf are also entitled to participate);

(II) pursuant to any process or proceedings approved or supervised by or on behalf of any court of law which has jurisdiction and where there is a determination of value by or on behalf of such court; or

(III) where a Financial Advisor has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of Financial Advisor in giving such opinion may be limited to the amount of its fees in respect of such engagement.

If prior to the Senior Secured Debt Discharge Date, a Distressed Disposal is being effected at a time when the Majority Future Second Lien Creditors are entitled to give, and have given, instructions, the Security Agent is not authorized to release any Debtor, Subsidiary or Holding Company that is a member of the Group from any Borrowing Liabilities or Guarantee Liabilities or Other Liabilities owed to any Senior Secured Creditor or any Super Senior Creditor unless those Borrowing Liabilities or Guarantee Liabilities or Other Liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent Liability relating to a Letter of Credit, a Cash Management Facility or an Ancillary Facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor), following that release.

If a Distressed Disposal is being effected such that the Future Senior Liabilities and Shared Security will be released, it is a condition to the release that either:

(i) any Future Senior Debt representative has approved the release on the instructions of the Future Senior Debt Required Holders (as defined in the Intercreditor Agreement); or

(ii) each of the following conditions is satisfied:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash);

(B) all present or future obligations owed to the secured parties under the Future Second Lien Debt Documents by the Future Senior Debt Issuer, or a member of the Group all of whose shares pledged under the Transaction Security are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale; and

(C) such sale or disposal is made:

(I) pursuant to Competitive Process (being a public or private auction or other competitive sale process in which more than one bidder participates or is invited to participate (including any person invited that is a Primary Creditor (as defined in the Intercreditor Agreement) at the time of such invitation), which may or may not be conducted through court or other legal proceedings, and which is conducted with the advice of a Financial Advisor) in which the Senior Creditors, Super Senior Creditors of Future Second Lien Creditors (or in each case a representative acting on their behalf) shall be entitled to participate as bidder or financier to the potential purchaser and shall be provided equal information rights as any other bidder, subject to applicable securities law (and for the avoidance of doubt in which the Senior Secured Creditors, the Super Senior Creditors, the Future Second Lien Creditors or, in each case, a representative acting on their behalf are also entitled to participate);

(II) pursuant to any processor proceedings approved or supervised by or on behalf of any court of law which has jurisdiction and where there is a determination of value by or on behalf of such court; or

(III) where a Financial Advisor has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of Financial Advisor in giving such opinion may be limited to the amount of its fees in respect of such engagement.

If prior to the later of the Senior Secured Debt Discharge Date and the Future Second Lien Discharge Date, a Distressed Disposal is being effected at a time when the Majority Future Senior Creditors are entitled to give, and have given, instructions, the Security Agent is not authorized to release any Debtor, Subsidiary or Holding

Company that is a member of the Group from any Borrowing Liabilities or Guarantee Liabilities or Other Liabilities owed to any Senior Secured Creditor, Super Senior Creditor or Future Second Lien Creditor unless those Borrowing Liabilities or Guarantee Liabilities or Other Liabilities and any other Senior Secured Liabilities or Future Second Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent Liability relating to a Letter of Credit, a Cash Management Facility or an Ancillary Facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor), following that release.

If a disposal of an asset subject to the Senior Notes Only Security is being effected (i) at the request of the Majority Senior Creditors (at a time when enforcement of the Senior Notes Only Security is permitted by the "Restrictions on Enforcement by Future Senior Creditors; Future Senior Debt Standstill' section above in not authorized to release any Debtor, Subsidiary or Holding Company that is a member of the Group from any Borrowing Liabilities or Guarantee Liabilities or Other Liabilities owed to any Senior Secured Creditor or any Super Senior Creditor unless those Borrowing Liabilities or Guarantee Liabilities or Other Liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent Liability relating to a Letter of Credit, a Cash Management Facility or an Ancillary Facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor), following that release.

If a Distressed Disposal is being effected such that the Future Senior Liabilities and Shared Security will be released, it is a condition to the release that either:

(i) any Future Senior Debt representative has approved the release on the instructions of the Future Senior Debt Required Holders (as defined in the Intercreditor Agreement); or

(ii) each of the following conditions is satisfied:

  (A) the proceeds of such sale or disposal are in cash (or substantially in cash);

  (B) all present or future obligations owed to the secured parties under the Future Second Lien Debt Documents by the Future Senior Debt Issuer, or a member of the Group all of whose shares pledged under the Transaction Security are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale; and

  (C) such sale or disposal is made:

    (I) pursuant to Competitive Process (being a public or private auction or other competitive sale process in which more than one bidder participates or is invited to participate (including any person invited that is a Primary Creditor (as defined in the Intercreditor Agreement) at the time of such invitation), which may or may not be conducted through court or other legal proceedings, and which is conducted with the advice of a Financial Advisor) in which the Senior Creditors, Super Senior Creditors of Future Second Lien Creditors (or in each case a representative acting on their behalf) shall be entitled to participate as bidder or financier to the potential purchaser and shall be provided equal information rights as any other bidder, subject to applicable securities law (and for the avoidance of doubt in which the Senior Secured Creditors, the Super Senior Creditors, the Future Second Lien Creditors or, in each case, a representative acting on their behalf are also entitled to participate);

    (II) pursuant to any processor proceedings approved or supervised by or on behalf of any court of law which has jurisdiction and where there is a determination of value by or on behalf of such court; or

    (III) where a Financial Advisor has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of Financial Advisor in giving such opinion may be limited to the amount of its fees in respect of such engagement.

If prior to the later of the Senior Secured Debt Discharge Date and the Future Second Lien Discharge Date, a

Distressed Disposal is being effected at a time when the Majority Future Senior Creditors are entitled to give, and have given, instructions, the Security Agent is not authorized to release any Debtor, Subsidiary or Holding Company that is a member of the Group from any Borrowing Liabilities or Guarantee Liabilities or Other Liabilities owed to any Senior Secured Creditor, Super Senior Creditor or Future Second Lien Creditor unless those Borrowing Liabilities or Guarantee Liabilities or Other Liabilities and any other Senior Secured Liabilities or Future Second Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent Liability relating to a Letter of Credit, a Cash Management Facility or an Ancillary Facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor), following that release.

If a disposal of an asset subject to the Senior Notes Only Security is being effected (i) at the request of the Majority Senior Creditors (at a time when enforcement of the Senior Notes Only Security is permitted by the "Restrictions on Enforcement by Future Senior Creditors; Future Senior Debt Standstill' section above in circumstances, (ii) by enforcement of the Senior Notes Only Security or (iii) after the occurrence of a Distress Event, by a Third Party Security Provider to a person which is not a member of the Group), the Security Agent is irrevocably authorized and instructed to take all such actions as if the disposal was a Distressed Disposal (including the release of any Senior Notes Only Security) and the net proceeds of the disposal shall be paid to the Security Agent to be distributed in accordance with the Senior Notes Only Security Payments Waterfall provided that, if such disposal occurs prior to the later of the Senior Secured Debt Discharge Date and the Future Second Lien Discharge Date, the Security Agent is not authorized to release any Debtor, Subsidiary or Holding Company that is a member of the Group from any Borrowing Liabilities or Guarantee Liabilities or Other Liabilities owed to any Senior Secured Creditor, Super Senior Creditor or Future Second Lien Creditor unless those Borrowing Liabilities or Guarantee Liabilities or Other Liabilities and any other Senior Secured Liabilities or Future Second Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent Liability relating to a Letter of Credit, a Cash Management Facility or an Ancillary Facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor), following that release.

Application of proceeds of a Distressed Disposal

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent for application in accordance with the provisions set forth under "- Application of proceeds/ Waterfall' as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if the disposal of liabilities had not occurred.

Voting and amendments

Voting in respect of the Credit Facility, the Senior Secured Notes and/or Future *Pari Passu* Debt will be in accordance with the relevant documents.

Subject to the paragraph below and certain customary exceptions contained in the Intercreditor Agreement, amendments to or waivers and consents under the Intercreditor Agreement requires the written agreement of:

(a) the Majority Super Senior Creditors;

(b) the Majority Cash Management Facility Creditors;

(c) the Senior Secured Notes Required Holders (as defined below) (if prior to the Senior Secured Notes Discharge Date);

(d) the Future *Pari Passu* Debt Required Holders (as defined below);

(e) the Majority Future Second Lien Creditors;

(f) the Future Senior Debt Required Holders (as defined below);

(g) the Security Agent; and

(h) the Issuer,

(except for amendments of a minor, technical or administrative nature which may be effected by the Security Agent and the Issuer) *provided* that to the extent an amendment, waiver or consent only affects one class of secured party, and such amendment, waiver or consent could not reasonably be expected to materially and

adversely affect the interests of the other classes of secured party, only written agreement from the representative for any affected class (acting on the instructions of the affected class as required) shall be required. Notwithstanding the paragraph immediately above, subject to certain exceptions, including in relation to the implementation of certain future indebtedness as contemplated by the Intercreditor Agreement, an amendment or waiver relating to provisions dealing with (i) ranking and priority, (ii) turnover of Receipts, (iii) redistribution, (iv) enforcement of Transaction Security, (v) proceeds of disposals, (vi) application of proceeds, (vii) consents, amendments and overrides, (viii) the definition of "Instructing Group" and (ix) certain provisions relating to the instructions to and exercise of discretion by the Security Agent or the order of priority or subordination under the Intercreditor Agreement, shall not be made without the written consent of:

(a) the Credit Facility Lenders;

(b) the Cash Management Facility Lenders (to the extent that the amendment or waiver would materially adversely affect the rights and obligations of the Cash Management Facility Lenders under the Intercreditor Agreement in their capacity as such); the Senior Secured Notes Trustee (acting in accordance with the terms of the Senior Secured Notes Indenture);

(c) the representative of the Future *Pari Passu* Creditors;

(d) the representative of the Future Second Lien Creditors;

(e) the representative of the Future Senior Creditors;

(f) each Super Senior Hedging Lender and each *Pari Passu* Hedging Lender (to the extent that the amendment or waiver would materially adversely affect Super Senior Hedging Lenders and *Pari Passu* Hedging Lenders); and

(g) the Issuer,

provided that to the extent an amendment, waiver or consent only affects one class of secured party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of secured party, only written agreement from the representative for any affected class (acting on the instructions of the affected class as required) shall be required.

The Intercreditor Agreement provides that:

(a) "**Future Senior Debt Required Holders**" means, in respect of any direction, approval, consent or waiver, the Future Senior Creditors holding in aggregate a principal amount of Future Senior Debt which is not less than the principal amount of Future Senior Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future Senior Debt;

(b) "**Future *Pari Passu* Debt Required Holders**" means, in respect of any direction, approval, consent or waiver, the *Pari Passu* Creditors holding in aggregate a principal amount of Future *Pari Passu* Debt which is not less than the principal amount of Future *Pari Passu* Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders at least holding the majority of the principal amount of the then outstanding Future *Pari Passu* Debt; and

(c) "**Senior Secured Notes Required Holders**" means, in respect of any direction, approval, consent or waiver, the holders of the Senior Secured Notes holding in aggregate a principal amount of Senior Secured Notes which is not less than the principal amount of Senior Secured Notes required to vote in favor of such direction, consent or waiver under the terms of the Senior Secured Notes Indenture or, if the required amount is not specified, the holders holding the majority of the principal amount of the then outstanding Senior Secured Notes (as applicable);

Snooze/lose

If in relation to a request for a consent, to participate in a vote of a class of creditors, to approve any action or to provide any confirmation or notification, in each case, under the Intercreditor Agreement (and any other Debt

Document (other than the Future Senior Debt Documents), which does not contain a substantially equivalent snooze/lose provision) any creditor fails to respond to the request within ten Business Days or fails to provide details of its credit participation, such creditor will be disregarded or be deemed to have zero participation in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable provided that, notwithstanding the foregoing, such provision shall not apply to any holder of a Note in respect of any request where such holder of a Note is not given the option to respond to such request in the negative but shall otherwise apply to all holders of a Note.

Option to purchase

Following:

(a) any notice that the Transaction Security has become enforceable; or

(b) either (i) an acceleration of the Revolving Credit Facility, a Cash Management Facility Document, the Senior Secured Notes, the Future *Pari Passu* Debt, the Future Second Lien Debt or the Future Senior Debt, or (ii) the enforcement of any Transaction Security (a "**Distress Event**") (and provided that no option to purchase has been served by the Future Second Lien Creditors or the Future Senior Creditors),

the holders of the Senior Secured Notes, the Cash Management Facilities Lenders and the Future *Pari Passu* Creditors shall have an option to purchase all (but not part) of the RCF Lenders' (or their affiliates) commitments under the Revolving Credit Facility and all their exposures in respect of any related Super Senior Hedging Agreements at par plus accrued interest and all other amounts owing under the Revolving Credit Facility Agreement and the Super Senior Hedging Agreements, with such purchase to occur all at the same time.

Following (a) any notice that the Transaction Security has become enforceable; or (b) a Distress Event (and provided that no option to purchase has been served by the Future Senior Creditors), the holders of the Future Second Lien Debt shall have an option to purchase all (but not part) of the Senior Secured Debt at par plus accrued interest and all other amounts owing in respect of such Senior Secured Debt, with such purchase to occur all at the same time.

Following (a) any notice that the Transaction Security has become enforceable; or (b) a Distress Event, the Future Senior Creditors shall have an option to purchase all (but not part) of the Senior Secured Debt and Future Second Lien Debt at par plus accrued interest and all other amounts owing in respect of such Senior Secured Debt and Future Second Lien Debt, with such purchase to occur all at the same time.

Hedging

All scheduled payments permitted under a Super Senior Hedging Agreements or a *Pari Passu* Hedging Agreement (other than certain close out payments whilst a Senior Secured Default is continuing (or payments when a scheduled payment from the hedging counterparty is due and unpaid)) are permitted payments for the purposes of the Intercreditor Agreement.

The Intercreditor Agreement contains customary provisions in relation to the circumstances in which a Super Senior Hedging Lender and a *Pari Passu* Hedging Lender may take Enforcement Action in relation to its hedging.

Provisions following an IPO

On, following or in contemplation of an initial public offering of the Issuer (or a holding company of the Issuer) (an "**IPO**"), the Issuer is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things, (i) the Group (and all related provisions) will now refer to the entity who will issue shares or whose shares are to be sold pursuant to such IPO (the "**IPO Pushdown Entity**") and each of its respective Restricted Subsidiaries, (ii) all financial ratio calculations shall be made excluding any holding company of the IPO Pushdown Entity, (iii) certain provisions of the Debt Documents (including representations, undertakings and events of default) will cease to apply to any holding company of the IPO Pushdown Entity, Following an IPO Event, each holding company of the IPO Pushdown Entity shall be irrevocably and unconditionally released from all obligations under the Debt Documents (including any Transaction Security and any Shared Security), and each Subordinated Creditor will be released from its obligations and restrictions under the Intercreditor Agreement in the appropriate capacity.

Following an IPO Event, subject to the consent of the requisite majority lenders under each applicable class of debt (being the Majority Super Senior Creditors, the Majority Senior Secured Creditors the Majority Senior Creditors and the Majority Future Second Lien Creditors (each as defined in the Intercreditor Agreement)), the Issuer and each other member of the Group shall also be released from all obligations as Debtor and guarantor under the Debt Documents and from the Transaction Security (other than, in each case, borrowing liabilities). Each party to the Intercreditor Agreement (other than a member of the Group) shall be required to enter into any amendment, release or replacement of any Debt Document required to facilitate such matters.

General

The Intercreditor Agreement contains provisions dealing with:

(a) close-out rights for the Super Senior Hedging Lenders and the *Pari Passu* Hedging Lenders;

(b) permitted payments (including without limitation, the repayment of Shareholder Liabilities and the payment of permitted distributions in each case to the extent permitted under the terms of the finance documents relating to the Senior Secured Debt and the Future Senior Debt);

(c) incurrence of Future *Pari Passu* Debt, Future Senior Debt or Future Second Lien Debt that will allow certain creditors and agents with respect to such Future *Pari Passu* Debt, Future Senior Debt or Future Second Lien Debt, as the case may be, to accede to the Intercreditor Agreement and benefit from, and be subject to, the provisions of the Intercreditor Agreement so long as not prohibited under the Credit Facility Documents or the Senior Secured Notes;

(d) the ability to replace or supplement the Revolving Credit Facility Agreement with facilities benefiting from a similar position under the terms of the Intercreditor Agreement;

(e) payments received by creditors which are not permitted by the Intercreditor Agreement shall be required to be held on trust for the Security Agent and provided to the Security Agent for application in accordance with the Payments Waterfall; and

(f) customary protections for any Future Senior Debt Representative and the Senior Secured Notes Trustee.

Governing law

The Intercreditor Agreement is governed by and construed in accordance with English law.

Other Indebtedness

We are a party to certain committed bilateral facilities agreements with Italian banks, providing the Group with certain receivables discounting and short-term. The purpose of these committed bilateral facilities is to finance our ordinary course of business activities as well as our liquidity and working capital needs. These facilities are unsecured and unguaranteed. In particular, the Issuer has approximately €11.5 million committed facilities, consisting of approximately €8.0 million of receivables discounting and €3.5 million of other short-term debt, of which €6.0 million drawn and €5.5 million available for drawing, as of March 31, 2024.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "*—Certain Definitions*." For purposes of this "*Description of the Notes*," references to the "**Issuer**," "**we**," "**our**" and "*us*" refer only to Rino Mastrotto Group S.p.A. and its successors. The term "**Third Party Security Providers**" refers to each of Gold Leather and any FamilyCo, and their respective successors.

The Issuer is offering (the "**Offering**") €320.0 million in aggregate principal amount of its Senior Secured Floating Rate Notes due 2031 (the "**Notes**"). The Notes will be issued under an indenture to be dated as of the Issue Date (the "**Indenture**"), among, *inter alios*, the Issuer, Gold Leather as Third Party Security Provider, U.S. Bank Trustees Limited, as trustee (the "**Trustee**") and security agent and representative (*rappresentante*) of the holders of the Notes pursuant to and for the purposes set forth under Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "**Security Agent**"), and Elavon Financial Services DAC, as paying agent, registrar, transfer agent and calculation agent, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate by reference or include terms of, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The proceeds from the Offering of the Notes sold on the Issue Date will be used by the Issuer to repay in full and cancel outstanding indebtedness under certain existing facilities of the Issuer, fund a distribution to our shareholders, for general corporate purposes, which may include potential future investments, and pay fees and expenses associated with the Transactions. See "*Summary—The Transactions*," and "*Use of Proceeds*."

Upon the initial issuance of the Notes on the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed by any of the Issuer's Subsidiaries. Subject to and in accordance with the Agreed Security Principles and to certain material limitations pursuant to applicable laws, on a date that is no later than 60 days from (and excluding) the Issue Date, the Notes are expected to be guaranteed on a joint and several basis by the Initial Guarantors (as further described below).

The Notes, the Indenture and the Notes Guarantees will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the terms and relative ranking of the Liens on the Collateral securing the Notes and the Notes Guarantees, the ability to make payments in respect of the indebtedness, procedures for undertaking enforcement action, subordination of certain indebtedness, turnover obligations, terms relating to certain IPO debt pushdowns, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of Certain Financing Arrangements— Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes, any Notes Guarantee, the Indenture and the Security Documents. As this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and the Guarantors and your rights.

The registered holder (a "**Holder**") of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

Brief Description of the Notes and the Notes Guarantees

The Notes

The Notes will:

- be general, senior obligations of the Issuer;
- be secured as set forth under "*—Security*";
- rank *pari passu* in right of payment to any existing and future senior indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, including the Issuer's obligations under the Revolving Credit Facility Agreement and certain hedging obligations, if any;

- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- once secured, rank effectively senior to any existing and future indebtedness of the Issuer that is not secured by the Collateral to the extent of the value of the Collateral;
- be effectively subordinated to any existing and future indebtedness or obligation of the Issuer or of subsidiaries of the Issuer that are secured by property or assets that do not secure the Notes, or that secures such other indebtedness on a super senior basis (including obligations under the Revolving Credit Facility Agreement, certain hedging obligations, if any, and certain other Indebtedness permitted to be Incurred with a super senior status under the Indenture, if any), to the extent of the value of the property and assets securing such other indebtedness or obligation;
- be structurally subordinated to any existing or future indebtedness or obligations of subsidiaries of the Issuer that are not Guarantors, including obligations owed to trade creditors; and
- be represented by one or more Notes in registered global form, but in certain circumstances the Notes may be represented by Definitive Registered Notes (see "*Book-Entry; Delivery and Form*" in this Offering Memorandum).

Under the terms of the Intercreditor Agreement, Holders will receive proceeds from the enforcement of the Collateral only after certain obligations entitled to receive proceeds from the enforcement of the Collateral in priority to the Notes have been repaid in full, including obligations under the Revolving Credit Facility, certain Hedging Obligations, if any, and certain other Indebtedness permitted to be Incurred with a super senior status under the Indenture, if any.

Principal and Maturity

On the Issue Date, the Issuer will issue €320.0 million in aggregate principal amount of Notes. The Notes will mature on July 31, 2031. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Additional Notes

The Indenture will be unlimited in aggregate principal amount, of which an aggregate principal amount of €320.0 million of Notes will be issued on the Issue Date. We may, after the Issue Date and subject to applicable law, issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes issued on the Issue Date (any such additional Notes actually issued, the "**Additional Notes**"), except in respect of any of the following terms which shall be set forth in an Officer's Certificate delivered to the Trustee (copying the Paying Agent) and include:

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued and the maturity date of such Additional Notes;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of Holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

The Notes (and any Additional Notes subsequently issued under the Indenture) will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers and amendments, but not, except upon the election of the Issuer, in respect of redemptions and offers to purchase; *provided that* if any Additional Notes are not fungible with the Notes for U.S. federal income tax purposes and Italian tax purposes, such Additional Notes will be issued with a separate ISIN code or common code, as applicable, from the Notes issued on the Issue Date. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens (as described below under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*"). Unless otherwise specified or unless the context otherwise requires, for all purposes under the Indenture and this "*Description of the Notes*," references to the "*Notes*" shall be deemed to include the Notes issued on the Issue Date as well as any Additional Notes that are actually issued.

Interest

Interest on the aggregate principal amount of Notes at any time outstanding will accrue at a rate equal to the sum of three-month EURIBOR (with a 0% floor), plus 4.750% (such sum, the "**Applicable Rate**") per annum, reset quarterly, as determined by the Calculation Agent.

Interest on the Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears, on each January 31, April 30, July 31 and October 31, beginning on October 31, 2024;
- be payable to the Holder of record of such Notes on the Business Day immediately preceding the related interest payment date (for Notes held in global form);
- be payable entirely in cash in euros; and
- be computed on the basis of a 365-day year and the actual number of days elapsed.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Interest Calculation Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "**Interest Amount**") and notify the Issuer in writing thereof. The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of the Notes outstanding on the Interest Calculation Date, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 365; *provided*, *however*, that interest shall only be paid in respect of Notes outstanding on the applicable interest payment dates. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). The determination of the Applicable Rates and the Interest Amounts by the Calculation Agent shall, in the absence of willful default, fraud or manifest error, be final and binding on all parties. The Trustee and the Paying Agent shall not be responsible for, nor incur any liability in connection with, any loss resulting from any calculation made, or intended to be made, by the Calculation Agent. In no event will the applicable rate of interest on the Notes be higher than the maximum rate permitted by applicable law, *provided*, *however*, that the Calculation Agent shall not be responsible for verifying that the applicable rate of interest on the Notes is permitted under any applicable law.

Set forth below is a summary of certain of the defined terms used in the Indenture relating to the calculation of interest on the Notes:

"**Calculation Agent**" means a financial institution appointed by the Issuer to calculate the interest rate payable on the Notes in respect of each interest period, which shall initially be Elavon Financial Services DAC.

"**EURIBOR**" means, with respect to an Interest Period, the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date that appears on Reuters Page EURIBOR01 as of 11:00 a.m. (Brussels time) on the Interest Calculation Date*; provided*, *however*, that EURIBOR shall never be less than 0%. If Reuters Page EURIBOR01 does not include such a rate or is unavailable on an Interest Calculation Date, the Issuer will request the principal London office of each of four major banks in the euro zone inter-bank market, as selected by the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m. (Brussels time) on such Interest Calculation Date, to prime banks in the euro zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date. If at least two such offered quotations are so provided, EURIBOR for such Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Issuer will request each of three major banks in London, as selected by the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m. (Brussels time) on such Interest Calculation Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Interest Calculation Date. If at least two such rates are so provided, EURIBOR for such Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then EURIBOR in respect of such Interest Period will be the EURIBOR in effect with respect to the immediately preceding Interest Period.

If the Issuer determines, prior to any Interest Calculation Date, that:

(i) there has been a material disruption to EURIBOR;

(ii) EURIBOR is not available for use temporarily, indefinitely or permanently;

(iii) there are restrictions or prohibitions on the use of EURIBOR;

(iv) an alternative rate has replaced EURIBOR in customary market practice in the international capital markets applicable generally to floating rate notes; or

(v) it has become unlawful for the Calculation Agent, the Issuer or a third-party agent of the Issuer to calculate any payments due to Holders using EURIBOR,

a Rate Determination Agent, acting in good faith and in a commercially reasonable manner, shall select a successor rate to EURIBOR that is substantially comparable to EURIBOR or that has been recommended or selected by the relevant monetary authority or similar authority (or working group thereof) or by a widely recognized industry association or body or that is expected to develop as an industry accepted rate for debt market instruments such as or comparable to the Notes, as more fully set forth in the Indenture (and any applicable adjustment spread required to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of EURIBOR (the "**Adjustment Spread**")) for use in calculating the Applicable Rate (the "**Successor Rate**"), and the Issuer shall certify (by way of an Officer's Certificate) to each of the Trustee, the Calculation Agent and the Paying Agents, at least five Business Days prior to any Interest Calculation Date, such Successor Rate (and the Adjustment Spread) (upon which each of the Trustee, the Calculation Agent and Paying Agents shall be entitled to rely conclusively and absolutely without further enquiry, investigation, verification or liability of any kind whatsoever), which shall be used by the Calculation Agent to calculate the Applicable Rate. Holders shall be bound by any such Successor Rate (and Adjustment Spread) without any further action or consent by the Holders or the Trustee. For the avoidance of doubt, the sum of the Successor Rate and the Adjustment Spread shall, in all cases, not be less than 0%. The Issuer shall promptly notify the Holders of the adoption of any Successor Rate (and Adjustment Spread). Following the adoption of any Successor Rate and Adjustment Spread, all references to "EURIBOR" in the Indenture shall be deemed to refer to such Successor Rate (and such Adjustment Spread).

"**euro zone**" means the region comprised of member states of the European Union that at such time use the euro as their official currency.

"**Interest Calculation Date**" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period (as defined below) in respect of the relevant Interest Period.

"**Interest Period**" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date.

"**Rate Determination Agent**" means (i) an independent financial institution of international standing or an independent financial adviser of recognized standing (that is not an Affiliate of the Issuer) as appointed by the Issuer at the expense of the Issuer or (ii) if it is reasonably practicable to appoint a party as referred to under (i), the Issuer.

"**Representative Amount**" means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Reuters Page EURIBOR01**" means the display page so designated on Reuters (or such other page as may replace that page on that service, or, if no such page is available, Bloomberg page "*EBF*" or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"**TARGET Settlement Day**" means any day on which the Trans- European Automated Real- Time Gross Settlement Express Transfer (TARGET2) System is open for the settlement of payments in euro.

The rights of Holders to receive payments of interest on the Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Italian usury laws

Notwithstanding any other provision to the contrary in the Indenture, if the remuneration applicable to the Notes (including interest, default interest, fees, charges, expenses and other costs and any other form of compensation related to the Notes (the "**Total Remuneration**")) at any time exceeds the maximum remuneration permitted under applicable Italian law (including Italian Law No. 108 of March 7, 1996, as amended and supplemented), then the Total Remuneration shall immediately and automatically be reduced to the maximum admissible remuneration pursuant to applicable Italian law for, and limited to, the period during which it is not possible to apply the remuneration as originally provided.

Methods of Receiving Payments on the Notes

Principal, interest, premium and Additional Amounts, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided that* all such payments with respect to the Notes represented by one or more Global Notes registered in the name of or held by a nominee of a common depositary for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the registered Holder thereof (being the common depositary or its nominee for Euroclear and Clearstream).

Principal, interest, premium and Additional Amounts, if any, on any certificated securities ("**Definitive Registered Notes**") will be payable at the specified office or agency of one or more Paying Agents. See "— *Paying Agent and Registrar for the Notes*."

Paying Agent, Registrar, Transfer Agent and Calculation Agent for the Notes

The Issuer will maintain one or more Paying Agents for the Notes. The initial Paying Agent will be Elavon Financial Services DAC (the "**Paying Agent**").

The Issuer will also maintain a registrar (the "**Registrar**"), a transfer agent (the "**Transfer Agent**") and a Calculation Agent. The initial Registrar will be Elavon Financial Services DAC, the initial Transfer Agent will be Elavon Financial Services DAC and the initial Calculation Agent will be Elavon Financial Services DAC. The Registrar, the Transfer Agent and the Paying Agent, as applicable, will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

Subject to the above restrictions and upon written notice to the Trustee, the Issuer may change the Paying Agent, the Registrar, the Transfer Agent or the Calculation Agent for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar, Transfer Agent or Calculation 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.luxse.com*). The Issuer or any of its Subsidiaries may act as Paying Agent, Registrar or Calculation Agent in respect of the Notes.

Notes Guarantees

General

On the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed. Subject to and in accordance with the Agreed Security Principles and certain significant limitations pursuant to applicable laws, on a date that is no later than 60 days from (and excluding) the Issue Date, we will procure that Elmo, Mapel Components, Mapel Textile, RMG Leather and Tessitura Oreste Mariani accede to the Indenture as guarantors (the "**Initial Guarantors**"). Each of the Initial Guarantors will also be obligors under the Revolving Credit Facility. In addition, if required by the covenant described under "*—Certain Covenants—Limitation on Additional Guarantees*," subject to the Intercreditor Agreement and the Agreed Security Principles, certain other Restricted Subsidiaries may provide a Notes Guarantee in the future (the "**Additional Guarantors**" and, together with the Initial Guarantors, the "**Guarantors**"). The Notes Guarantees will be joint and several obligations of the Guarantors and will be subject to, and in accordance with, the Agreed Security Principles and to certain material limitations pursuant to applicable laws. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Each of the Guarantees is significantly limited by applicable laws and subject to certain limitations and defenses that may adversely affect their validity and enforceability*."

Each Notes Guarantee (if any) will, upon its issuance:

- be a general senior obligation of the relevant Guarantor, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Notes Guarantee, including such Guarantor's guarantee of the Revolving Credit Facility Agreement and certain hedging obligations (if any);
- rank senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated to its Notes Guarantee;
- be effectively subordinated to any existing or future indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure its Notes Guarantee, or which secures such other indebtedness on a super senior basis (including obligations under the Revolving Credit Facility Agreement and certain hedging obligations (if any)), to the extent of the value of the property and assets securing such other indebtedness or obligation; and
- be structurally subordinated to any existing or future indebtedness or obligations of subsidiaries of that Guarantor that do not guarantee the Notes, including obligations owed to trade creditors of such Guarantor and settlement obligations.

Each Notes Guarantee will be subject to the Agreed Security Principles and will also be limited to the maximum amount that would not render the applicable Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the U.S. Bankruptcy Code or any comparable provision of non-U.S. law or state law, to comply with corporate benefit, financial assistance, capital maintenance rules and other applicable laws or will be limited as set out in the Indenture. In addition, a Notes Guarantee (if any) will be subject to certain contractual and legal limitations, as described hereunder and under "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations.*" By virtue of these limitations, a Guarantor's obligation under its Notes Guarantee (if any) will be significantly

less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral— Each of the Guarantees is significantly limited by applicable laws and subject to certain limitations and defenses that may adversely affect their validity and enforceability*" and "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*." In addition, the Notes Guarantee may be released under certain circumstances. See "*— The Notes Guarantees—Notes Guarantees Release.*"

A portion of our operations is conducted through Restricted Subsidiaries that are not expected to be Guarantors and that are not expected to merge with the Issuer. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding claims under debt and guarantees issued by those Restricted Subsidiaries, and claims of minority stockholders and preferred stockholders of non-Guarantor Restricted Subsidiaries generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer, including Holders.

The Issuer and the Initial Guarantors in aggregate accounted for 90.8% of our revenue and 88.4% of our Adjusted EBITDA, in each case for the twelve months ended March 31, 2024 (on a pro forma basis), and, as of March 31, 2024, in aggregate accounted for 87.6% of our total assets. As of March 31, 2024, on an as adjusted basis, *as adjusted* to (i) reflect the Event occurred after Q1-2024 and (ii) give effect to the Transactions, our non-Guarantor Restricted Subsidiaries would have had *de minimis* of third-party debt outstanding, all of which would have ranked structurally senior to the Notes.

Although the Indenture restricts the Incurrence of Indebtedness by the Issuer and the Restricted Subsidiaries in excess of the limitations described under "*—Certain Covenants—Limitation on Indebtedness*," such limitations are subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by the Issuer or the Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Notes Guarantees Release

The Notes Guarantee of a Guarantor will be automatically and unconditionally released and discharged upon:

(1) a sale or other disposition (including by way of consolidation, dissolution or merger) of the Capital Stock of a Guarantor that immediately prior to such sale or other disposition was a Subsidiary of the Issuer (whether by direct sale or sale of a Holding Company) if the sale or other disposition does not violate the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and such Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(2) the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary or the occurrence of any event after which the Guarantor is no longer a Restricted Subsidiary;

(3) upon payment in full of principal, interest and all other obligations under the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes in accordance with the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(4) pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement (including as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement— Required Consents—Provisions Following an IPO*");

(5) as described under "*—Amendments and Waivers*";

(6) as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*";

(7) upon achievement of the conditions described under "*—Certain Covenants—Suspension of Covenants and Release of Security Interests on Achievement of Investment Grade Status*";

(8) in connection with (i) a transaction not prohibited by the Indenture pursuant to which a Guarantor is being liquidated, wound up, or dissolved (or pursuant to which it will otherwise cease to exist), (ii) a Permitted Reorganization or (iii) as a result of a transaction that would not be prohibited under "*—Certain Covenants—Merger and Consolidation*"; or

(9) as otherwise permitted in accordance with the Indenture.

At the request and expense of the Issuer, the Trustee shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release or amendment of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee. The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to any release or amendment of a Notes Guarantee has occurred, and that such release complies with the Indenture.

Security

General

On or about the Issue Date, subject to the Agreed Security Principles and certain perfection requirements and any Permitted Collateral Liens, the Notes will be secured by security interests granted on an equal and ratable first priority basis over (i) 69.8% of the shares of the Issuer held by Gold Leather and (ii) the material bank account(s) of the Issuer opened in Italy on which the proceeds of the Notes would be credited and on which the Revolving Credit Facility would be utilized (together, the "**Issue Date Collateral**").

Within 60 days from (and excluding) the Issue Date, the Notes will be secured, subject to the Agreed Security Principles and certain perfection requirements, by first-priority security interests over:

- shares beneficially owned by the Mastrotto Family Members (through a newly incorporated entity, investment vehicle or fiduciary company), representing 30.1% of the share capital of the Issuer,
- the shares or quotas owned by the Issuer over each Initial Guarantor (other than Mapel Components S.r.l. and Mapel Textile S.r.l.) and over Mapel Group S.r.l. and RMG of America LLC; and
- the shares owned by RMG of America LLC over RMG Leather USA LLC (together, the "**Post-Issue Date Collateral**").

Within 60 days from the Issue Date, the Mastrotto Family Members will either (x) incorporate a new entity or investment vehicle to directly hold their respective shares of the Issuer or (y) enter into fiduciary arrangements such that their respective shares in the Issuer will be held by a fiduciary entity on their behalf on a fiduciary basis (any such entity under the foregoing (x) and (y), the "**FamilyCo**"), to facilitate the granting of the share pledge over the shares of the Issuer beneficially owned by them in order to secure the Notes by such date. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the multiple share pledges forming part of the Collateral may be complex, involve long recovery times and a low recovery rate*."

The Issue Date Collateral and the Post-Issue Date Collateral, together with any and all assets from time to time in which a Security Interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture or the Notes and/or any Notes Guarantee, in each case as may be in existence from time to time, is referred to herein as the "**Collateral**," in each case only from the point at which Liens in respect of the Collateral are granted in respect of the Notes and only until such Liens are discharged or released; *provided* that any property or asset of a Guarantor subject only to a floating charge (and not any other Lien) under any Security Document to the extent such charge has not crystallized into a fixed charge shall not be deemed Collateral for purposes of determining whether a Permitted Lien is permitted over such asset or property on a fixed basis pursuant to the covenant described under "*—Certain Covenants—Limitation on Liens*"; *provided further* that nothing in the Indenture shall prohibit such property or asset being released from such floating charge to the extent a Permitted Lien is granted if such release is required by the grantee of such floating charge and provided that such assets and property are not Collateral which are subject to a fixed charge in favor of the Holders

Subject to certain conditions, and subject to the restrictions described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Issuer and its Restricted Subsidiaries will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including Additional Notes, as permitted under the

Indenture and the Intercreditor Agreement. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The claims of the holders of the Notes will be effectively subordinated to the rights of our existing and future secured creditors to the extent of the value of the Collateral securing the relevant indebtedness.*" All Collateral will be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

The Collateral will be pledged or assigned pursuant to the Security Documents in favor of the Security Agent in the name of and on behalf of the Holders, lenders under the Revolving Credit Facility and other secured parties. Any other security interests that may in the future be granted to secure obligations under the Notes, any Notes Guarantees and the Indenture would also constitute "*Collateral*." Any future additional Collateral will be subject to the Agreed Security Principles and all Collateral will be subject to any Permitted Collateral Liens.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" in this Offering Memorandum.

All of the Collateral will also secure the liabilities under the Revolving Credit Facility and certain Hedging Obligations (if any). Pursuant to the terms of the Intercreditor Agreement, lenders under the Revolving Credit Facility and the counterparties to certain Hedging Obligations (if any)will, in each case, contractually be entitled to receive proceeds from the enforcement of the Collateral in priority to the Notes. In addition, pursuant to the terms of the Intercreditor Agreement, the Collateral may also secure certain future Indebtedness on the same basis as the Revolving Credit Facility and certain Hedging Obligations (if any) with respect to the receipt of proceeds from the enforcement of the Collateral in priority to the Notes. The proceeds from the enforcement of the Collateral after all such "super senior" obligations have been satisfied may not be sufficient to satisfy the obligations owed to the Holders.

No appraisals of the Collateral have been made in connection with this Offering of 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 the Notes, the Guarantees and the Collateral—The Notes and the Guarantees will be secured only to the extent of the value of the assets that have been granted as Collateral and the proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations under the Notes*."

Priority

The relative contractual priority with regard to the security interests in the Collateral that are created by the Security Documents (the "**Security Interests**" and each, a "**Security Interest**") as between (a) the agent and lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations (if any) secured by the Collateral, (c) the Trustee, the Security Agent, the Agents and the Holders under the Indenture and (d) the agent(s) and creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, is or will be established by the terms of the Intercreditor Agreement, the Indenture, the Notes and the Security Documents, which will provide, among other things, that the obligations of the Issuer under the Revolving Credit Facility, certain Hedging Obligations (if any), the Notes and the Notes Guarantees will be secured equally and ratably by first priority Security Interests over the Collateral. The Intercreditor Agreement will also provide, among other things, that the obligations of the Issuer and the Guarantors under the Revolving Credit Facility and certain Hedging Obligations (if any) will receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." In addition, subject to certain limitations, the Collateral may be pledged to secure future Indebtedness, some of which may receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*—Release of Liens*," "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure the payment, when due, of the Issuer's and the Guarantors' payment obligations under the Notes, the Notes Guarantees and the Indenture, as well as the Issuer's and the Guarantors' payment obligations under the Revolving Credit Facility and certain Hedging Obligations (if any). The Security Documents will be entered into by the relevant security provider and the Security Agent for itself and as agent for the secured parties and also as legal representative (*mandatario con rappresentanza*) under the Intercreditor Agreement and as Security Representative. Under the Intercreditor Agreement, the Security Agent will also act as a security agent of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations (if any) in relation to the Security Interests created in favor of such parties.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent (including in its role as Security Representative) will have the right to enforce the Security Documents on behalf of the Trustee and the Holders. As a consequence of such contractual provisions, Holders will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent (including in its role as Security Representative). Under the Intercreditor Agreement, the Security Agent (including in its role as Security Representative) will also act on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain hedging arrangements (if any) in relation to the Security Interests in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the Security Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "—*Release of Liens*."

In the event that any of the Third Party Security Providers, the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement were successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral*."

Subject to the terms of the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Agreed Security Principles, the Third Party Security Providers, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral (including through a fiduciary company) securing, directly or indirectly, the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and non-cash payments in respect of Capital Stock that is part of the Collateral).

Enforcement of Security Interest; Limitations

The creditors under the Revolving Credit Facility, the counterparties to certain Hedging Obligations secured by the Collateral (if any) and the Trustee have and, by accepting a Note, each Holder will be deemed to have, appointed, also for the purposes of Article 1704 (*mandato con rappresentanza*) of the Italian Civil Code, the Security Agent to act as its agent and mandatario con rappresentanza under the Intercreditor Agreement and the relevant security documents securing such Indebtedness, including the Security Documents. Furthermore, each holder will have deemed to have appointed the Security Agent as *mandatario con rappresentanza* pursuant to article 1704 of the Italian Civil Code and as representative (*rappresentante*) pursuant to article 2414-bis of the Italian Civil Code, in each case, to act on its behalf. The creditors under the Revolving Credit Facility, the counterparties to Hedging Obligations secured by the Collateral (if any) and the Trustee have and, by accepting a Note, each Holder will be deemed to have, authorized the Security Agent under the Indenture and/or the Intercreditor Agreement (as applicable) to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the Security Documents securing such Indebtedness, together with any other incidental rights, powers and discretions; and (ii) execute each relevant

Security Document, waiver, modification, amendment, confirmation, extension, renewal, discharge or replacement expressed to be executed by the Security Agent in its name and on its behalf.

Release of Liens

The Third Party Security Providers, the Issuer and the Issuer's Subsidiaries (as applicable) will be entitled to release the Security Interests in respect of the Collateral under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral (other than the Security Interest in respect of the share capital of the Issuer) to (a) any Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited under the Indenture or (b) to any Restricted Subsidiary; *provided* that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock, obligations under proceeds loans owed to the Issuer, or accounts receivable (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except, in the case of accounts receivable, to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Notes following such transfer, sale or disposal (and subject to the Agreed Security Principles);

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*— Defeasance*" and "*— Satisfaction and Discharge*";

(5) automatically without any action by the Trustee or the Security Agent, if the Lien granted in favor of the Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released;

(6) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(7) upon the contribution of any claim of the Issuer or any Restricted Subsidiary, which is subject to a Lien, to the equity of the Issuer or any of the Restricted Subsidiaries; provided that such contribution is made in compliance with the Intercreditor Agreement;

(8) upon achievement of the conditions described under "*—Certain Covenants—Suspension of Covenants and Release of Security Interests on Achievement of Investment Grade Status*";

(9) in connection with (i) a transaction not prohibited by the Indenture pursuant to which a Guarantor is being liquidated, wound up, or dissolved (or pursuant to which it will otherwise cease to exist) or (ii) a Permitted Reorganization; or

(10) as otherwise not prohibited by the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement (including in connection with an IPO pushdown as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement—Release and/or transfer of claims and liabilities in respect of the Future Senior Debt and the Senior Secured Notes and the Transaction Security—Provisions Following an IPO*") and (b) as may be permitted under "*—Certain Covenants—Impairment of Security Interest*."

The Indenture will provide that any release of a Lien on Collateral shall, at the option of the Issuer, be evidenced by the delivery by the Issuer to the Trustee of an Officer's Certificate of the Issuer, and that, at the option of the Issuer, the Trustee and the Security Agent shall acknowledge and confirm such release upon delivery of such Officer's Certificate.

At the request and expense of the Issuer or the relevant pledgor, the Security Agent and, to the extent required or necessary, the Trustee will take all reasonably necessary action required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document, subject to customary protections and indemnification, if applicable. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders (unless required under "*—Amendments and Waivers*") or any action on the part of the Trustee (unless action is required by it to effect such release). The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to a release of the Security Interests has occurred, and that such release complies with the Indenture.

Following the Issue Date, our majority shareholder Gold Leather may consider a partial demerger in favor of one or more separate entities controlled by the Initial Investor (any such entity, a "**DemergerCo**") in accordance with the provisions of the Intercreditor Agreement (any such transaction undertaken in accordance with the requirements of the Intercreditor Agreement, the "**Permitted Parent Demerger**"). As a result of the Permitted Parent Demerger, the Intercreditor Agreement will require that any DemergerCo, among other things, accedes to the Indenture, the Intercreditor Agreement, the Security Documents to which Gold Leather is a party as a Third Party Security Provider, and the Revolving Credit Facility. Any such Permitted Parent Demerger is subject to certain conditions set forth in the Intercreditor Agreement and may not be completed. See "*Description of Certain Financing Arrangements—Intercreditor Agreement—Potential Demerger*."

Agreed Security Principles

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility 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 rules, corporate benefit rules, fraudulent preference rules, "*thin capitalization*" rules, capital maintenance rules, retention of title claims and similar matters, or where the time and cost of granting the guarantee would be disproportionate to the benefit accruing to the Holders.

The following is a non-exhaustive summary of certain terms of the Agreed Security Principles, which include, among others:

- general legal and statutory limitations, regulatory restrictions, financial assistance (including, without limitation, pursuant to articles 2358 or 2474 of the Italian Civil Code), capital maintenance, corporate benefit, equity subordination, fraudulent preference, limitations of the granting of guarantee by holding companies, interest stripping, controlled foreign corporation, transfer pricing or thin capitalization rules, exchange control restrictions, minority shareholder protection/equal treatment of shareholder rules, tax restrictions retention of title claims and similar principles may prohibit, limit or otherwise restrict the ability of a security provider to provide a guarantee or security or may require that the guarantee or security be limited by an amount or otherwise;

- in certain jurisdictions, it may be impossible, impractical, or disproportionately costly to create guarantees or security over certain categories of assets, in which event guarantees or security will not be taken over such assets;

- subject to certain conditions and in any case except for the Post-Issue Date Collateral, any assets (including, without limitation, any equity interest) or security providers subject to third party arrangements (including, without limitation, shareholders' agreement(s) entered into by and between the Issuer or any of its Restricted Subsidiary (the "**Group**") and any minority shareholder) which may prevent those assets from being charged or assigned or those security providers from giving a security or guarantee and/or which would require a third-party's consent to permit the Issuer or any of its Restricted Subsidiary to charge those assets (or assets which, if charged or assigned, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the security provider in respect of those assets or require any security provider to take any action materially adverse to the interests of the Issuer and its Restricted Subsidiaries or any member of the Group) will be excluded from any relevant security document and any requirement to give security or guarantee;

- certain supervisory board, works council, regulator or regulatory board (or equivalent), minority shareholder or another external body's or person's consent may be required to enable a security provider to provide a guarantee or security;
- no security provider will be required to give guarantees or enter into security documents if (i) it is not within the legal capacity of the relevant security provider to do so, (ii) it results in the security document being null and void, or (iii) it would conflict with the fiduciary duties of their or any affiliates' directors, officers or employees, contravene any legal, contractual or regulatory prohibition, or regulatory or contractual condition or result in a risk of personal, contractual or criminal liability on the part of any director, officer or employee;
- security that requires payment in Italy of an ad valorem registration tax on the amount of the secured obligations will not be taken (i) unless it can be executed by way of exchange of correspondence or in any other form required under the applicable law (other than Italian law) governing the relevant security which does not give rise to any such ad valorem registration tax, or (ii) if tax duty cannot be minimized upon execution, including by securing only the relevant grantor's own obligations as debtor;
- no security provider that is subject to a license under any law or regulation that would prohibit or materially restrict the granting of security or giving of guarantees shall be required to grant any security or give any guarantees, *provided* that reasonable endeavors (not involving the payment of any material fees or the incurrence of any material costs or expenses) to obtain consent or waivers from any relevant party shall be used by the relevant security provider if, in the view of the Issuer (acting reasonably), granting such security or giving such guarantee will have no material adverse impact on relationships with third parties or otherwise force the relevant security provider or the Group to pay any material fees or incur any material costs or expenses;
- the security will be first ranking, to the extent possible, subject to any non-consensual liens and other liens mandatorily preferred by any applicable law and permitted under the Indenture;
- security shall not be required to be granted over any trade receivables, intellectual property, livestock, moveable plant, equipment, insurance policies, real estate assets or vehicles, and any security provider shall be free to deal with such assets in the course of its business or as otherwise permitted or not prohibited under the Indenture;
- no guarantees or security will be required in jurisdictions other than Italy, Sweden and United States of America and any jurisdiction in which any borrower under the Revolving Credit Facility Agreement is incorporated (but only in relation to that borrower);
- no security will be granted over bank accounts (other than the bank account(s) of the Issuer opened in Italy on which the proceeds of the Notes would be credited and on which the Revolving Credit Facility would be utilized);
- security will only be granted over shares (or quotas or partnership interests, if applicable) owned: (i) by any shareholder of the Issuer (other than any shareholder which are directors, managers, key employees and/or consultants of the Group, to the extent that such shareholding does not exceed 1%, in aggregate, of the entire share capital of the Issuer) in the Issuer; and (ii) by a member of the Group in an Obligor (other than Mapel Components and Mapel Textile), in each case in accordance with and subject to these Agreed Security Principles;
- all security (subject to certain exceptions) shall be governed by the law of and secure assets located only in the jurisdiction of incorporation of that security provider and the transaction security documents governed by Italian law will be executed by way of exchange of correspondence (*scambio di corrispondenza commerciale*), or outside Italy;
- notification of security will only be given where required by local law to perfect the security;
- transaction security will be granted on an "as is, where is" basis, and no security provider will be required to procure any changes to or corrections of filings on external registers other than (for the avoidance of doubt) to register transaction security under the Revolving Credit Facility Agreement; and

- no perfection action will be required in jurisdictions where security providers are not incorporated but perfection action may be required in the jurisdiction of incorporation of one security provider in relation to security granted by another security provider incorporated in a different jurisdiction.

The Agreed Security Principles also set out certain additional factors which will apply when determining the extent of the guarantees and the security to be provided and certain additional principles which will be reflected in any security taken.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Trustee will be authorized (without any further consent of the Holders) to enter into a creditor accession undertaking in respect of the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The Indenture will also provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(2) authorized the Security Agent and the Trustee, as applicable, to act in its name and on its behalf to enter into the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith;

(3) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(4) agreed to, and accepted, the appointment of U.S. Bank Trustees Limited, as representative (*rappresentante*) of the noteholders for the purposes of Article 2414-bis, paragraph 3, of the Italian Civil Code;

(5) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement, any Additional Intercreditor Agreement, the Indenture and the Security Documents; and

(6) irrevocably appointed the Security Agent and the Trustee to act in its name and on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents.

See the sections entitled "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes and the ability of the Security Agent to enforce certain Collateral may be restricted by applicable law or subject to certain limitations or defenses that may adversely affect their validity and enforceability*" and "*Description of Certain Financing Arrangements— Intercreditor Agreement.*"

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into as described under "*—Certain Covenants—Additional Intercreditor Agreements*."

Transfer and Exchange

The Notes will be issued in the form of registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act ("**Rule 144A**") will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

- Notes sold outside the United States pursuant to Regulation S under the Securities Act ("**Regulation S**") will initially be represented by one or more global notes in registered form without interest coupons

attached (the "**Regulation S Global Notes**" and, together with the 144A Global Notes, the "**Global Notes**"). The Regulation S Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes 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.

Subject to the foregoing, Book-Entry Interests in the Regulation S Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "**qualified institutional buyer**" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the two immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Issuer's Subsidiaries are expected to be "*Restricted Subsidiaries*" for the purposes of the Indenture. However, under the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "*Unrestricted Subsidiaries*." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

IPO Debt Pushdown

On, in contemplation of, or following an Initial Public Offering, the terms of the Intercreditor Agreement will provide (and the Indenture and the Notes shall be subject to such provisions) that the Issuer or its successor shall be entitled to require (by written notice to the Trustee and the Security Agent) that the terms of the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) and the Security Documents shall operate (with effect from the date specified in such notice) as described in "*Description of Certain Financing Arrangements—Intercreditor Agreement— Required Consents—Provisions Following an IPO*," *provided that* the Consolidated Net Leverage Ratio after giving *pro forma* effect to such Initial Public Offering is no greater than 2.6 to 1.00. The Trustee and the Security Agent shall be required (at the expense of the Issuer) to enter into any amendment to the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) or the Security Documents required by the Issuer and/or take such other action as is required by the Issuer in order to facilitate or reflect any of the matters contemplated by this paragraph; *provided* that such amendment will not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, as applicable, adversely affect the rights, duties, liabilities, indemnities or immunities of the Trustee or the Security Agent under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement. See "*Risk Factors— Risks Related to the Notes, the Guarantees and the Collateral—There are circumstances other than repayment or discharge of the Notes under which the Collateral will be released automatically without your consent or the consent of the Trustee*."

Optional Redemption

Except as described below and except as described under "*Redemption for Taxation Reasons,*" the Notes are not redeemable until July 31, 2025.

At any time prior to July 31, 2025, the Issuer may redeem the Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100.000% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to (but not including) the applicable redemption date.

At any time and from time to time on or after July 31, 2025, the Issuer may redeem the Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price of 100.000% (expressed as percentages of principal amount of the Notes to be redeemed), *plus* accrued and unpaid interest and Additional Amounts, if any, to (but not including) the applicable redemption date.

"**Applicable Premium**" means, with respect to any Note the greater of:

(a) 1% of the principal amount of such Note; and

(b) the excess (to the extent positive) of:

(i) the present value at such redemption date of (1) the redemption price of such Note at July 31, 2025 (such redemption price (expressed in percentage of principal amount) being set forth under the first paragraph of this section (excluding accrued and unpaid interest)), *plus* (2) all required interest payments due on such Note to and including July 31, 2025 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate (as defined below) at such redemption date (or, if greater than such Bund Rate, zero) plus 50 basis points; over

(ii) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee or any of the Agents.

"**Bund Rate**" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have 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 Issuer in good faith)) most nearly equal to the period from the redemption date to July 31, 2025; *provided, however*, that if the period from the redemption date to July 31, 2025, is not equal to the constant maturity of a direct obligation of the Federal

Republic 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 the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to July 31, 2025, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used. In no case for any purposes in the Indenture shall the Bund Rate be less than 0.00%.

Subject to compliance with the covenants contained herein, the Issuer and its affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such affiliates may determine, and the amounts purchased may be material.

Notice of redemption will be provided as set forth under "—*Selection and Notice*" below.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Notwithstanding the foregoing, in connection with any tender offer for any series of Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of not less than 90% in aggregate principal amount of the outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party 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 date, to redeem all Notes of such series, in whole or in part, that remain outstanding following such purchase at a price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, the date of such redemption. Without prejudice to any provision of the Indenture regarding Notes deemed not be outstanding for voting purposes if held by the Issuer or its Affiliates, in determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes of a series have validly tendered and not validly withdrawn in a tender offer, including a Change of Control Offer or Asset Disposition Offer, Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer and such determination.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes prior to their maturity date.

Redemption at Maturity

On July 31, 2031, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to (but excluding) the redemption date.

Selection and Notice

If less than all of the outstanding Notes are to be redeemed at any time, the Paying Agent or the Registrar (as applicable) will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-Entry; Delivery and Form*," based on a method that most nearly approximates a pro rata selection in accordance with the procedures of the relevant clearing system), unless otherwise required by law or applicable stock exchange, clearing system or depositary requirements. Neither the Trustee nor any Agent will be liable for any selections made in accordance with this paragraph.

Notice of any redemption of the Notes may, at the Issuer's discretion, be given prior to the completion of a transaction (including an Equity Offering, an incurrence of Indebtedness, a Change of Control, an Asset Disposition or other transaction) and any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the redemption or repurchase date may be delayed until such time (including more than 60 days after the date the notice of redemption or offer to purchase was sent) as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption or purchase date, or by the redemption or purchase date as so delayed, or that such notice may be rescinded at any time in the Issuer's sole discretion if the Issuer determines that any or all of such conditions will not be satisfied or waived. In addition, the Issuer may provide in such notice that payment of the redemption or purchase price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person. To the extent that the mandatory rules and procedures of the applicable depositary conflict with the Indenture, any notice of redemption will be deemed to satisfy the Indenture if it complies with the mandatory rules and procedures of the applicable depositary.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may instead be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*). While in global form, notices to Holders may be delivered in accordance with the procedures of Euroclear and Clearstream, as applicable, in lieu of notice via registered mail.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note (or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, as applicable) to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption. In connection with any redemption of any Notes, neither the Trustee nor any Agent shall be required to pay out any money without first having been placed in funds.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at its discretion, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to (but excluding) the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) and all Additional Amounts (as defined below under "**Withholding Taxes**"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, protocols or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or written change in position regarding the application, administration or written interpretation of such laws, treaties, regulations, protocols or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes or any Notes Guarantee, as the case may be (but, in the case of any Guarantor, only if such amount payable cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor.

Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date).

The foregoing provisions shall apply mutatis mutandis to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or delivery of any notice of redemption of Notes pursuant to the foregoing, the Issuer or successor Person, as applicable, will deliver to the Registrar, the Trustee and the Paying Agent (i) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (ii) an opinion of an independent tax counsel of recognized standing to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee, the Registrar and the Paying Agent will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (including, in each case, any successor entity) (each, a "**Payor**") under or with respect to the Notes or any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes, unless the withholding or deduction of such Taxes is then required by law or by the interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Italy or any political subdivision or governmental Authority thereof or therein having the power to tax;

(2) any jurisdiction from or through which payment on any such Note or Notes Guarantee is made by or on behalf of a Payor (including the jurisdiction of the Paying Agent), or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized, incorporated, engaged in business for tax purposes or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "**Relevant Taxing Jurisdiction**"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor under or with respect to any Note or Notes Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received by each Holder in respect of such payments, after such withholding, deduction or imposition (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received by such Holder in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes, to the extent that such Taxes would not have been so imposed or withheld but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the

beneficial owner of a Note and the Relevant Taxing Jurisdiction (including, without limitation, being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note or the Indenture or any Notes Guarantee in respect thereof;

(2) any Tax, to the extent that such Tax is imposed or withheld by reason of the failure or delay by the Holder or the beneficial owner of the Note (i) to comply with a written request of the Payor, a Paying Agent or other person acting as an agent for the Payor or a Paying Agent, addressed to the Holder or to the Noteholders' Representative (as defined below), after reasonable notice (at least 30 days before any such withholding is payable), to provide certification, identification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by applicable law, a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction, as a precondition to exemption from or reduction in the rate of deduction or withholding of all or part of such Tax (including for such purposes any re-filings or renewals of filings that may from time to time be required by the Relevant Taxing Jurisdiction), or (ii) to properly comply with other procedural requirements that are required to be complied by such Holder or beneficial owner to avoid or reduce such Tax;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on or with respect to the Notes or any Notes Guarantee;

(4) any estate, inheritance, gift, sales, transfer, personal property or similar Tax, assessment or other governmental charge;

(5) any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union;

(6) any Taxes imposed, withheld or deducted pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code")** (or any amended or successor version of such sections that is substantially comparable), any current or future regulations thereunder, official interpretations thereof, agreements (including any intergovernmental agreement entered into in connection therewith or otherwise pursuant to Section 1471(b) of the Code or any laws, rules or practices implementing such intergovernmental agreement);

(7) any Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Decree No. 239**") and any related implementing regulations, or pursuant to Italian Legislative Decree No. 461 of November 21, 1997, as amended or supplemented from time to time ("**Decree No. 461**") and any related implementing regulations), *provided that*:

   (a) Additional Amounts shall be payable in circumstances where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due solely to the actions or omissions of the Payor; and

   (b) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent that such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which is subject to *imposta sostitutiva* by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (as included in the list provided for by the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as subsequently amended or supplemented, the "**White List")** and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of any change in Decree No. 239 or Decree No. 461 or any change in the White List; or

(8) any combination of the items (1) through (7) above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required) within 30 days after the relevant payment was first made available for payment to the Holder (except to the extent that the beneficiary of the payment would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period) or (y) where, had the beneficial owner of the Note been the Holder, such Tax resulting in Additional Amounts would not have been imposed or such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (8) inclusive above.

The Payor or a Paying Agent, or other person acting as an agent for the Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies (or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payment of Taxes) as soon as reasonably practicable to the Trustee and the Paying Agent. If provided, such copies shall be made available to the Holders upon request and will be made available to the Holders at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

(1) the payment of principal;

(2) redemption prices or purchase prices in connection with a redemption or purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties applicable thereto) or any other excise, property or similar Taxes (including any related interest or penalties applicable thereto) that arise in a Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration or enforcement of any Notes, any Notes Guarantee, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto (in each case, (A) other than (a) in connection with a transfer of the Notes after the Issue Date or (b) to the extent that such stamp, issue registration court or documentary taxes, or any other excise, property or similar taxes or similar charges or levies becomes payable upon a voluntary registration made by a Holder if such registration is not required by any applicable law or not necessary to enforce the rights or obligations of any Holder in relation to the Notes, any Notes Guarantee, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto, and (B) to the extent that the relevant documents, instruments and agreements (i) are executed by way of exchange of correspondence (*scambio di corrispondenza commerciale*), or outside of Italy, where legally possible, and (ii) are not enunciated (*i.e.*, mentioned or in any way referred to) in the pledge over quotas of Mapel Group S.r.l. according to the "*enunciazione*" principle provided for by Article 22 of Italian Presidential Decree 26 April1986, No. 131, as interpreted by the Italian tax authorities, and the Payor agrees to indemnify the Holders for any such Taxes paid by such Holders.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner of its Notes, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized, incorporated, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes or any Notes Guarantee is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein having the power to tax.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "— *Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof; provided that Notes of €100,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, to (but excluding) the date of purchase (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date) and Additional Amounts, if any; provided, however, that the Issuer shall not be obligated to repurchase Notes as described under this heading "—*Change of Control*," in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes and given notice of redemption as described under "—*Optional Redemption*" and that all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes and given notice of redemption as described under "—*Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will deliver a notice (the "**Change of Control Offer**") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to, but not including, the date of purchase (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date) and Additional Amounts (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is delivered) (the "**Change of Control Payment Date**");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee and the Paying Agent an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Trustee (or an authenticating agent) the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly, at the cost of the Issuer, mail or otherwise deliver to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notices relating to the Change of Control Offer in a leading newspaper of 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 notices on the official website of the Luxembourg Stock Exchange (*www.luxse.com*).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. Holders' right to require the Issuer to repurchase Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) 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 (2) a notice of redemption with respect to the Notes has been given pursuant to the Indenture as defined under "*—Optional Redemption*," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require the Issuer to make a mandatory prepayment of Indebtedness under the Revolving Credit Facility Agreement. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreements may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or the Restricted Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources and whether the Restricted Subsidiaries are permitted to distribute funds to the Issuer. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—We may not have sufficient funds or may be*

unable to arrange for additional financing to pay amounts that might become due and payable upon the occurrence of an event of default, at final maturity or upon a change of control" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral —The Issuer may be dependent on payments from its subsidiaries in order to be able to make payments on the Notes*."

The definition of "Change of Control" includes a disposition, in one or a series of related transactions, of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property and assets of the Issuer 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 a Holder may require the Issuer to make an offer to repurchase the Notes as described above. In addition, the definitions of "*Change of Control*" and "*Permitted Holders*" expressly permit a third party to obtain control of the Issuer in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), if on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Issuer would have been at least 2.0 to 1.0; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this paragraph by Restricted Subsidiaries that are not Guarantors may not cause the Non-Guarantor Debt Cap to be exceeded.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder) and any Refinancing Indebtedness in respect thereof, in a maximum aggregate principal amount at any time outstanding not exceeding the sum of (i) the greater of €50.0 million and 70.0% of Consolidated EBITDA, *plus* (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred or payable in connection with such refinancing;

(2)

(a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness being guaranteed is permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated or *pari passu* with a Notes Guarantee, then the Guarantee of such Indebtedness shall be subordinated or *pari passu* to the same extent as the Indebtedness being guaranteed; or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however*, that:

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and, only to the extent legally permitted (the Issuer or the relevant Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness), it is expressly subordinated to the prior payment in full in cash of all obligations with respect to the applicable Notes Guarantee pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4)

(a) Indebtedness represented by the Notes (other than any Additional Notes), the Notes Guarantees and any "*parallel debt*" obligations related to the Notes and the Notes Guarantees under the Intercreditor Agreement or any Additional Intercreditor Agreement, as well "*parallel debt*" obligations related to any other Indebtedness permitted to be Incurred pursuant to the Indenture;

(b) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (4)(a), this clause (4)(b), clause 4(c) and clause (5)(II) of this paragraph or Incurred pursuant to the first paragraph of this covenant;

(c) an amount equal to any Indebtedness of the Group outstanding, committed or available for borrowing or utilization as in effect on the Issue Date after giving *pro forma* effect to the Transactions (other than Indebtedness Incurred under the Revolving Credit Facility on the Issue Date (if any) or described in clause (4)(a) of this paragraph); and

(d) Indebtedness Incurred in respect of Management Advances;

(5) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide all or a portion of the funds utilized to consummate a transaction or series of related transactions pursuant to which (i) any Person became a Restricted Subsidiary or is otherwise acquired by the Issuer or a Restricted Subsidiary or (ii) any assets are acquired and related liabilities are assumed by the Issuer or any Restricted Subsidiary; *provided* that Indebtedness Incurred pursuant to this clause (5) is in an aggregate amount then outstanding not to exceed (I) the greater of €20.0 million and 25.0% of Consolidated EBITDA, plus (II) unlimited additional Indebtedness to the extent that after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, the Fixed Charge Coverage Ratio for the Issuer is (x) at least 2.00:1.00 or (y) would not be less than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness; *provided* that if such Indebtedness is Senior Secured Indebtedness, either (x) the Consolidated Senior Secured Net Leverage Ratio does not exceed 4.0 to 1.0 or (y) the Consolidated Senior Secured Net Leverage Ratio would not increase as a result;

(6) Indebtedness in respect of Hedging Obligations not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(7) Indebtedness consisting of (a) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used or useful in a Similar Business or Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness or reimburses amounts used for such purposes, in an aggregate outstanding principal amount which, when

taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7)(a) and then outstanding, does not exceed at any time outstanding the greater of €30.0 million and 40.0% of Consolidated EBITDA; (b) Indebtedness in respect of Sale and Leaseback Transactions and any Indebtedness which refinances, replaces, refunds or reimburses such Indebtedness or (c) consisting of any obligations in respect of a lease, concession or license of property (or guarantee thereof) which would be considered an operating lease under GAAP (or would have previously been categorized as operating leases prior to the adoption of IFRS 16 (Leases));

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax (including interest and penalties with respect thereto) or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement; (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided, however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing; (c) the financing of insurance premiums in the ordinary course of business; (d) any customary cash management, cash pooling, netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business; and (e) Indebtedness representing (i) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent, the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice or (ii) deferred compensation or other similar arrangements in connection with the Transactions or any other Investment or acquisition permitted hereby;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided that* the maximum liability of the Issuer and the Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and the Restricted Subsidiaries in connection with such disposition;

(10)

(a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) (i) customer deposits and advance payments received for good faith commercial reasons from customers for goods or services purchased in the ordinary course of business or consistent with past practice and (ii) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements entered into for good faith commercial reasons in the ordinary course of business or consistent with past practice;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and the Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and the Restricted Subsidiaries; and

(d) Indebtedness Incurred by the Issuer or a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case, Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €38.0 million and 50.0% of Consolidated EBITDA;

(12) Indebtedness of the Issuer and any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or Excluded Amounts) of the Issuer, in each case, subsequent to the Issue Date; *provided* that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the second paragraph and clauses (1), (6) and (16) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Issuer or any Restricted Subsidiary makes a Restricted Payment under the second paragraph and clauses (1), (6) and (16) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*" in reliance thereon;

(13) *[reserved]*;

(14) Indebtedness of Restricted Subsidiaries that are not Guarantors or Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of joint ventures in an aggregate amount not to exceed the greater of €20.0 million and 25.0% of Consolidated EBITDA at any time outstanding;

(15) the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness consisting of local lines of credit, bilateral facilities, overdraft facilities or working capital facilities not exceeding the greater of €20.0 million and 25.0% of Consolidated EBITDA at any time outstanding; and

(16) Indebtedness Incurred pursuant to factoring financings, securitizations, asset-backed loans and financings (howsoever described or structured), receivables financings, reverse factoring financings or similar arrangements, in each case, that are either: (a) settlement or ordinary course funding facilities (whether recourse or non-recourse); (b) not recourse to the Issuer or any Restricted Subsidiary other than a Receivables Subsidiary (except to the extent customary in the good faith determination of the Issuer for such type of arrangement or except for Standard Securitization Undertakings); or (c) not in excess of the greater of €27.0 million and 35.0% of Consolidated EBITDA at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (2) below, in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one (or more, if applicable) of the clauses of the first or second paragraph of this covenant;

(2) all Indebtedness Incurred under the Revolving Credit Facility shall be deemed Incurred under clause (1) of the second paragraph of this covenant and may not be reclassified;

(3) the amount of Indebtedness that may be Incurred pursuant to any provision of this covenant or secured pursuant to the covenant set forth under "*—Limitation on Liens*" shall be deemed to include all amounts necessary to renew, refund, redeem, refinance, replace, restructure, defease or discharge any such Indebtedness Incurred and/or secured pursuant to such provisions, including after giving effect to additional Indebtedness in an amount equal to the aggregate amount of fees, underwriting discounts, premia, tax gross-up amounts, and other costs and expenses Incurred in connection with such renewal, refund, redemption, refinancing, replacement, restructuring, defeasance or discharge. Notwithstanding any other provision of this covenant or any provision of the covenant set forth in "*—Limitation on Liens*," the maximum amount that the Issuer or a Restricted Subsidiary may Incur and/or secure pursuant to this

covenant and/or the covenant set forth in "*—Limitation on Liens*" shall not be deemed to be exceeded, with respect to such Incurrence or grant of Lien, due solely to the result of fluctuations in the amount of Consolidated EBITDA (and, for the avoidance of doubt, such Indebtedness and such Lien will be permitted to be refinanced or replaced notwithstanding that, after giving effect to such refinancing or replacement, such excess will continue);

(4) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(5) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to any clause of the first or the second paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(6) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(7) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP;

(9) accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness (including interest paid in kind), the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant, nor to be the Incurrence of a Lien under the covenant set forth in "*—Limitation on Liens*"; provided that the Lien securing such originally Incurred Preferred Stock or Indebtedness was secured in accordance with the Indenture. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness;

(10) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (29) of the definition of "Permitted Liens" or any Permitted Collateral Lien, the Incurrence or issuance thereof for all purposes under the Indenture, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, or use of clauses (1) through (16) of the preceding paragraph (if any) for borrowings and reborrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Issuer's option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock, and, if such Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or reborrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant and under the covenant described under "*—Limitation on Liens*" irrespective of the Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or reborrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "**Reserved Indebtedness Amount**" as of such date for purposes of the Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, as applicable, or

other provision of the Indenture, and, to the extent of the usage of clauses (1) through (16) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Issuer may revoke such determination at any time and from time to time; and

(11) with respect to Indebtedness Incurred under a Credit Facility, re-borrowings of amounts previously repaid pursuant to a "cash sweep" or "clean down" provisions or any similar provisions under a Credit Facility that provide that Indebtedness is deemed to have been repaid periodically shall only be deemed for the purposes of this "*—Limitation on Indebtedness*" to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent re-borrowing thereof.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by such Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this "*—Limitation on Indebtedness*" covenant the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the euro equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower euro equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of "Refinancing Indebtedness"; (b) the euro equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any Restricted Subsidiary) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding;

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis); or

(c) dividends or distributions payable to any Parent to fund interest payments in respect of Indebtedness of such Parent which is Guaranteed by the Issuer or any Restricted Subsidiary or is otherwise considered Indebtedness of the Issuer or any Restricted Subsidiary or any net proceeds from such Indebtedness that are contributed to the equity of the Issuer or any Restricted Subsidiary in any form or otherwise received (including by way of Indebtedness) by the Issuer or any

Restricted Subsidiary; *provided* that (x) any net proceeds described in this clause (c) shall be excluded for purposes of increasing the amount available for distribution pursuant to clause (c) of the immediately following paragraph and clauses (1), (6)(b) and (16) of the third paragraph of this covenant; and (y) in the case (and to the extent) that any net proceeds described in this clause (c) are contributed to the Issuer or a Restricted Subsidiary in the form of Indebtedness, there shall be no double-counting of interest paid on such Indebtedness and any dividends or distributions payable to the relevant Parent to fund interest payments in respect of Indebtedness of such Parent;

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person (each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "**Restricted Payment**").

Notwithstanding the foregoing, the Issuer or any Restricted Subsidiary may make Restricted Payments, if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) no Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer would have been permitted to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*— Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; and

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments (as defined below) permitted by clauses (5), (16) and (18) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph) would not exceed the sum of (without duplication):

  (i) 50% of Consolidated Net Income of the Issuer for the period (treated as one accounting period) from the first day of the fiscal quarter in which the Issue Date occurs to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available; provided that the aggregate amount taken into account pursuant to this clause (i) shall not be less than zero;

  (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash

Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the next succeeding paragraph and (z) Excluded Contributions and Excluded Amounts);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value of property or assets or marketable securities received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (y) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph and (z) Excluded Contributions and Excluded Amounts;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clauses (11), (17), (18) or (19) of the definition of "Permitted Investment";

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary from an Unrestricted Subsidiary, to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clauses (11), (17) or (18) of the definition of "Permitted Investment"; and

(vii) the greater of €23.0 million and 30.0% of Consolidated EBITDA,

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clauses (iv), (v) or (vi), and *provided, further, that* any amounts (such amounts, "**Excluded Amounts**") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to any of the foregoing clauses (ii) or (iii) will be excluded to the extent the purpose of the receipt of such cash, property or assets or marketable securities was used to reduce the Consolidated Net Leverage Ratio of the Issuer and as a result thereof a Specified Change of Control Event that would otherwise have occurred without the receipt of such cash, property or assets or marketable securities did not occur; *provided however that* the amount of any Excluded Amounts shall be limited to the amount of Net Cash Proceeds, property or assets or marketable securities necessary to reduce the Consolidated Net Leverage Ratio to cause the occurrence of a Specified Change of Control Event, and amounts of Net Cash Proceeds, property or assets or marketable securities received in excess thereof shall not constitute Excluded Amounts. The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional

shares pursuant to clause (11) of this paragraph) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or Excluded Amounts) of the Issuer; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the second paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "— *Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Issuer or Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Issuer or Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "— *Limitation on Indebtedness*" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*," but only if the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or any assets were acquired and related liabilities assumed by the Issuer or any Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such transaction or series of transactions) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any

Parent (in each case, including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (a)(x) prior to the consummation of an Equity Offering of the Issuer, any IPO Entity or any Parent, the greater of €8.0 million and 10.0% of Consolidated EBITDA in any calendar year (with any amount unused in any calendar year being carried forward to the next succeeding calendar year) or (y) subsequent to the consummation of an Equity Offering of the Issuer, any IPO Entity or any Parent, the greater of €15.0 million and 20.0% of Consolidated EBITDA in any calendar year (with any amount unused in any calendar year being carried forward to the next two succeeding calendar years), *plus* (b) the Net Cash Proceeds received by the Issuer and the Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares or as Excluded Contribution or Excluded Amounts) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), *plus* (c) the Net Cash Proceeds of key man life insurance policies, to the extent such Net Cash Proceeds in (b) and (c) are not included in any calculation under clause (c)(i) or (c)(ii) of the second paragraph under this covenant and are not Excluded Contributions; *provided that* (x) cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any future, present or former members of management, directors, employees, contractors or consultants of the Issuer or Restricted Subsidiaries or any Parent in connection with a repurchase of Capital Stock of the Issuer or any Parent and (y) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or similar instruments if such Capital Stock represents all or a portion of the exercise price thereof or payments, in lieu of the issuance of fractional Capital Stock or withholding to pay other taxes payable in connection therewith, in the case of each of clauses (x) and (y), will not be deemed to constitute a Restricted Payment for purposes of this paragraph or any other provision of the Indenture;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances, repayments or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

  (a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; and

  (b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Transactions or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter therefrom), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of €27.0 million and 35.0% of Consolidated EBITDA;

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed (a) the aggregate amount of Excluded Contributions, or (b) an amount not to exceed the cash proceeds from a sale,

conveyance, transfer or other disposition in respect of property or assets acquired with proceeds from Excluded Contributions;

(13) payment of any Receivables Fees and purchases of Receivables Assets and other assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing or Settlement Obligations;

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided* that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock, Excluded Contributions, Excluded Amounts or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(16) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter therefrom), the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock, common stock or common equity interests of the Issuer, any Parent or any IPO Entity following a Public Offering of such Capital Stock, common stock or common equity interests; *provided* that the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year the greater of: (a) 6% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offerings by the Issuer or an IPO Entity or contributed to the capital of the Issuer by any Parent in any form other than Indebtedness, Excluded Contributions; and (b) following an Initial Public Offering, an amount equal to the greater of (x) 7% of the Market Capitalization and (y) 7% of the IPO Market Capitalization;

(17) advances or loans (a) to any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares or as Excluded Contribution or Excluded Amounts), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement; (b) to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares); or (c) to any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent in an amount equal to the greater of €8.0 million and 10.0% of Consolidated EBITDA in any calendar year (with any amount unused in any calendar year being carried forward to the next succeeding calendar year);

(18) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter therefrom), any Restricted Payments, so long as, immediately after giving *pro forma* effect to the payment of such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Net Leverage Ratio shall be no greater than 2.6 to 1.0; and

(19) the Proposed Distribution.

If any Investment or Restricted Payment (or portion thereof) would be permitted pursuant to one or more provisions described in this covenant and/or one or more of the exceptions contained in the definition of "Permitted Payment" or "Permitted Investment" (or any other definition used in this covenant or such definitions), the Issuer may, at its sole discretion, divide and classify such Investment or Restricted Payment in any manner that complies with this covenant or such definition and may later reclassify in whole or in part any

such Investment or Restricted Payment (based on circumstances existing on the date of such reclassification) in whole or in part at any time, so long as the Investment or Restricted Payment (as so reclassified) would be permitted to be made in reliance on the applicable exception as of the date of such reclassification.

Notwithstanding the foregoing or anything to the contrary in the Indenture, in no event shall the Issuer or any Restricted Subsidiary be permitted to distribute, transfer, dispose of, or grant an exclusive license to, any material intellectual property rights owned or licensed in as of the Issue Date, whether as an Asset Disposition, Investment, Permitted Payment, dividend or otherwise, to any Unrestricted Subsidiary (including transferring such material intellectual property rights to a Restricted Subsidiary in contemplation of designating it as an Unrestricted Subsidiary).

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or an Officer of the Issuer acting in good faith.

Limitation on Liens

Each Third Party Security Provider, solely in respect of any of its property or assets constituting Collateral, will not, and the Issuer will not, permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and all payments due under the Indenture are directly secured equally and ratably with, or prior to (in the case of Liens with respect to Subordinated Indebtedness), the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise in accordance with the terms described under "*—Security—Release of Liens*" or the terms of the Intercreditor Agreement.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing such Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any other Restricted Subsidiary;

(2) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary

to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), (b) the Indenture, the Notes, the Notes Guarantees, the Intercreditor Agreement or the Security Documents, (c) any other agreement or instrument, in each case in effect at or entered into on the Issue Date after giving *pro forma* effect to the Transactions or (d) any other agreement or instrument with respect to the Group, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or designated as a Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer or the Successor Guarantor (each as defined under "*—Merger and Consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer or the Successor Guarantor;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) or (2) of this paragraph or this clause (3) (an "**Initial Agreement**") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are (i) no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or an Officer of the Issuer) or (ii) customary in comparable financings and where, in the case of this sub clause (ii), the Issuer determines at the time of Incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(4) any encumbrance or restriction:

  (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

  (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements;

  (c) contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of the Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; provided that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are the subject of such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary; or

  (d) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of clause (d) of the preceding paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business or consistent with past practice;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, licensing requirement or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business or consistent with past practice;

(10) any encumbrance or restriction in respect of Hedging Obligations;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if (A) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, the Notes or the Indenture, together with the Security Documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or an Officer of the Issuer) or (B) the Issuer determines at the time of the Incurrence of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (b) constituting an Additional Intercreditor Agreement;

(12) any encumbrance or restriction effected in connection with a Qualified Receivables Financing or Settlement Obligations that, in the good faith determination of the Board of Directors or an Officer of the Issuer are customarily Incurred in connection with a Qualified Receivables Financing or Settlement Obligations and that are necessary or advisable to effect such Qualified Receivables Financing or Settlement Obligations; or

(13) any encumbrance or restriction existing by reason of any Lien permitted under "*—Limitation on Liens*."

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the Capital Stock, property or other assets subject to such Asset Disposition (as determined by the Issuer's Board of Directors); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(a) cash (including any Net Available Cash received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(b) Cash Equivalents;

(c) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or a Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance

sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness and Indebtedness owed to the Issuer or any Restricted Subsidiary) that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any Guarantee of such Indebtedness as a result of such Asset Disposition;

(d) Replacement Assets;

(e) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

(f) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor, and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(g) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €15.0 million and 20.0% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(h) a combination of the consideration specified in sub clauses (a) through (g) of this clause (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, may be used by the Issuer or such Restricted Subsidiary, as applicable, to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*"; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem (a) the Notes and/or (b) Indebtedness (other than the Notes, Subordinated Indebtedness or Indebtedness owed to the Issuer or any Restricted Subsidiary) that is secured by a Lien on the Collateral on a *pari passu* basis with the Notes (including Indebtedness that, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement has priority in respect of the proceeds from the enforcement of the Collateral) at a price of no more than 100% of the principal amount of such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary);

(2) (A) purchase Notes pursuant to an offer to all Holders at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that to the extent the Issuer or any Restricted Subsidiary has elected to purchase any amount of the Notes at a price not less than par, to the extent Holders elect not to tender their Notes for such purchase, the Issuer will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered, and such amount shall not increase the amount of Excess Proceeds, or (B) redeem the Notes in accordance with the provisions of the Indenture;

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Available Cash pursuant to clauses (1) through (6) of this paragraph or a combination thereof; provided that a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period, if the investment has not been consummated by that date.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes "*Excess Proceeds*." Pending the final application of any such Net Available Cash, the Issuer or the relevant Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day (or the 546th day, if a binding commitment as described in clause (8) above has been entered into) after an Asset Disposition, or at such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds the greater of €10.0 million and 15.0% of Consolidated EBITDA, the Issuer will be required within ten Business Days thereof to make an offer ("**Asset Disposition Offer**") to all Holders and, to the extent the Issuer elects, to all lenders or holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price (i) in respect of the Notes, in an amount equal to 100% of the principal amount of the Notes and (ii) in respect of any such Pari Passu Indebtedness, in an amount of no more than 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their euro equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than five Business Days following its commencement (the "**Asset Disposition Offer Period**"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "**Asset Disposition Purchase Date**"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu

Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or, at the request and expense of the Issuer, the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Issuer 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 Issuer (any such transaction or series of related transactions being an "**Affiliate Transaction**") involving aggregate value in excess of the greater of €8.0 million and 10.0% of Consolidated EBITDA, unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of €20.0 million and 25.0% of Consolidated EBITDA, the terms of such transaction or series of related transactions have been approved or ratified by a resolution of the majority of the members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "— *Limitation on Restricted Payments*" (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "—*Limitation on Restricted Payments*") and any agreement related to such Restricted Payments or any Permitted Investment (other than Permitted Investments as defined in clauses (1)(b), (2), (11), (14) and (20) of the definition thereof);

(2) any issuance or sale of Subordinated Shareholder Funding, Capital Stock, options, other equity-related investments or other warrants or securities or rights to purchase Capital Stock, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved or ratified by the Board of Directors of the Issuer;

(3) any Management Advances and any waiver or transaction with respect thereto, or Parent Expenses;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or with an entity that is not an Affiliate that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Transactions, (ii) the Permitted Parent Demerger, (iii) the entry into and performance of obligations of the Issuer or any Restricted Subsidiary under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iv) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business or consistent with past practice; *provided* that payments under such Tax Sharing Agreement shall not exceed, and shall not be duplicative of, the amounts described under clause (7) of the definition of "Parent Expenses";

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, including in respect of Settlement Obligations, in each case, in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer (other than an Unrestricted Subsidiary) or an Associate or similar entity, including any joint venture, that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock, or Subordinated Shareholder Funding; provided that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination, (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 or any Additional Intercreditor Agreement, as applicable, and (c) the entering into of any loan or the receipt by the Issuer of other contribution of proceeds of any Incurrence of indebtedness by a Parent and any amendment or modification thereof or the pledging of such loan or any Capital Stock of the Issuer and any transactions relating thereto;

(11) (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring, transaction or advisory and other fees (including termination fees), indemnities and expenses in an aggregate amount not to exceed the greater of €4.0 million and 5.0% of Consolidated EBITDA per annum (with any amount unused in any calendar year being carried forward to the next succeeding calendar year) and, in each case, related expenses; and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, and payments related to the reimbursement of reasonable out of pocket expenses Incurred by a Permitted Holder in connection

with its Investment in the Issuer or any Restricted Subsidiary, which payments (or agreements providing for such payments) in respect of this clause (11)(b) are approved by a majority of the Board of Directors of the Issuer in good faith;

(12) any transactions in respect of which the Issuer or a Restricted Subsidiary delivers a written opinion (in form and substance reasonably satisfactory to the Trustee) to the Trustee from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(13) any contribution to the equity of the Issuer in exchange for Capital Stock (other than Disqualified Stock and Preferred Stock) or any investments by any of the Permitted Holders in securities of any Restricted Subsidiary (and the payment of reasonable out of pocket expenses of the Permitted Holders in connection therewith);

(14) pledges of Capital Stock of Unrestricted Subsidiaries;

(15) any transaction effected as part of a Qualified Receivables Financing or Settlement Obligations; and

(16) Investments by Affiliates in Indebtedness or Preferred Stock of the Issuer or any of its Subsidiaries, so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) non-Affiliates were also offered the opportunity to invest in such Indebtedness or Preferred Stock on the same or more favorable terms and (iii) in the case of securities, the investment constitutes less than 5.0% of the issue amount of such securities, and transactions with Affiliates solely in their capacity as holders of Indebtedness or Preferred Stock of the Issuer or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 150 days after the end of the Issuer's first fiscal year ending after the Issue Date, and within 120 days after the end of each of the Issuer's fiscal years thereafter, annual reports containing: (a) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent fiscal year, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement and balance sheet information of the Issuer together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (other than the Transactions and unless such *pro forma* information has been provided in a previous report pursuant to clause (2)(b) or (2)(c) below); *provided* that such *pro forma* financial information will be provided only to the extent reasonably available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of the Issuer; (d) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (e) a description of changes in material risk factors and material subsequent events; and (f) adjusted EBITDA on a consolidated basis; *provided* that the information described in clauses (d) and (e) may be provided in the footnotes to the audited financial statements;

(2) within 60 days after the end of each of the first three fiscal quarters in each fiscal year of the Issuer, beginning with the quarter ended June 30, 2024 (or, in the case of the first three such applicable fiscal quarters after the Issue Date, 90 days after such applicable fiscal quarter), quarterly financial statements containing the following information: (a) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (b) unaudited *pro forma* income

statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates (other than the Transactions and unless such pro forma information has been provided in a previous report pursuant to clause (2)(a) or (2)(c) hereof); *provided* that such *pro forma* financial information will be provided only to the extent reasonably available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; and (c) an operating and financial review of the unaudited financial statements. For the avoidance of doubt, the Issuer shall not be required to comply with and/or otherwise deliver any information in relation to this clause (2) in respect of the fourth fiscal quarter in any fiscal year of the Issuer; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a change in the chief executive officer or chief financial officer at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also post such report on the Issuer's website. If and for so long as the Notes are listed on the Official List of Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant will also be posted to the website of the Luxembourg Stock Exchange.

All financial statement information shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement and on a consistent basis for the periods presented, except, in each case, as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in GAAP, present earlier periods on a basis that applied to such periods. Except as provided below, no report need include separate financial statements for the Issuer or any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20.0% of the Issuer's (a) total revenue or Consolidated EBITDA for the Relevant Testing Period or (b) consolidated assets as of the last day of the most recently completed fiscal quarter or month for which annual or quarterly financial reports have been delivered to the Trustee, tested after giving effect to such transaction in the case of an acquisition and prior to giving effect to such transaction in the case of a disposition.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*—Reports*" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

In the event that (i) the Issuer or any Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent, as applicable, is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).

The Issuer may comply with the requirements of clauses (1) and (2) of this covenant by providing any report or financial statements of a direct or indirect Parent of the Issuer so long as such reports (if an annual or quarterly report) (a) meet the requirements (including as to content and time of delivery) of clause (1) and (2) of this covenant as if references to the Issuer therein were references to such Parent and (b) include condensed consolidated financial information together with separate columns for: (i) such Parent; (ii) the Issuer and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of the Issuer on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. For purposes of this covenant and any determination or calculation to be made under the Indenture, the Issuer may use financial statements of a predecessor of the Issuer for reporting or making calculations with respect to periods commencing prior to the Issue Date. Upon complying with the foregoing requirements in this paragraph, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs of this covenant.

Additionally, in the event that, and for so long as, the equity securities of the Issuer or any Parent or IPO Entity are listed on the Main Market of the London Stock Exchange or one or more of the equivalent regulated markets of the Milan Stock Exchange, the Frankfurt Stock Exchange, the Paris Stock Exchange or another internationally recognized stock exchange (any of the foregoing, an "**International Exchange**"), and the Issuer or such Parent or IPO Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on such International Exchange, for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with such International Exchange. Upon complying with the foregoing requirements, and provided that such requirements require the Issuer or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with such International Exchange, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs of this covenant.

Delivery of any information, documents and reports to the Trustee pursuant to this "*—Reports*" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture.

All reports provided pursuant to this "*—Reports*" covenant shall be made in the English language.

Merger and Consolidation

The Issuer

The Issuer will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "**Successor Issuer**") will be a Person organized and existing under the laws of any member state of the European Union, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture, and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer or the Successor Issuer, as applicable, would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer or the Successor Issuer, as applicable, shall have delivered to the Trustee (a) an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and (b) an Opinion of

Counsel to the effect that in the case of the Successor Issuer, such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and Opinions of Counsel and without independent verification.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Guarantors

No Guarantor (other than a Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition) will, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose of all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease, sell or other disposition;

(2) (a) either (x) the Issuer or a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable (such resulting, surviving or transferee Person (other than the Issuer), the "Successor Guarantor"); and (b) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(3) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, *however*, that clauses (1), (2) and (3) under "*—Merger and Consolidation—the Issuer*" and "*—Merger and Consolidation—the Guarantors,*" respectively, shall not apply to the extent that compliance with such clauses could give rise to or result in (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses.

The provisions set forth in this "*—Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or

any other Restricted Subsidiary that is not the Issuer or a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or a Guarantor; (iii) any consolidation or merger of any Guarantor into the Issuer; (iv) any Permitted Reorganization or (v) the Transactions; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; and (vi) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, however, that clauses (1) and (4) under the heading "*—The Issuer*" or clauses (1) through (3) under the heading "*—Guarantors*," as the case may be, shall apply to any such transaction.

The foregoing provisions under the headings "*—The Issuer*" and "*—Guarantors*" shall not apply to the creation of a new Restricted Subsidiary.

Impairment of Security Interest

Neither the Third Party Security Providers nor the Issuer shall, and the Issuer shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence 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 neither the Third Party Security Providers nor the Issuer shall, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Third Party Security Providers, the Issuer and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens, (ii) the Third Party Security Providers, the Issuer and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization or a transaction not prohibited by the covenant set forth under "*—Merger and Consolidation*," (iii) the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein and (v) the Third Party Security Providers, the Issuer and the Restricted Subsidiaries may amend the Security Documents in any manner that does not adversely affect Holders in any material respect; *provided, however*, that in the case of clause (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee and the Security Agent, either (a) a solvency opinion, in form and substance reasonably satisfactory to the Trustee and the Security Agent from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole (as applicable), after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (b) a certificate from the Board of Directors of the relevant Person, in form and substance reasonably satisfactory to the Trustee and the Security Agent, which confirms the solvency of the Issuer or the relevant Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (c) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee and the Security Agent, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement.

In the event that the Issuer complies with the requirements of this covenant, each of the Trustee and the Security Agent shall (subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness of the Issuer or a Guarantor Incurred pursuant to a Credit Facility (including, for the avoidance of doubt, the Revolving Credit Facility) or any Public Debt of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee; *provided, however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee would be inconsistent with the Agreed Security Principles. At the option of the Issuer, any Notes Guarantee may contain limitations on such Guarantor's liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*—The Notes Guarantees—Notes Guarantees Release*." A Notes Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (1) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor or (2) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. 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 Notes Guarantee in accordance with these provisions, subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or the Restricted Subsidiaries of any (x) Indebtedness permitted pursuant to the covenant described under "*—Limitation on Indebtedness*" and (y) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "**Additional Intercreditor Agreement**") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests; *provided* that (i) such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities, indemnities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement and (ii) if more than one such intercreditor agreement is outstanding at any time, the correlative terms of such intercreditor agreements must not conflict.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does

not adversely affect the Holders in any material respect. In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinion of Counsel. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding (or such higher threshold as may be required by the applicable provisions of the Indenture), except as otherwise permitted below under "*—Amendments and Waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities, indemnities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*."

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices.

Suspension of Covenants and Release of Security Interests on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "**Reversion Date**"), the provisions of the Indenture summarized under the following captions will not apply to the Notes (collectively, the "**Suspended Covenants**"):

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) *"—Limitation on Restrictions on Distributions from Restricted Subsidiaries";*

(4) *"—Limitation on Affiliate Transactions";*

(5) *"—Limitation on Sales of Assets and Subsidiary Stock";*

(6) the provisions of clause (3) of the covenant described under *"—Merger and Consolidation— The Issuer";*

(7) *"—Impairment of Security Interest";*

(8) *"—Additional Guarantees"; and*

(9) the second, third and fourth paragraphs of the definition of *"Unrestricted Subsidiary,"*

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer, the Third Party Security Providers (to the extent applicable) or the Restricted Subsidiaries. The period of time between the Suspension Event and the Reversion Date is referred to in this description as the "*Suspension Period.*"

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date which was permitted following a Suspension Event as a result of the application of the first paragraph of this covenant will constitute a Default or Event of Default. The covenant set forth under "*—Limitation on Restricted Payments*" and the second and third paragraphs of the definition of

"Unrestricted Subsidiary" will be interpreted as if they had been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness of the Issuer and the Restricted Subsidiaries Incurred during the continuance of the Suspension Event will be deemed to have been classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*." During the Suspension Period, the Issuer and its Restricted Subsidiaries will be entitled to incur Liens to the extent provided for under "—*Limitation on Liens*" (including, without limitation, Permitted Liens) and any Permitted Liens which may refer to one or more Suspended Covenants shall be interpreted as though such applicable Suspended Covenant(s) continued to be applicable during the Suspension Period (but solely for purposes of the "—*Limitation on Liens*" covenant and the "Permitted Liens" and "Permitted Collateral Liens" definitions and for no other covenant). The Notes Guarantees will be suspended during the Suspension Period. Additionally, upon the occurrence of a Suspension Event, the amount of Excess Proceeds from any Asset Dispositions shall be reset to zero.

Furthermore, (a) any transactions prohibited by the covenant set forth under "—*Limitation on Affiliate Transactions*" entered into after the Reversion Date pursuant to an agreement entered into during any continuance of a Suspension Event shall be deemed to be permitted pursuant to clause (6)(ii) of the second paragraph of the covenant set forth under "—*Limitation on Affiliate Transactions*," (b) any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (1) through (3) of the first paragraph of the covenant described under "—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*" that becomes effective during any continuance of a Suspension Event shall be deemed to be permitted pursuant to clause (1)(c) of the second paragraph of the covenant set forth under "—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*," (c) no Subsidiary of the Issuer shall be required to comply with the covenant described under "—*Additional Guarantees*" after such reinstatement with respect to any guarantee or obligation entered into by such Subsidiary during any Suspension Period, (d) all Investments made during the Suspension Period (or deemed made in connection with a transaction entered into during the Suspension Period) will be classified to have been made under clause (9) of the definition of "Permitted Investments" and (e) with respect to Restricted Payments made after such reinstatement, the amount available to be made as Restricted Payments will be calculated as though the covenant described under the caption "—*Limitation on Restricted Payments*" had been in effect prior to, but not during, the Suspension Period.

In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after the Reversion Date as long as the contractual commitments were entered into during a Suspension Event and not in anticipation of the Reversion Date. The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or upon the occurrence of the Reversion Date. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption have been satisfied, provided that, no such notification shall be a condition for the suspension of the covenants or the release of the Security Interests in respect of the Notes described under this caption to be effective. The Trustee shall not be obliged to notify Holders of a Suspension Event or, if applicable, upon the occurrence of a Reversion Date.

The Issuer will have the right on and from the date on which the Notes achieve Investment Grade Status to release from time to time any of the property and other assets included in the Collateral from the Liens securing the Notes upon the Issuer delivering to the Trustee and the Security Agent an Officer's Certificate identifying the Collateral to be released and certifying that (a) the Notes have achieved Investment Grade Status, (b) no Default or Event of Default under the Indenture has occurred and is continuing and (c) such Collateral has been or, simultaneously with any release relating to the Notes, will be, released under any other Pari Passu Indebtedness (other than the obligations under the Revolving Credit Facility, Hedging Obligations or other Indebtedness which is entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement). This shall be in addition to the Security Agent's and the Trustee's entitlement to request and rely upon an Officer's Certificate and Opinion of Counsel, each certifying that such release complies with the Indenture.

There can be no assurance that the Notes will ever achieve Investment Grade Status. There are also circumstances other than the achievement of Investment Grade Status that would result in a release of the Security Interests in respect of the Collateral. See "—*Security—Release of Liens*" and "—*IPO Debt Pushdown*."

Financial Calculations

When calculating the availability under any ratio or incurrence based permission, basket or threshold under the Indenture in connection with any transaction (including, for the avoidance of doubt and without limitation, any Incurrence or assumption of Indebtedness or Liens, a Change of Control, a Specified Change of Control, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Disposition, any acquisition, merger, consolidation, amalgamation or other business combination, any transaction requiring the testing of any basket based on the Consolidated EBITDA of the Issuer), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be (A) the date the definitive agreements for such transaction are entered into, the date of the relevant offer, notice or commitment or any other date (as determined in good faith by the Board of Directors or a member of Senior Management) on which the definitive terms of such transaction are established (any such date, the "**Transaction Commitment Date**"), and such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio and Consolidated Net Leverage Ratio after giving effect to such transaction and other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio); *provided* that the Issuer may elect to redetermine compliance with the Indenture in respect of the relevant transaction on any date on or prior to the date of its consummation, (but following the Transaction Commitment Date), in which case such date of redetermination shall thereafter be the Transaction Commitment Date in respect of the relevant transaction, or (B) the date of consummation of any such transaction. For the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Consolidated Net Income or Consolidated EBITDA of the Issuer or that arising from an asset or a target company subject to such transaction) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided* that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the Transaction Commitment Date for purposes of calculating any baskets or ratios under the Indenture after the Transaction Commitment Date and before the earlier of the date of consummation of such transaction or the date such transaction is terminated or expires without consummation, except that in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA for purposes other than Incurrences of Indebtedness or Liens or the making of Restricted Payments (not related to such acquisition, merger or consolidation) shall not reflect such transaction until it has been consummated.

Unless otherwise specifically set forth herein, for any relevant financial covenant or financial ratio or Incurrence-based permission, test, basket or threshold in the Indenture (each, an "**Applicable Metric**") set by reference to a fiscal year, a calendar year, a four-quarter period (including Relevant Testing Period) or any other similar annual period (each an "**Annual Period**"):

(i) at the option of the Issuer, the maximum amount so permitted under such Applicable Metric during such Annual Period may be increased by: (A) an amount equal to 100% of the difference (if positive) between the permitted amount in the immediately preceding Annual Period and the amount thereof actually used or applied by the Issuer during such preceding Annual Period (the "**Carry Forward Amount**"); and/or (B) an amount equal to 100% of the permitted amount in the immediately following Annual Period and the permitted amount in such immediately following Annual Period shall be reduced by such corresponding amount (the "**Carry Back Amount**"); and

(ii) to the extent that the maximum amount so permitted under such Applicable Metric during such Annual Period is increased in accordance with clause (i) above, any usage of such Applicable Metric during such Annual Period shall be deemed to be applied in the following order: (A) first, against the Carry Forward Amount; (B) second, against the maximum amount so permitted during such Annual Period prior to any increase in accordance with clause (i) above; and (C) third, against the Carry Back Amount.

If (x) a proposed action, matter, transaction or amount (or a portion thereof) is incurred or entered into pursuant to a fixed basket or the grower component of any other basket and (y) at a later time would subsequently be

permitted under a ratio-based basket, unless otherwise elected by the Issuer, such action, matter, transaction or amount (or a portion thereof) shall automatically be reclassified to such ratio-based basket.

If any amount is incurred or utilized under any ratio-based basket, such amount shall be permitted notwithstanding any subsequent decline in the Consolidated Net Leverage Ratio, the Consolidated Senior Secured Net Leverage Ratio or any other financial ratio or metric.

Events of Default

Each of the following is an "**Event of Default**" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon acceleration or otherwise;

(3) failure by the Issuer or, solely in connection with the covenants described under "*—Certain Covenants—* Limitation *on Liens*" and "*—Certain Covenants—Impairment of Security Interest*," the Third Party Security Provider, to comply for 60 days after notice by the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes with their respective other agreements contained in the Indenture;

(4) the occurrence of any default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Restricted Subsidiary (or the payment of which is Guaranteed by the Issuer or any Restricted Subsidiary) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("**payment default**"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross-acceleration provision**"),

and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates the greater of €20.0 million and 25.0% of Consolidated EBITDA, or more;

(5) certain events of bankruptcy, insolvency or court protection of the Third Party Security Providers, the Issuer, a Significant Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary (the "**bankruptcy provisions**");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of the greater of €20.0 million and 25% of Consolidated EBITDA (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "**judgment default provision**");

(7) any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of the greater of €15.0 million and 20.0% of Consolidated EBITDA for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or any Third Party Security Provider, the Issuer or another Restricted

Subsidiary that has granted such Security Interest shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 30 days; and

(8) any Notes Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 30 days.

However, a default under clauses (3), (4), (6), (7) or (8) of the first paragraph under this caption will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4), (6), (7) or (8) the Issuer does not cure such default within the time specified in clauses (3), (4), (6), (7) or (8), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee, by notice to the Issuer, or the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture, by written notice to the Issuer and the Trustee, may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (ii) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of not less than a majority in principal amount of the outstanding Notes under the Indenture by notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest or Additional Amounts, if any, on any Note held by a non-consenting Holder (which may only be waived with the consent of Holders holding 75% of the aggregate principal amount of the Notes outstanding under the Indenture)) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee and, if requested, the Trustee has received, customary indemnification and/or security (including by way of prefunding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense (including legal fees). Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee indemnity and/or security (including by way of prefunding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense (including legal fees);

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such indemnity and/or security (including by way of prefunding); and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of not less than a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines (in its reasonable opinion) is unduly prejudicial to the rights of any other Holder or that would involve the Trustee or any Agent in personal liability.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of prefunding) satisfactory to the Trustee in its sole discretion against all losses, liabilities and expenses (including legal fees) caused by taking or not taking such action. The Trustee shall have no obligation to monitor compliance by the Issuer or any Guarantor with the Indenture. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed in writing of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being so notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year (beginning with the first fiscal year ending after the Issue Date), an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "**Initial Default**") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed under "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such provision or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction (in its sole discretion). It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity, security and/or prefunding to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions and to the provisions described in "*—Meetings of Holders of Notes*," the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived under the Indenture with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection

with a purchase of, or tender offer or exchange offer for, Notes); *provided that*, if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected, an amendment or waiver under the Indenture may not, with respect to any such series of Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described under "*—Optional Redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the contractual right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts on, if any, such Holder's Notes on or after the due dates therefor;

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any Security Interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

For the avoidance of doubt, the Indenture will not include any provision incorporating, giving effect to, or otherwise reflecting the provisions of Section 316(b) of the Trust Indenture Act.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Guarantors (to the extent party thereto), the Third Party Security Providers (to the extent party thereto), the Trustee, the Security Agent and any Agent party to it may under the Indenture amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) provide for uncertificated Notes in addition to or in place of certificated Notes;

(6) provide for the issuance of Additional Notes in accordance with the terms of the Indenture;

(7) provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the provision described under "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(8) conform the text of the Indenture, the Intercreditor Agreement, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Intercreditor Agreement, the Security Documents or the Notes;

(9) evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document;

(10) in the case of the Security Documents, mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders and/or the parties to the Revolving Credit Facility, in any property which is required by the Security Documents, the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the provisions described under "*— Certain Covenants—Impairment of Security Interest*" is complied with;

(11) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including to facilitate the issuance and administration of Notes; provided, however, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any other applicable securities law and (ii) such amendment does not adversely affect the rights of Holders to transfer Notes in any material respect;

(12) make any amendment of an administrative or ministerial nature to the provisions of the Indenture or any Notes Document to facilitate a Permitted Reorganization, any transaction that complies with the covenants described under the headings "*—Certain Covenants—Merger and Consolidation*" and/or "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" relating to mergers, consolidations and sales of assets, or a transaction described under "*—IPO Debt Pushdown*"; or

(13) as provided in "*—Certain Covenants—Impairment of Security Interest*" and *"—Certain Covenants—Additional Intercreditor Agreements*."

In formulating its decision on such matters, the Trustee shall be entitled to receive and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment, waiver or other modification under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by subsections (2), (3) and (7) in respect of providing for a Notes Guarantee, it shall only be necessary for the supplemental indenture or Notes Guarantee of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee.

The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded under the Indenture and deemed not to be outstanding; *provided* that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which the Trustee actually knows are so owned shall be so disregarded.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and each Guarantor under the Notes and the Indenture ("**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate the obligations of it and the Restricted Subsidiaries under the covenants described under "*—Certain Covenants*" (other than clauses (1) and (2) of "*—Certain Covenants— Merger and Consolidation*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross default upon a payment default, the cross-acceleration provision, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee provision (other than in respect of the Issuer) and the security default provision described under "*—Events of Default*" ("**covenant defeasance**").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation*"), (4), (5) (with respect only to Significant Subsidiaries), (6), (7) or (8) under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States, subject to customary assumptions and exclusions, to the effect that beneficial owners of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law after the date hereof);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer; and

(3) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes and rights of the Trustee, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to both the Paying Agent and the Trustee under the Indenture to apply the deposited money toward the payment of such Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Meetings of Holders

All meetings of Holders of the Notes will be held in accordance with applicable Italian laws and regulation. In addition to and without prejudice to the provisions described above under the caption "*Amendments and Waivers*," in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Issuer, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by holders of at least 5% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one third of the aggregate principal amount of the outstanding Notes; *provided, however*, that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders (including any adjourned meeting) by one or more persons present that hold or represent Holders of not less than one half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "*—Amendments and Waivers*," and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The terms and conditions of the Notes may be amended with the vote of either 50% or 75% of the aggregate principal amount of the outstanding Notes*." Any resolution duly passed at any such meeting shall be binding on all the Holders, whether or not such Holder was present at such meeting or voted to approve such resolution.

To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code. The Indenture will provide that the provisions described under this "*—Meetings of Holders*" will be in addition to, and not in substitution of, the provisions described under the caption "*—Amendments and Waivers*." As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meetings of Holders*" must also comply with the other provisions described under "*—Amendments and Waivers*."

Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the Holders of the Notes of the initial appointment as of the Issue Date of U.S. Bank Trustees Limited, as representative (*rappresentante*) pursuant to Article 2414 bis, paragraph 3, of the Italian Civil Code (the "**Security Representative**") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture, each holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of U.S. Bank Trustees Limited, as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the "*No*teholders' Representative") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the Holders of the Notes. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more Holders of the Notes or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three financial years but may be subsequently reappointed thereafter.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer, any Parent, or any Subsidiaries or Affiliates of the Issuer, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. Furthermore, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder has offered to the Trustee, and the Trustee has received, customary protection and indemnification and/or security (including by way of prefunding) satisfactory to the Trustee in its sole discretion.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee or any Agent will be permitted to engage in other transactions with the Issuer, its Subsidiaries and Affiliates.

The Indenture will set 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 actual knowledge of 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 removal of the Trustee and 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 will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes or expenses (including legal fees) Incurred without gross negligence, willful default or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

The Trustee shall be entitled to rely solely and conclusively, without need for further investigation or verification, on any Officer's Certificate, Opinion of Counsel or other evidence as it deems appropriate in formulating its opinion or in taking or not taking any action under the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*). Such notices may instead be published in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered by or on behalf of the Issuer to Euroclear and Clearstream.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; provided that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the Notes Guarantees, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note (as applicable), the Issuer and the Guarantors will indemnify them against any loss sustained by such

recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Notes Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

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 thereof.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes Guarantees and the Notes, the Issuer in the Indenture and each Guarantor in its respective supplemental indenture will irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, in the United States of America. The Indenture will provide that the Issuer and each Guarantor, will appoint Law Debenture Corporate Services Inc., as their agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. For the avoidance of doubt, the governing law of the Indenture and the Notes may be amended with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England. The Security Documents will be governed by the laws of the location of the relevant asset that is part of the Collateral.

Certain Definitions

"**Acquired Indebtedness**" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"**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.

"**Agents**" means each Registrar, co-registrar, Transfer Agent, authenticating agent, Calculation Agent, Paying Agent or additional paying agent and "**Agent**" means any of them.

"**Agreed Security Principles**" means the agreed security principles appended to the Indenture.

"**Asset Disposition**" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares or Capital Stock of a Subsidiary of the Issuer (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "**disposition**") by the Issuer or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer will constitute a Default under "— *Certain Covenants—Merger and Consolidation*" unless the conditions described therein are met. Notwithstanding the preceding provisions of this definition, the following items (the "**Permitted Dispositions**") shall be deemed not to be Asset Dispositions:

(1) a disposition by the Issuer to a Restricted Subsidiary or by a Restricted Subsidiary to the Issuer or another Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business or consistent with past practice;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer or the Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging or other derivative instruments, transactions or arrangements;

(5) transactions permitted under "—*Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved or ratified by the Board of Directors of the Issuer or such Restricted Subsidiary or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors of the Issuer) of no more than the greater of €12.0 million and 15.0% of Consolidated EBITDA;

(8) (a) the making of any Restricted Payment that is permitted to be made, and is made, under "—*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or (b) asset sales, leases, transfers or other dispositions to the extent the proceeds thereof are used to make Restricted Payments, Permitted Payments or Permitted Investments; *provided* that such Restricted Payments, Permitted Payments or Permitted Investments are made within 365 days of such asset sale, lease, transfer, issuance or other disposition;

(9) the granting of Liens not prohibited pursuant to the conditions described above under "— *Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar

arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or a Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with (i) any Qualified Receivables Financing, (ii) any Settlement Obligations or (iii) any factoring transaction or otherwise in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; provided, however, that the Board of Directors of the Issuer shall certify that in the opinion of the Board of Directors of the Issuer, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole);

(19) an issuance or sale by a Restricted Subsidiary of Preferred Stock or redeemable Capital Stock that would not be prohibited under "*—Certain Covenants—Limitation on Indebtedness*" or an issuance of Capital Stock by the Issuer pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(20) sales, transfers or any other disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements;

(21) any disposition with respect to property built, owned, improved or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to Sale and Leaseback Transactions, asset securitizations and other similar financings permitted by the Indenture;

(22) the issuance of directors' qualifying shares and shares issued to foreign nationals to the extent required by applicable law;

(23) any disposition in connection with the Transactions;

(24) the unwinding of any Cash Management Services or Hedging Obligations; and

(25) dispositions in connection with any Settlement and dispositions of Settlement Assets.

In the event that a transaction (or any portion thereof) meets the criteria of a Permitted Disposition and would also be a Permitted Investment or an Investment permitted under "*—Certain Covenants— Limitation on Restricted Payments*," the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as a Permitted Disposition and/or one of more of the types of Permitted Investments or Investments permitted under "*—Certain Covenants—Limitation on Restricted Payments*."

"**Associate**" means (i) any Person engaged in a Similar Business of which the Issuer or one or more Restricted Subsidiaries is the legal and beneficial owner of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"**Board of Directors**" means with respect to (1) the Issuer, its board of directors; (2) any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (3) any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (4) any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval or ratification of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved or ratified, as the case may be, by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval or ratification is taken as part of a formal board meeting or as a formal board approval or ratification).

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy, New York, New York or London, United Kingdom are authorized or required by law to close.

"**Capital Stock**" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Capitalized Lease Obligations**" means, in relation to any determination under the Indenture, an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of GAAP (or any equivalent measure under U.S. GAAP). The amount of Indebtedness will be, at the time any determination is to be made as determined on the basis of GAAP, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar or other recognized time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A 2" or the equivalent thereof (or has an equivalent long-term rating) by S&P or at least "P 2" or the equivalent thereof (or has an equivalent long-term rating) by Moody's or at least "F2" or the equivalent thereof (or has an equivalent long-term rating) by Fitch (or if at the time none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250.0 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "*A2*" or the equivalent thereof by S&P, at least "*P 2*" or the equivalent thereof by Moody's or at least "*F2*" or the equivalent thereof by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if the three named Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United States of America, any state of the United States of America, Canada, any province of Canada, any member of the European Union, Switzerland or

Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Fitch, Moody's or S&P (or, if at the time, none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "*BBB—*" or higher from S&P or "*Baa3*" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of twelve months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"**Cash Management Services**" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"**Change of Control**" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "*beneficial owner*" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; other than in connection with any transaction or series of transactions in which the Issuer shall become the direct or indirect wholly owned subsidiary of a Parent so long as no Person or group, as noted above, other than a Permitted Holder or a Parent satisfying the requirements of this sentence, holds more than 50% of the total voting power of the Voting Stock of such Parent (provided that, for the avoidance of doubt, for these purposes "voting power" excludes veto rights and/or lock up or transfer restrictions with respect to such Voting Stock); or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries (taken as a whole) to a Person, other than to a Restricted Subsidiary or one or more Permitted Holders;

provided that, in the case of each of (1) and (2), a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control solely as a result of the Issuer becoming a direct or indirect wholly owned subsidiary of a Holding Company if (i) the direct or indirect holders of the Voting Stock of such Holding Company immediately following that transaction are substantially the same as the holders of the Issuer's Voting Stock immediately prior to that transaction or (ii) immediately following that transaction no Person (other than (x) one or more Permitted Holders and/or (y) a Holding Company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of the Holding Company, and (b) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock or other corporate actions will not cause a party to be a beneficial owner.

"**Clearstream**" means Clearstream Banking, S.A., as currently in effect or any successor securities clearing agency.

"**Collateral**" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Notes Guarantee.

"**Commodity Hedging Agreement**" means, with respect to any Person, any commodity price protection agreement, commodity price future agreement, commodity price option agreement, any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity price option agreement or similar agreement or arrangements to which such Person is party or a beneficiary providing for the transfer or mitigation of commodity price risks either generally or under specific contingencies.

"**Consolidated Depreciation and Amortization Expense**" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization or write-off of (i) intangibles and non-cash organization costs, (ii) deferred financing fees or costs and (iii) capitalized expenditures, lease obligations, customer acquisition costs and incentive payments, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, of such Person and its Subsidiaries that are Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP and any write-down of assets or asset value carried on the balance sheet.

"**Consolidated EBITDA**" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits, revenue or capital, including federal, state, provincial, territorial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes of such Person paid or accrued during such period, including any penalties and interest relating to any tax examinations (including any additions to such taxes, and any penalties and interest with respect thereto), deducted (and not added back) in computing Consolidated Net Income; plus

(b) Fixed Charges of such Person for such period (including (x) net losses on any Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate, currency or commodities risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities), plus amounts excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (i) through (iii), in each case, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; plus

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; plus

(d) any (x) Transaction Expenses and (y) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transactions costs associated with becoming a public company), Investment, acquisition, disposition, recapitalization or the Incurrence of Indebtedness permitted to be Incurred under the Indenture (including a refinancing thereof) (whether or not successful), in each case, including (i) such fees, expenses or charges (including rating agency fees and related expenses) related to the offering of the Notes, the Revolving Credit Facility, the offering of any other debt securities, any other Credit Facility and any Receivables Fees, and the Permitted Parent Demerger and (ii) any amendment, waiver or other modification of the Notes, the Revolving Credit Facility, the Intercreditor Agreement, any Security Documents, Receivables Financings, Settlement Obligations, any other Credit Facility, any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering, in each case, whether or not consummated, to the extent the same were deducted (and not added back) in computing Consolidated Net Income; plus

(e) (i) the amount of any restructuring charge, accrual or reserve (and adjustments to existing reserves), integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost savings initiatives) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs Incurred in

connection with acquisitions or divestitures after the Issue Date, including those related to any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), systems development and establishment costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities and to exiting lines of business and consulting fees Incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlements thereof; plus

(f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting; provided that if any such non-cash charge, write-down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period then the cash payment in such future period shall be subtracted from Consolidated EBITDA when paid or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period); plus

(g) the amount of board of director fees, management, monitoring, advisory, consulting, refinancing, subsequent transaction, advisory and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to any member of the Board of Directors of the Issuer, any Permitted Holder or any Affiliate of a Permitted Holder to the extent permitted under "—*Certain Covenants—Limitation on Affiliate Transactions*"; plus

(h) the "*run rate*" expense and cost reduction synergies and cost savings, operating expense reductions, restructuring charges and expenses (including, without duplication, adjustments set out under sub-clause (t) below to the extent they relate to "run rate" expense and cost reduction synergies and cost savings, operating expense reductions, restructuring charges and expenses) that are reasonably expected (in good faith) to be commenced within 18 months of the date of the relevant determination as a result of actions taken or expected to be taken (calculated on a *pro forma* basis as though such expense and cost reduction synergies, cost savings, operating expense reductions, restructuring charges and expenses had been realized from the first day of such period and during the entirety of such period), net of the amount of actual benefits realized during such period from such actions (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"); *provided* that no expense and cost reduction synergies, cost savings, operating expense reductions, restructuring charges and expenses shall be added pursuant to this defined term to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period and (b) the aggregate amount of such "*run rate*" expense and cost reduction synergies, cost savings, operating expense reductions, restructuring charges and expenses that may be included pursuant to this sub-clause (h) or sub-clause (t) below (jointly considered) in such calculation of Consolidated EBITDA for any Relevant Testing Period may not exceed in aggregate 25.0% of Consolidated EBITDA (calculated after fully taking into account any adjustments to be made by the Issuer pursuant to this definition of "Consolidated EBITDA") for such Relevant Testing Period; plus

(i) the amount of loss or discount on sale of Receivables Assets, Settlement Receivables or related assets sold to a Receivables Subsidiary in connection with a Qualified Receivables Financing or Settlement Obligations; plus

(j) any costs or expense Incurred by the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or Net Cash Proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Issuer solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (c) of the second paragraph under "—*Certain Covenants—Limitation on Restricted Payments*"; plus

(k) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; plus

(l) any net loss included in the Consolidated Net Income attributable to non-controlling interests; plus

(m) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Issuer and the Restricted Subsidiaries; plus

(n) net realized losses from Hedging Obligations or embedded derivatives; plus

(o) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary, and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto; plus

(p) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a) and (c) above relating to such joint venture corresponding to the Issuer's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent the same was deducted (and not added back) in calculating Consolidated Net Income; plus

(q) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments; plus

(r) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost), and any other items of a similar nature; plus

(s) the amount of expenses relating to payments made to option holders of the Issuer or any Parent in connection with, or as a result of, any distribution being made to equity holders of such Person or its Parents, which payments are being made to compensate such option holders as though they were equity holders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; plus

(t) to the extent not already otherwise included herein, (i) adjustments and add-backs corresponding to those made in calculating "*Structuring Adjusted EBITDA*" included in the Offering Memorandum; and (ii) adjustments of a nature consistent with the adjustments and add-backs which were included in the calculation of "*Structuring Adjusted EBITDA*" in this Offering Memorandum; *provided* that any adjustment under each of sub-clauses (i) and (ii) that relates to "run rate" expense and cost reduction synergies and cost savings, operating expense reductions, restructuring charges and expenses shall be subject to the limitations set forth under sub-clause (h) above; plus

(u) earn-out obligations Incurred in connection with any acquisition or other Investment permitted under the Indenture and paid or accrued during such period; plus

(v) losses, charges and expenses related to the pre-opening and opening of new facilities, and start-up period prior to opening, that are operated, or to be operated, by the Issuer or any Restricted Subsidiary; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period.

For purposes of calculating Consolidated EBITDA for the purpose of any basket or ratio under the Indenture, Consolidated EBITDA shall be the Consolidated EBITDA of the Issuer measured for the period of the Relevant Testing Period, in each case with such *pro forma* adjustments giving effect to such Indebtedness, acquisition or

Investment, as applicable, since the start of such Relevant Testing Period and as are consistent with the *pro forma* adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"**Consolidated Interest Expense**" means, for any Person for any period (in each case, determined on the basis of GAAP), the consolidated net interest income (expense) of such Person and its Restricted Subsidiaries, whether paid or accrued, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (as applicable), plus (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses) and any other consideration given by the Issuer or the Restricted Subsidiaries during the relevant period, and relating to that period, in connection with any acceptance credit, bill discounting debt factoring or other similar arrangement;

(3) non-cash interest expense;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of such Person and all Preferred Stock of any Restricted Subsidiary of such Person, to the extent held by Persons other than such Person or a Restricted Subsidiary of such Person, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by the Board of Directors of the Issuer;

(6) interest capitalized in the relevant period and not recorded as interest expense in such period; and

(7) cash interest actually paid by such Person under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition and depreciation charges in respect of interest capitalized in a period following the Issue Date, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under GAAP, (iv) any Additional Amounts with respect to the Notes or other similar tax gross-up on any Indebtedness, which is included in interest expense under GAAP and (v) interest expense in respect of Settlement Obligations; *provided* that for purposes of this definition, interest in respect of a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of such Person to be the rate of interest implicit in such lease in accordance with GAAP.

"**Consolidated Net Income**" means, with respect to any Person for any period, the net income (loss) of such Person and its Subsidiaries that are Restricted Subsidiaries for such period determined on a consolidated basis on the basis of GAAP after any reduction in respect of Preferred Stock dividends; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from Investments recorded in such Person under the equity method of accounting), except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that (as reasonably determined by an Officer of the Issuer) could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided* that, for the purposes of clause (c) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under the definition of "Permitted Investments";

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the second paragraph of the covenant described under "*—Certain Covenants— Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary's articles, charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Revolving Credit Facility, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Notes or the Indenture and (c) restrictions specified in clause (11)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*") except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized upon the sale or other disposition of any asset (including pursuant to any Sale and Leaseback Transaction) or disposed or discontinued operations of the Issuer or any Restricted Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer);

(4) any extraordinary, one-off, exceptional, unusual or nonrecurring gain, loss, charge or expense, including Transaction Expenses and any costs related to the Permitted Parent Demerger or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense or relocation costs, one-time compensation charges, integration and facilities' opening costs and other business optimization expenses and operating improvements (including related to new product introductions), systems development and establishment costs, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, retention or completion bonuses, transition costs, costs related to closure, consolidation or disruption of facilities, costs associated with temporary decreases in work volume and expenses related to maintaining underutilized personnel and facilities, losses arising from natural disasters, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities), contract terminations and professional and consulting fees Incurred with any of the foregoing;

(5) the cumulative effect of a change in law, regulation or accounting principles at any time following the Issue Date;

(6) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the re valuation of any benefit plan obligation and (ii) income (loss) attributable to deferred compensation plans or trusts;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of any Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Obligations;

(9) any fees and expenses (including any transaction or retention bonus or similar payment) Incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition of assets or securities, issuance or repayment of Indebtedness, issuance of Capital Stock,

refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs Incurred during such period as a result of any such transaction, in each case whether or not successful;

(10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person, and any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(11) any unrealized or realized gain or loss due solely to fluctuations in currency values and the related tax effects, determined in accordance with GAAP;

(12) any recapitalization accounting or purchase accounting effects, including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition (including in connection with the Transactions), or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and the amortization of intangibles arising pursuant to GAAP;

(14) any effect of income (loss) from the early extinguishment or cancellation of Indebtedness or any Hedging Obligations or other derivative instruments;

(15) accruals and reserves that are established or adjusted (including any adjustment of estimated payouts on existing earn-outs) that are so required to be established as a result of the Transactions in accordance with GAAP, or changes as a result of adoption or modification of accounting policies;

(16) any costs associated with the Transactions;

(17) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item;

(18) any (i) payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed and (ii) effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(19) any net gain (or loss) from disposed, abandoned or discontinued operations and any net gain (or loss) on disposal of disposed, discontinued or abandoned operations; and

(20) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal, including in respect of Subordinated Shareholder Funding.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Subsidiaries that are Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include (i) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed and only to the extent that such amount is (A) not denied by the applicable payor in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days) and (ii) to the extent covered by insurance (including business interruption insurance) and actually

reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption.

"**Consolidated Net Leverage**" means, as of any date of determination, without double-counting, the sum of the aggregate outstanding Indebtedness and the Reserved Indebtedness Amount of the Issuer on a consolidated basis (excluding any intercompany Indebtedness of the Group, Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Issuer) and Indebtedness Incurred pursuant to clause (4)(c) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect thereof), *less* the sum (which shall in no case be less than zero) of the aggregate amount of cash and Cash Equivalents that would be stated on the balance sheet of the Issuer on a consolidated basis as of such date in accordance with GAAP.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the Consolidated EBITDA of the Issuer for the Relevant Testing Period; *provided, however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "*— Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clause 5(II) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") or (ii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness using proceeds of Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"**Consolidated Senior Secured Net Leverage Ratio**" means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Senior Secured Indebtedness and excluding the Reserved Indebtedness Amount that, upon Incurrence, would not constitute Senior Secured Indebtedness.

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

   (a) for the purchase or payment of any such primary obligation; or

   (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**Credit Facility**" means, with respect to the Issuer or any Restricted Subsidiary, one or more debt facilities, arrangements, instruments, trust deeds or indentures (including the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, performance guarantees, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and

delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facility*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement or arrangement to which such Person is a party or beneficiary.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by the Board of Directors of the Issuer) of non-cash consideration received by the Issuer or one or more Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the conditions described under "*—Certain Covenants— Limitation on Sales of Assets and Subsidiary Stock*."

"**Designated Preference Shares**" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "*Designated Preference Shares*" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) and (c)(iii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption would not be prohibited under "*—Certain Covenants—Limitation on Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"**Equity Offering**" means (x) a sale of Capital Stock of the Issuer or a Parent (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, in each case the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or Excluded Amounts) of the Issuer or any of the Restricted Subsidiaries.

"**Escrowed Proceeds**" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "*Escrowed Proceeds*" shall include any interest earned on the amounts held in escrow.

"**Euroclear**" means Euroclear Bank SA/NV or any successor securities clearing agency.

"**European Government Obligations**" means any security denominated in euro that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long-term debt is rated "*A1*" or higher by Moody's or "*A+*" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"**European Union**" means the European Union as of the Issue Date.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contribution**" means Net Cash Proceeds or property or assets (other than Excluded Amounts) received by the Issuer or a Restricted Subsidiary as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer or a Restricted Subsidiary after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer or a Restricted Subsidiary, in each case, after the Issue Date and to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"**fair market value**" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"**FamilyCo**" means any newly incorporated entity or fiduciary company holding the shares of the Issuer owned by the Mastrotto Family Members that are part of the Collateral.

"**Fitch**" means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Fixed Charge Coverage Ratio**" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person to the Fixed Charges of such Person for the Relevant Testing Period. In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, Guarantees, repays, repurchases redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the Relevant Testing Period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**FCCR Calculation Date**"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, deemed Incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of proceeds therefrom, as if the same had occurred at the beginning of the Relevant Testing Period; provided, however, that the *pro forma* calculation shall not give effect to: (i) any Fixed Charges attributable to Indebtedness Incurred on the FCCR Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—*

Limitation on Indebtedness" (other than Fixed Charges attributable to Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph thereof) or (ii) Fixed Charges attributable to any Indebtedness discharged on such FCCR Calculation Date to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described under the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness discharged on such FCCR Calculation Date using proceeds of Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"). Whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations shall be as determined in good faith by a responsible accounting or financial officer of the Issuer (and may include the full run rate effect of anticipated expense and cost reduction synergies, cost savings, operating expense reductions, restructuring charges and expenses), including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken or any actions reasonably expected to be taken, by the Issuer or any Restricted Subsidiary, including, without limitation, in connection with any expense and cost reduction synergies, cost savings, operating expense reductions, restructuring charges and expenses or in connection with any transaction, Investment, acquisition, disposition, restructuring, corporate reorganization or otherwise; *provided* that the amount of such anticipated expense and cost reduction synergies, cost savings, operating expense reductions, restructuring charges and expenses shall (i) be calculated without duplication of the anticipated expense and cost reduction synergies, cost savings, operating expense reductions, restructuring charges and expenses described in clauses (h) and (t) of the definition of "Consolidated EBITDA", (ii) be limited to those reasonably expected to be commenced within 18 months of FCCR Calculation Date and (iii) not exceed 25.0% of Consolidated EBITDA (calculated after fully taking into account any adjustments to be made by the Issuer pursuant to the definition of "Consolidated EBITDA") for such Relevant Testing Period. In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or Investments (each, a "**Purchase**") that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the Relevant Testing Period or subsequent to such Relevant Testing Period and on or prior to the FCCR Calculation Date, or that are to be made on the FCCR Calculation Date, will be given *pro forma* effect as if they had occurred on the first day of the Relevant Testing Period; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such Relevant Testing Period will be calculated after giving *pro forma* effect to such Purchase as if such Purchase had occurred on the first day of such Relevant Testing Period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with GAAP, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the FCCR Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of the Relevant Testing Period;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the FCCR Calculation Date, will be excluded on a pro forma basis as if such disposition occurred on the first day of the Relevant Testing Period, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the Issuer or any of its Restricted Subsidiaries following the FCCR Calculation Date;

(4) any Person that is a Restricted Subsidiary on the FCCR Calculation Date will be deemed to have been a Restricted Subsidiary at all times during the Relevant Testing Period;

(5) any Person that is not a Restricted Subsidiary on the FCCR Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during the Relevant Testing Period;

(6) if any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the FCCR Calculation Date had been the applicable rate for the entire Relevant Testing Period (taking into account any Hedging

Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the relevant determination date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness);

(7) interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the Relevant Testing Period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate; and

(8) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by an Officer of the Issuer responsible for accounting or financial reporting to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; plus

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Disqualified Stock or Preferred Stock payable to the Issuer or a Restricted Subsidiary; plus

(3) Fixed Charges that would have arisen from the Reserved Indebtedness Amount had such Reserved Indebtedness Amount been incurred as of the date of its classification as a Reserved Indebtedness Amount.

"**GAAP**" means, at the election of the Issuer, (1) the Italian laws governing the preparation of financial statements, as interpreted and integrated by the accounting principles established by the *Organismo Italiano di Contabilità* ("**Italian GAAP**") if the Issuer's financial statements are at such time prepared in accordance with such laws or (2) IFRS if the Issuer's financial statements are at such time prepared in accordance with IFRS, in each case, as in effect from time to time on the date of delivery of any applicable financial statements or other financial information and/or calculations (including *pro forma* financial information and/or calculations) or, at the election of the Issuer, as in effect on the Issue Date, provided that (a) all references to accounting standards specifically named in the Indenture shall be deemed to include any successor, replacement, amendment or updated accounting standard under Italian GAAP or IFRS, as applicable, (b) neither Italian GAAP nor IFRS shall be required to include the policies, rules and regulations of the International Accounting Standards Board or any other applicable regulatory or governing body applicable only to public companies, (c) neither Italian GAAP nor IFRS shall be required to be calculated using the same accounting standard across multiple quarters and (d) at any date after the Issue Date, the Issuer may make an irrevocable election to establish that "GAAP" shall mean GAAP as in effect on a date that is on or prior to the date of such election (except for purposes of the covenant described under "*—Certain Covenants—Reports*"). The Issuer shall give notice of any such election made in accordance with this definition to the Trustee.

For the purpose of making any calculation or determination (including the calculation of any restriction, basket, threshold or permission) under the Indenture all calculations or determinations in the Indenture shall be made without giving effect to any election under IFRS 9 (*Financial Instruments*) or any successor thereto or comparable accounting principle to value any Indebtedness or other liabilities at "fair value" (as defined therein).

If there occurs a change in Italian GAAP or IFRS, as the case may be, and such change would cause a change in the method of calculation of any term or measure used in the Indenture (an "**Accounting Change**"), then the Issuer may elect, from time to time, that such term or measure shall be calculated as if such Accounting Change had not occurred.

"**Gold Leather**" means Gold Leather S.à r.l.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Guarantee**" means any guarantee (including any Notes Guarantee) or obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "**Guarantee**" will not include endorsements for collection or deposit in the ordinary course of business. The term "**Guarantee**" used as a verb has a corresponding meaning.

"**Guarantors**" means the Initial Guarantors and any Restricted Subsidiary that Guarantees the Notes pursuant to the terms of the Indenture from time to time.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"**Holder**" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"**Holding Company**" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"**IFRS**" means the International Financial Reporting Standards issued by the International Accounting Standards Board endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply.

"**Incur**" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "**Incurred**" and "**Incurrence**" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "**Incurred**" at the time any funds are borrowed thereunder.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligation, including accrued expenses owed, to a trade creditor), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends); *provided, however*, that Disqualified Stock of the Issuer or Preferred

Stock of a Restricted Subsidiary shall not constitute Indebtedness for purposes of the definition of "Consolidated Net Leverage";

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement),

with respect to clauses (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP.

The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;

(ii) Cash Management Services;

(iii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice;

(v) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(vi) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(vii) obligations under or in respect of Qualified Receivables Financings;

(viii) Indebtedness of any Parent appearing on the balance sheet of the Issuer solely by reason of push-down accounting under GAAP;

(ix) Capital Stock (other than Disqualified Stock of the Issuer and Preferred Stock of a Restricted Subsidiary);

(x) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "—Certain *Covenants—Merger and Consolidation*";

(xi) Subordinated Shareholder Funding;

(xii) trade payables and accrued commissions owed to banks in the ordinary course of business; and

(xiii) Settlement Obligations.

"**Independent Financial Advisor**" means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; provided, however, that such firm or appraiser is not an Affiliate of the Issuer.

"**Initial Guarantors**" means Elmo, Mapel Components, Mapel Textile, RMG Leather and Tessitura Oreste Mariani.

"**Initial Investor**" for the sole purpose of this Offering Memorandum, means any one or more funds, limited partnerships, other similar vehicles or accounts and/or other entities owned, managed, controlled and/or advised (directly or indirectly) by Neuberger Berman AIFM S.à r.l. or Renaissance AIFM S.à r.l., acting as alternative investment fund manager, or any of their respective Affiliates or successors or any entity controlled by all or substantially all of the managing directors of such funds from time to time.

"**Initial Public Offering**" means (a) an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or Restricted Subsidiary or any successor of the Issuer or any Parent or Restricted Subsidiary or (b) the acquisition, purchase, merger or combination of the Issuer or any Parent or Restricted Subsidiary by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing or any parent company of such company (in each of clause (a) or (b) above, such entity, the "**IPO Entity**") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"**Intercreditor Agreement**" means the intercreditor agreement dated on or about the Issue Date, by and among, *inter alios*, the Issuer, the Security Agent and the Trustee, as amended, restated or otherwise modified or varied from time to time.

"**Interest Rate Agreement**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of GAAP; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or a Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*."

For purposes of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "*Investment*" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Securities**" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "*BBB-*" or higher from S&P, "*Baa3*" or higher by Moody's or "*BBB-*" or higher from Fitch or the equivalent of such rating by such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Restricted Subsidiaries and the Issuer;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"**Investment Grade Status**" shall be achieved when the Notes receive at least two of the following:

(1) a rating of "*BBB-*" or higher from S&P;

(2) a rating of "*Baa3*" or higher from Moody's; or

(3) a rating of "*BBB-*" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating from S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"**IPO Entity**" has the meaning given to it in the definition of Initial Public Offering.

"**IPO Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"**Issue Date**" means July 22, 2024.

"**Issuer**" means Rino Mastrotto Group S.p.A., a *società per azioni* incorporated under the laws of Italy and any Successor Issuer.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"**Management Advances**" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees, contractors or consultants of any Parent, the Issuer or any Restricted

Subsidiary, or to any management equity plan, stock option plan, any other management or employee benefit, bonus or incentive plan or any trust, partnership or other entity of, established for the benefit of or the beneficial owner of which (directly or indirectly) is the directors, officers, employees, contractors or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) in respect of any expenses (including travel, entertainment, moving-related or other expenses) Incurred in the ordinary course of business or in accordance with past practice;

(2) for purposes of funding any such person's purchase (or the purchase by any management equity plan) of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with the approval of the Board of Directors of the Issuer, or otherwise relating to any management equity plan, stock option plan any other management or employee benefit, bonus or incentive plan;

(3) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(4) (in the case of this clause (4)) not exceeding the greater of €8.0 million and 10.0% of Consolidated EBITDA in the aggregate outstanding at any time.

"**Management Investors**" means (i) members of the management team of the Issuer or the Issuer's Subsidiaries who invest or commit to invest, directly or indirectly, in the Issuer, another Restricted Subsidiary or a Parent on or prior to Issue Date through a management equity program, (ii) persons who are or become members of the management team of the Issuer or the Issuer's Subsidiaries following the Issue Date (other than in connection with a transaction that would otherwise be a Change of Control if such persons were not included in the definition of "Permitted Holders") and who invest, directly or indirectly, in a Parent, the Issuer or the Issuer's Subsidiaries through a management equity plan and (iii) any entity that may hold shares transferred by departing members of the management team of a Parent, the Issuer or the Issuer's, Subsidiaries for future redistribution to the management team of the Issuer or the Issuer's Subsidiaries. For the avoidance of doubt, the expression "*management team*" shall include, but not be limited to, any managers, officers and (executive and non-executive) directors of a Parent, the Issuer or the Issuer's Subsidiaries.

"**Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"**Mastrotto Family Members**" means Rino Mastrotto, Matteo Mastrotto and Barbara Mastrotto (and their descendants and heirs).

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Exchange Act.

"**Net Available Cash**" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition (other than Capitalized Lease Obligations), in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"**Net Cash Proceeds**," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing agreements).

"**Non-Guarantor Debt Cap**" means an amount of Indebtedness Incurred pursuant to the first paragraph of the covenant described under "*—Certain Covenants— Limitation on Indebtedness*," (but only to the extent such Indebtedness is not Incurred under a Credit Facility subject to loss-sharing pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement) which shall not in aggregate exceed the greater of €27.0 million and 35.0% of Consolidated EBITDA at any time outstanding.

"**Notes Documents**" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"**Notes Guarantee**" means a Guarantee of the Notes by a Guarantor.

"**Offering Memorandum**" means this offering memorandum in relation to the Notes.

"**Officer**" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, any member of the senior management, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "*Officer*" for the purposes of the Indenture by the Board of Directors of such Person.

"**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 (which may be subject to customary assumptions and qualifications) from legal counsel reasonably satisfactory to the Trustee.

The counsel may be an employee of or counsel to the Issuer or a Restricted Subsidiary.

"**Parent**" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in the Issuer or any other Parent.

"**Parent Expenses**" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of any Restricted Subsidiary and the Issuer, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer or its Restricted Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Restricted Subsidiaries or the Issuer;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses and administrative costs, including (a) professional fees and expenses, regulatory costs and other operational expenses of any Parent related to the ownership or operation of the business of any Restricted Subsidiaries or the Issuer, (b) costs and expenses with respect to the ownership, directly or indirectly, of any Restricted Subsidiaries or the Issuer by any Parent, (c) any Taxes of any Parent to the extent arising from an investment in the equity interests or equity like interests of such Parent, or shareholder loans extended to or by such Parent, in connection with the Transactions or another investment in any Restricted Subsidiaries or the Issuer, (d) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent and (e) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of any Restricted Subsidiaries or the Issuer or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed the greater of €6.0 million and 7.5% of Consolidated EBITDA in any fiscal year (with any amount unused in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year);

(7) any Taxes, to the extent such Taxes are referable to the income of the Issuer or the Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such Taxes to the extent referable to the income of such Unrestricted Subsidiaries; *provided, however*, that the amount of such payments in any fiscal year do not exceed the amount that the Issuer and its consolidated Subsidiaries would be required to pay in respect of such Taxes on a consolidated basis on behalf of an affiliated group consisting only of the Issuer and its consolidated Subsidiaries;

(8) amounts to finance Investments that would otherwise be permitted to be made pursuant to the covenant described above under "*Certain Covenants—Limitation on Restricted Payments*" if made by the Issuer or a Restricted Subsidiary, provided that (i) such Restricted Payment shall be made substantially concurrently with the closing of such Investment; (ii) such direct or indirect parent company shall, immediately following the closing thereof cause (A) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of the Restricted Subsidiaries or (B) the merger, consolidation or amalgamation of the person formed or acquired into the Issuer or one of the Restricted Subsidiaries in order to consummate such Investment; (iii) such direct or indirect parent company and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture and such consideration or other payment is included as a Restricted Payment under the Indenture; (iv) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to clause (c)(i) of the second paragraph of the covenant described under "— Certain Covenants—Limitation on Restricted Payments" or be an Excluded Contribution; and (v) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to a provision of the covenant described in "—Certain Covenants—Limitation on Restricted Payments" or pursuant to the definition of "Permitted Investments"; and

(9) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness;

(a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(c) 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 Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"**Pari Passu Indebtedness**" means (a) any Indebtedness of the Issuer that ranks equally in right of payment with the Notes or (b) with respect to any Notes Guarantee of a Guarantor, any Indebtedness that ranks equally in right of payment with such Notes Guarantee.

"**Paying Agent**" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"**Permitted Collateral Liens**" means Liens on the Collateral:

(1) that are described in one or more of clauses (2)(ii), (3), (4), (5), (6), (8), (9), (11), (12), (13), (14), (18), (20), (23) and (24) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(2) to secure:

(a) the Notes issued on the Issue Date and any related Notes Guarantees;

(b) Indebtedness, the Incurrence of which would not be prohibited under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

provided that, in the case of this clause (b), after giving effect to such Incurrence on the date thereof, the Consolidated Senior Secured Net Leverage Ratio does not exceed 4.0 to 1.0;

(c) Indebtedness described under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," which Indebtedness may be entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(d) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," to the extent Incurred by a Guarantor and to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

(e) Indebtedness described under clauses (4)(a), (4)(b), (4)(c) and (5) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(f) Indebtedness described under clause (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," which Indebtedness may be entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(g) Indebtedness described under clauses (7) (other than with respect to Capitalized Lease Obligations), (11), (12) or (15) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(h) Indebtedness secured on a junior basis to the Notes; and

(i) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a), (b), (d), (e), (f), (h) and this clause (i);

provided that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) described in paragraph (2) above will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided, further,* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness (including any Guarantees thereof) or Refinancing Indebtedness secure the Notes and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (c) and (f) above; and

(3) Incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary with respect to obligations that in total do not exceed the greater of €4.0 million and 5.0% of Consolidated EBITDA at any one time outstanding;

provided that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided*, *further* that subject to the Agreed Security Principles, all property and assets (including, without limitation, the Collateral) of the Issuer or any Restricted Subsidiary securing such Indebtedness (including any guarantees thereof) or Refinancing Indebtedness secure the Notes and related Guarantees and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (2)(b) and (2)(f) above.

"**Permitted Holders**" means, collectively, (1) the Initial Investor, (2) the Management Investors, (3) any Related Person of any Management Investor, (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any IPO Entity, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence, but excluding Persons specified in clause (4) who are not specified in clause (1), (2) or (3)) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Persons referred to in subclauses (1) through (3) and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the voting Stock of the Issuer or any of its direct or indirect parent companies wholly owned by such group. Any person or group whose acquisition of beneficial ownership constitutes a (i) Change of Control in respect of which a Change of Control Offer is made or waived in accordance with the requirements of the Indenture or a (ii) Change of Control that is also a Specified Change of Control, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investment**" means (in each case, by the Issuer or a Restricted Subsidiary):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) if such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person as a result of such Investment in such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any Qualified Receivables Financing or Settlement Obligations;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business or consistent with past practice and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date after giving pro forma effect to the Transactions, and any extension, modification, restructuring or renewal of any such Investment; provided that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Hedging Obligations, which transactions or obligations are Incurred to the extent they would not be prohibited under "—*Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €27.0 million or 35.0% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not the Issuer or a Restricted Subsidiary and such Person subsequently becomes the Issuer or a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens the Incurrence of which would not be prohibited under "—*Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted by and made in accordance with the covenant described under "—*Certain Covenants—Limitation on Affiliate Transactions*" (except those described under clauses (1), (3), (8) and (9) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Affiliate Transactions*");

(15) Guarantees of Indebtedness of the Issuer or any Restricted Subsidiary, the Incurrence of which would not be prohibited under "—*Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(16) Investments in loans under the Revolving Credit Facility Agreement, the Notes (including any Additional Notes), the Notes Guarantees and any future proceeds loan from the Issuer or a Restricted Subsidiary under an agreement and other Indebtedness of the Issuer or a Restricted Subsidiary the Incurrence of which was not prohibited by the Indenture;

(17) Investments in Similar Businesses, taken together with all other Investments made pursuant to this clause (17) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €23.0 million or 30.0% of Consolidated EBITDA; provided that, if an Investment is made pursuant to this clause (17) in a Person that is not the Issuer or a Restricted Subsidiary and such Person subsequently becomes the Issuer or a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(18) Investments in joint ventures, taken together with all other Investments made pursuant to this clause (18) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €23.0 million or 30.0% of Consolidated EBITDA; provided that, if an Investment is made pursuant to this clause (18) in a Person that is not the Issuer or a Restricted Subsidiary and such Person subsequently becomes the Issuer or a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(19) Investments in Unrestricted Subsidiaries, taken together with all other Investments made pursuant to this clause (19) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €15 million or 20.0% of Consolidated EBITDA; provided that, if an Investment is made pursuant to this clause (19) in a Person that is not the Issuer or a Restricted Subsidiary and such Person subsequently becomes the Issuer or a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause; and

(20) any other Investment arising in the ordinary course of business of the Issuer or a Restricted Subsidiary.

For purposes of determining compliance with this definition, (a) Permitted Investments need not be made solely by reference to one category of Permitted Investments described in this definition but are permitted to be made in part under any combination thereof and of any other available exemption and (b) in the event that a Permitted Investment (or any portion thereof) meets the criteria of one or more of the categories of Permitted Investments, the Issuer will, in its sole discretion, classify or reclassify such Permitted Investment (or any portion thereof) in any manner that complies with this definition.

Notwithstanding anything to the contrary in the Indenture, the aggregate amount of any Investments made pursuant to clause (19) of this definition, taken together with (a) any other Permitted Investments in Unrestricted Subsidiaries made in reliance of any other category of Permitted Investments described in this definition and (b) any Restricted Payment permitted to be made to any Unrestricted Subsidiaries pursuant to the covenant described under "— *Limitation on Restricted Payments*", shall not exceed the greater of €38.0 million or 50.0% of Consolidated EBITDA.

"**Permitted Liens**" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor permitted by the covenant described under "—*Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under (i) workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or (ii) in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or (iii) as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business or consistent with past practice;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer or the Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and the Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary (other than Collateral) securing (i) Hedging Obligations permitted under the Indenture and relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness or (ii) Cash Management Services;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case, entered into in the ordinary course of business or consistent with past practice;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary (a) for the purpose of securing Capitalized Lease Obligations, Purchase Money Obligations or Indebtedness in respect of Sale and Leaseback Transactions, and, in each case, any Indebtedness which refinances, replaces, refunds or reimburses such Indebtedness (as applicable); or (b) securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance, refinance or reimburse amounts used for the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business or consistent with past practice; provided that any such Lien described in this sub-clause (b) may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and the Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date, after giving *pro forma* effect to the Transactions;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary), including Liens created, Incurred or assumed in connection with, or in contemplation of such acquisition or transaction; *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens in respect of (i) Qualified Receivables Financings or (ii) Settlement Obligations;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business or consistent with past practice;

(25) Liens securing Indebtedness or other obligations of a Receivables Subsidiary;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) (a) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary; (b) Liens over cash paid into an escrow account to fund an acquisition or pay related fees and expenses pending the closing of such acquisition by the Issuer or any Restricted Subsidiary; and (c) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement or deferred consideration in connection with the acquisition by the Issuer or any Restricted Subsidiary;

(28) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(29) for purposes of cash management arrangements among the Issuer and its Restricted Subsidiaries, Liens Incurred to secure back-to-back reimbursement obligations for working capital enhancement or other similar arrangements;

(30) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and the Notes Guarantees, (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the

Indenture, the Revolving Credit Facility Agreement, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss sharing as among the Holders and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement, (d) Liens to secure Indebtedness where the granting of an equal and ratable (or prior) Lien on such property or assets to secure the Notes would be inconsistent with the Agreed Security Principles and (e) Liens on rights under any proceeds loan that are assigned to the third-party creditors of the Indebtedness Incurred by the Issuer or any Restricted Subsidiary to finance such proceeds loan and Incurred in compliance with the Indenture and securing that Indebtedness and (f) Permitted Collateral Liens;

(31) Liens, provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (31) does not exceed the greater of €23.0 million and 30.0% of Consolidated EBITDA;

(32) Liens on rights under any loan or other instrument lending or contributing the proceeds of Indebtedness Incurred by the Issuer or another Person to one or more Guarantors in favor of the third-party creditors in respect of such Indebtedness; and

(33) Settlement Liens.

For purposes of determining compliance with this definition, (a) Liens need not be Incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be Incurred in part under any combination thereof and of any other available exemption and (b) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens, the Issuer will, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"**Permitted Parent Demerger**" means any demerger, spin-off or other reorganization transaction involving Gold Leather, which complies with the requirements set forth in the definition of "NB HoldCo Demerger" in the Intercreditor Agreement, and the Trustee and Security Agent shall be entitled to rely conclusively on an Officer's Certificate as to the compliance with such requirements without independent verification.

"**Permitted Parent Reorganization**" means a reorganization transaction on a solvent basis comprising the incorporation of a new direct Parent of the Issuer ("**New HoldCo**") and the transfer of the Capital Stock and any receivables of the Issuer held by the then-current Third Party Security Providers to New HoldCo; provided that (1) New HoldCo shall be a Person organized and existing under any member state of the European Union as of the Issue Date, (2) New HoldCo will acquire the Capital Stock and any such receivables of the Issuer held by the then-current Third Party Security Providers and shall have entered into a confirmation deed or similar instrument confirming the first-priority pledge of such Capital Stock and any such receivables in favor of the Holders of the Notes and assuming all relevant obligations of the then-current Third Party Security Providers under the Indenture, any Security Document, the Intercreditor Agreement and any Additional Intercreditor Agreement and granting, if relevant, a first-priority pledge over any intercompany receivables payable by the Issuer to New HoldCo, (3) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default or Event of Default is continuing or would arise as a result of such Permitted Parent Reorganization and (4) the Issuer will provide to the Trustee a certificate from the Board of Directors of New HoldCo which confirms the solvency of New HoldCo as of the date of the Permitted Parent Reorganization after giving effect to the Permitted Parent Reorganization. Upon such Permitted Parent Reorganization, the then-current Parent(s) shall be released from the obligations under the Notes Documents.

"**Permitted Reorganization**" means (i) any Permitted Subsidiary Reorganization; (ii) any Permitted Parent Reorganization; or (iii) the Permitted Parent Demerger.

"**Permitted Subsidiary Reorganization**" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intragroup receivables and payables among the Issuer and its Restricted Subsidiaries in connection therewith that is made on a solvent basis; *provided* that, after giving effect to such Permitted Subsidiary Reorganization: (a) all of the business and assets of the Issuer or such Restricted Subsidiaries remain owned by the Issuer or its Restricted Subsidiaries, (b) any payments or assets distributed in connection with such Permitted Subsidiary Reorganization remain within the Issuer and its Restricted Subsidiaries, (c) if any shares or other assets form part of the Collateral, substantially

equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral, subject to the Agreed Securities Principles, (d) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default or Event of Default is continuing or would arise as a result of such Permitted Subsidiary Reorganization and (e) the Issuer will provide to the Trustee a certificate from the Board of Directors of the relevant pledgor which confirms the solvency of the relevant pledgor as of the date of the Permitted Subsidiary Reorganization after giving effect to the Permitted Subsidiary Reorganization

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Proposed Distribution**" means the distribution of €124.0 million to the Issuer's shareholders in connection with the Transactions as further described in the Offering Memorandum under the section "*Use of Proceeds*".

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"**Public Market**" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**Qualified Receivables Financing**" means any Receivables Financing that meets the following conditions: (1) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary or other Subsidiary, as the case may be, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary or other Subsidiary, as the case may be, are made at fair market value (as determined in good faith by the Board of Directors of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors of the Issuer) and may include Standard Securitization Undertakings. The grant of a security interest in any accounts receivable of the Issuer or a Restricted Subsidiary (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"**Rating Agencies**" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, Fitch or any other Nationally Recognized Statistical Rating Organization selected by the Issuer as a replacement agency.

"**Receivables Assets**" means any assets that are or will be the subject of a Qualified Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Issuer or a Restricted Subsidiary in connection with, any Receivables Financing.

"**Receivables Financing**" means any transaction or series of transactions that may be entered into by the Issuer or any Subsidiary of the Issuer pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary, or (b) any other Person (in the case of a transfer by the Issuer or any of its Subsidiaries), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"**Receivables Repurchase Obligation**" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a Wholly Owned Subsidiary of the Issuer or a Restricted Subsidiary (or another Person formed for the purposes of engaging in a Qualified Receivables Financing in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any Restricted Subsidiary, (iii) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Financing) other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"**refinance**" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "**refinances**," "**refinanced**" and "**refinancing**" as used for any purpose in the Indenture shall have a correlative meaning.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness (x) of the Issuer and its Restricted Subsidiaries that is existing on the Issue Date, and/or (y) Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of a Restricted Subsidiary and Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Stated Maturity of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay fees, underwriting discounts, premia, interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or Notes Guarantees, such Refinancing Indebtedness is subordinated to the Notes or such Notes Guarantees, as applicable, on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided further, however, that Refinancing Indebtedness shall not include (i) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness; provided that it is used to refinance the amounts to discharge in full such Credit Facility or other Indebtedness within 180 days of the relevant termination, discharge or repayment.

"**Related Person**" with respect to any Permitted Holder specified in clause (2) of the definition thereof, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"**Related Taxes**" means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y)withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(1) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any Restricted Subsidiary);

(2) issuing or holding Subordinated Shareholder Funding;

(3) being a Holding Company parent, directly or indirectly, of the Issuer or any Restricted Subsidiary;

(4) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any Restricted Subsidiary; or

(5) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*."

"**Relevant Testing Period**" means, for purposes of the calculation of any applicable financial covenant, test, basket or ratio (including those based on Consolidated EBITDA, Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio and/or Consolidated Net Leverage Ratio), the most recently completed four consecutive fiscal quarters ending on the last day of the most recent fiscal quarter (or fiscal year, if later) for which financial statements have been delivered pursuant to the covenant described under "*—Certain Covenants—Reports*" or, at the option of the Issuer, the most recently completed twelve consecutive months ending on the last day of a calendar month for which the Issuer has, in its sole determination, sufficient available information to be able to determine any applicable financial covenant, test, basket or ratio.

"**Replacement Assets" means** non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the business of the Issuer and its Restricted Subsidiaries as of the Issue Date or any and all other businesses that in the good faith judgment of the Board of Directors of the Issuer are related thereto.

"**Representative**" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"**Restricted Investment**" means any Investment by the Issuer or a Restricted Subsidiary other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Issuer (other than an Unrestricted Subsidiary).

"**Revolving Credit Facility**" means the super senior revolving credit facility established pursuant to the Revolving Credit Facility Agreement.

"**Revolving Credit Facility Agreement**" means the agreement governing the Revolving Credit Facility dated July 2, 2024, by and among, *inter alios*, the Issuer as borrower, and the lenders named therein, and the Security Agent, as security agent thereunder, as amended and restated from time to time.

"**S&P**" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Sale and Leaseback Transaction**" means any arrangement providing for the leasing by the Issuer or any Restricted Subsidiary of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Security Documents**" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"**Security Interests**" means the security interests in the Collateral that are created by the Security Documents.

"**Senior Secured Indebtedness**" means any Indebtedness secured by a Lien on the Collateral on a basis *pari passu* with or senior to the security in favor of the Notes or the Notes Guarantees.

"**Settlement**" means the transfer of cash or other property with respect to any credit card, charge card, stored value card or debit card charge, check or other instrument, electronic funds transfer, or other type of paper based or electronic payment, transfer or charge transaction for which a Person acts as issuer, acquirer, processor, remitter, funds recipient, funds transmitter or funds receiver in the ordinary course of its business.

"**Settlement Asset**" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"**Settlement Lien**" means any Lien relating to any Settlement or Settlement Obligations (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"**Settlement Obligations**" means any short-term payment or reimbursement obligation in respect of a Settlement Payment or Settlement Receivable and other financings or liabilities due to banks or customers, in each case of the type Incurred in the ordinary course of business by the Issuer and its Subsidiaries, including under any facility in respect thereof.

"**Settlement Payment**" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"**Settlement Receivable**" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for and in the amount of a Settlement made or arranged, or to be made or arranged, by such Person.

"**Significant Subsidiary**" means any Restricted Subsidiary of the Issuer that meets any of the following conditions:

(1) the Issuer's and the Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10.0% of the total assets of the Issuer on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and the Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10.0% of the total assets of the Issuer on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and the Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10.0% of the Consolidated EBITDA of the Issuer on a consolidated basis for the most recently completed fiscal year.

"**Similar Business**" means (a) any businesses, services or activities engaged or proposed to be engaged in by the Issuer or any of its Subsidiaries or any Associates (including the Group) on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"**Specified Change of Control Event**" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that immediately thereafter and giving pro forma effect thereto, the Consolidated Net Leverage Ratio would have been equal to or less than 3.6 to 1.0. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any of its Subsidiaries which the Issuer has determined in good faith to be customary in a Qualified Receivables Financing or other factoring financings, securitizations, asset backed loans and financings (howsoever described or structured) receivables financings, reverse factoring financings or similar arrangements, including (to the extent applicable) those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"**Stated Maturity**" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*Change of Control*" and the conditions under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means (a) any Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes and (b) any Indebtedness of a Guarantor that is expressly subordinated in right of payment to such Guarantor's Notes Guarantee.

"**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or the terms of the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Subordinated Liabilities" (as defined therein, *mutatis mutandis*).

"**Subsidiary**" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50.0% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

   (a) more than 50.0% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

   (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Tax Sharing Agreement**" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms entered into with any Parent or its Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Issuer and/or any of its Subsidiaries and/or any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent to enable a Parent to compensate the Issuer or such Subsidiary for losses Incurred which may need to be compensated by a Parent under any profit and loss pooling agreement).

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority and "Tax" will be construed accordingly.

"**Temporary Cash Investments**" means any of the following:

(1) any investment in:

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "*A*" by S&P, "*A*" by Fitch or "*A1*" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "*A-*" by S&P or Fitch or "*A3*" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or a Restricted Subsidiary or the Issuer), with a rating at the time as of which any Investment therein is made of "P2" (or higher) according to Moody's or "A2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority

of any such state, commonwealth, territory, country or member state, and rated at least "*BBB-"* by S&P or "*Baa3*" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long-term debt is rated at least "A-" by S&P or Fitch or "A3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95.0% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"**Third Party Security Providers**" means each of Gold Leather and any FamilyCo, or any of its successors or assigns, or any other entity providing Security Interests over the shares of the Issuer and/or otherwise acceding to the Intercreditor Agreement as "Third Party Security Provider" thereunder.

"**Transaction Expenses**" means any fees or expenses Incurred or paid by the Issuer or any Restricted Subsidiary in connection with the Transactions, including any fees, costs and expenses associated with settling any claims or action arising from a dissenting stockholder exercising its appraisal rights.

"**Transactions**" shall have the meaning assigned to such term in this Offering Memorandum under the caption "*Certain Definitions*."

"**U.S. GAAP**" means generally accepted accounting principles in the United States of America as in effect from time to time.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Unrestricted Subsidiary**" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or a Guarantor; and

(2) such designation and the Investment of the Issuer or the relevant Restricted Subsidiary in such Subsidiary would not be prohibited under "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation or an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold within the United States to QIBs in reliance on Rule 144A (the "**Rule 144A Notes**") under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Rule 144A Global Notes**"). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear Bank SA/NV, as operator of the Euroclear system ("**Euroclear**"), and Clearstream Banking, S.A. ("**Clearstream**") and registered in the name of the nominee of the Common Depositary.

The Notes sold outside the United States in reliance on Regulation S (the "**Regulation S Notes**") under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary and registered in the name of the nominee of the Common Depositary.

Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of this Offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Restricted Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Restricted 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 or otherwise in accordance with applicable Transfer Restrictions set out in the Indenture governing the Notes and any applicable securities laws of any state of the United States or any other jurisdiction. 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, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

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 respective 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 your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its nominees), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, 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, the Initial Purchasers, the Trustee, the Agents nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominee), 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 Common Depositary will surrender such Global Note to the Paying Agent or to the Registrar for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Paying Agent or the Registrar to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global

Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under 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) or on such other basis as they deem fair and appropriate; *provided*, *however*, *that*, subject to applicable procedures of Euroclear and Clearstream, no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Paying Agent who will make payment to or to the order of the Common Depositary or its nominee 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 present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Additional Amounts*." 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 (subject to certain exceptions) pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, 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, the Guarantors, the Trustee, the Agents and any of their respective agents will treat the registered holders of the Global Notes (*i.e.*, the Common Depositary (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Guarantors nor the Trustee, the Agents nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest 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;

- any other matter relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or

- the records of the Common Depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants as is now the case with securities held for the accounts registered in "street name."

Currency of Payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither the Issuer, the Guarantors nor the Trustee, the Agents nor the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them. See "*Risk Factors—We are subject to fluctuations in exchange rates as we frequently buy and sell in non-Euro currencies*."

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 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, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in "*Transfer Restrictions*."

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer Restrictions*."

Restricted 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 or any other exemption (if available) under the Securities Act.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

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.

The Notes represented by the Global Notes are expected to be listed on the Official List of the Exchange and admitted to 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, which rules and operating procedures may change from time to time.

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, the Agents nor any of their respective agents 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.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies us that it is unwilling or unable to continue as depositary for the Global Notes, and the Issuer fails to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or

- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised us that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes (subject to receipt of the same from the Issuer), registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer Restrictions*," unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee and the Agents shall be entitled to treat the registered holder of any Global Note (*i.e.*, the Common Depositary (or its nominee)) as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time on the register maintained by the Registrar, and such registration is a means of evidencing title to the Notes.

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. 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 and in integral multiples of €1,000, in excess thereof, will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee (or its authenticating agent) will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee, the Paying Agent or the Registrar appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer, the Registrar and/or the Trustee may charge for the expenses of 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 for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the Transfer Restrictions applicable to such Notes. See "*Transfer Restrictions*."

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. Such notices may also be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange allow.

Global Clearance and Settlement under the Book-Entry System

Initial settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional euro 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 of 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.

Special timing considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same Business Day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next Business Day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing information

The Issuer expects that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common codes numbers for the Notes are set out under "*Listing and General Information*."

Information Concerning Euroclear and Clearstream

The following description of the operations and procedures of Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Neither the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, the Security Agent nor the Initial Purchasers nor their respective agents take any responsibility for these operations and procedures and the Issuer urges investors to contact the systems or their participants directly to discuss these matters.

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the 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 also interface with domestic securities markets in several countries. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Since Euroclear and Clearstream 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 Issuer understands that,

under existing industry practices, if either the Issuer or the relevant Trustee requests any action by owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give or take any action that a holder is entitled to give or take under the Indenture, Euroclear and Clearstream would authorize participants owning the relevant Book-Entry Interest to give or take such action, and such participants would authorize indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

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 Rule 144A Global Notes only through Euroclear or Clearstream participants.

CERTAIN TAXATION CONSIDERATIONS

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws and published practices of the Italian tax authorities currently in force in Italy and are subject to any changes in law occurring after the date hereof, which changes could be made also on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such changes occur the information in this summary could become invalid. The following is a general summary only of certain material Italian tax consequences of the purchase, ownership and disposal of the Notes for Italian resident and non-Italian resident beneficial owners although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to additional or special rules. Prospective purchasers of the Notes and Holders of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws. In any case, Italian legal concepts may not be identical to the concepts described by the same English term as they exist under terms of different jurisdictions and any legal concept expressed by using the relevant Italian term shall prevail over the corresponding concept expressed in English terms.

Tax Treatment of the Notes Issued by the Issuer

Certain Italian Tax Considerations on Interest

Italian Legislative Decree No. 239 of April 1, 1996, as amended and supplemented from time to time ("**Decree 239**") sets forth the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price; hereinafter, for the purposes of the discussion under "*Certain Italian Tax Considerations*", collectively referred to as "**Interest**") deriving, *inter alia*, from Notes falling within the category of bonds (*obbligazioni*) and securities similar to bonds (*titoli similari alle obbligazioni*), pursuant to Article 44 of Italian Presidential Decree No. 917 of December 22, 1986, as amended and supplemented from time to time ("**Decree 917**"), issued by non-listed companies resident in Italy for tax purposes provided that (i) the Notes are traded, as of the date the Notes are issued, on a regulated market or on a multi-lateral trading platform of EU Member States or of States party to the European Economic Area Agreement included in the list of countries and territories that allow an adequate exchange of information with Italy (as provided for at the date hereof by the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended or supplemented from time to time - the "**White List**"), or (ii) the Notes are entirely held by (*i.e.* subscribed by and circulating only among) certain professional investors (as defined under Art. 100 of Italian Legislative Decree of 24 February 1998, No. 58).

The provisions of Decree 239 only apply to Notes issued by the Issuer to the extent that they qualify as bonds or debentures similar to bonds pursuant to Article 44 of Decree 917 and provided that at least one of the conditions indicated above under (i) or (ii) is satisfied with respect to the Notes. For these purposes, under Article 44, paragraph 2, letter c) of Decree 917, bonds and securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the issuer to actually pay, at maturity (or at any earlier full redemption of the securities), an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the issuer or of the business in connection with which they are issued.

Italian Resident Noteholders

Holders of the Notes not engaged in an entrepreneurial activity

Where an Italian resident beneficial owner of the Notes (a "**noteholder**") is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities (*società semplice*) or professional association;

(c) a private or public entity (other than a company) or a trust not carrying out commercial activities (other than an Italian undertaking for collective investment); or

(d) an investor exempt from Italian corporate income taxation;

the Interest relating to the Notes, accrued during the relevant holding period, is subject to a substitute tax (referred to as "***imposta sostitutiva***"), levied at the rate of 26 percent, unless the relevant noteholder described under (a), (b) and (c) above holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and, under certain conditions, has validly opted for the application of the "*Risparmio gestito*" regime provided for by Article 7 of Italian Legislative Decree No. 461 of November 21, 1997 ("**Decree 461**") (see "*Certain Italian Tax Consideration on Capital Gains on the Notes—Italian resident noteholders—Risparmio gestito regime*" below). All the above categories are qualified as "net recipients."

Subject to certain conditions and requirements (including a minimum holding period requirement) and several limitations (including amount and composition of the capital investment), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are effectively connected or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and No. 103 of February 10, 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by Article 1 (100-114) of Italian Law No. 232 of December 11, 2016 (the "**Finance Act 2017**"), as amended by article 1 (paragraphs 211-215) of Italian Law No. 145 of December 30, 2018 (the "**Finance Act 2019**") and, for long-term individual savings account established from January 1, 2020, by Article 13 *bis* of Law Decree No. 124 of October 26, 2019 (the "**Law Decree No. 124**"), converted by Law No. 157 of December 19, 2019, each of them as amended and supplemented from time to time.

Noteholders engaged in an entrepreneurial activity

In the event that Italian-resident noteholders described under clauses (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be subject to 26 percent *imposta sostitutiva* on a provisional basis and will then be included in the relevant noteholder's annual income tax return. As a consequence, Interest will be subject to the ordinary income tax and *imposta sostitutiva* may be recovered as a credit that can be offset against the income tax due. Where a noteholder is an Italian resident company or similar commercial entity, a commercial partnership or a permanent establishment in Italy of a non-resident company to which the Notes are effectively connected, and the Notes together with the relevant coupons are timely deposited with an Intermediary (as defined below), Interest on the Notes will not be subject to *imposta sostitutiva*. Interest must, however, be included in the relevant noteholder's income tax return and is therefore subject to general Italian income tax according to the ordinary tax rules and, in certain circumstances, depending on the "status" of the noteholder, also to regional tax on productive activities ("**IRAP**").

Italian real estate investment funds and real estate SICAFs

Payments of Interest deriving from the Notes made to Italian real estate investment funds ("**RE Funds**") and real estate close-ended investment companies (*società di investimento a capitale fisso*, or "**SICAF**"), *provided that* the Notes, together with coupons relating thereto, are timely deposited directly or indirectly with an Intermediary (as defined below) are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Italian RE Fund or SICAF.

However, subsequent distributions made in favor of unitholders or shareholders of RE Funds or real estate SICAFs and/or income realized upon redemption or disposal of the relevant units or shares will be subject, in certain circumstances, to a withholding tax at a rate of 26 per cent. Moreover, subject to certain conditions and depending on the status and percentage of participation held, income realized by RE Funds and real estate SICAFs is attributed to the relevant investors and subject to tax in their hands irrespective of its actual collection and in proportion to the percentage of ownership of units/shares on a tax transparency basis.

Investment Funds, SICAVs and non-real estate SICAFs

Where an Italian-resident noteholder is an open-ended or a closed-ended collective investment fund other than a RE Fund ("**Fund**"), an open ended investment company (*società di investimento a capitale variabile*, or

"**SICAV**") or a non-real estate SICAF established in Italy and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to a form of supervision of the competent regulatory authority, and the Notes together with their relevant coupons are timely deposited with an Intermediary (as defined below), Interest accrued during the holding period on the Notes should not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF (as the case may be). The Fund, the SICAV or the non-real estate SICAF will not be subject to taxation on such management results. A 26 percent withholding tax will apply in certain circumstances to income realized by the relevant unitholders or shareholders (as applicable), in case of distributions, redemptions or sales of the relevant units or shares of the Fund, SICAV or non-real estate SICAF.

Pension funds

Where an Italian-resident noteholder is a pension fund (subject to the regime provided for by Article 17, paragraph 2, of Legislative Decree No. 252 of December 5, 2005) and the Notes together with their relevant coupons are timely deposited with an authorized Intermediary (as defined below), Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the annual results of the pension fund accrued at the end of the relevant tax period to be subject to a 20 percent substitute tax (the "**Pension Fund Tax**").

Subject to certain conditions and requirements (including minimum holding period requirement) and several limitations (including amount and composition of the capital investment), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100 - 114) of the Finance Act 2017, as amended by Article 1 (211-215) of the Finance Act 2019 and, for long-term individual savings account established from January 1, 2020 by Article 13 *bis* of Law Decree No. 124, each of them as amended and supplemented from time to time.

Application of the imposta sostitutiva

Pursuant to Decree 239, the 26 percent *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("**SIM**"), fiduciary companies, *società di gestione del Risparmio* ("**SGR**"), stockbrokers and other qualified entities, identified by a decree of the Ministry of Economy and Finance (each, an "**Intermediary"**).

An Intermediary must:

(a) (i) be resident in Italy, or (ii) be a permanent establishment in Italy of a non-Italian resident financial intermediary; or (iii) be an entity or a company not resident in Italy, acting through a system of centralized administration of securities and directly connected with the MEF having appointed an Italian representative for the purposes of Decree 239; and

(b) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying Interest to a noteholder or, absent that, by the Issuer.

Non-Italian Resident Noteholders

Where the noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies *provided that* the non-Italian resident noteholder is:

(a) resident, for tax purposes, in a country or territory which allows for a satisfactory exchange of information with Italy, included in the White List (or, once effective, in any other decree or regulation that will be issued in the future under the authority of Article 11(4)(c) of Decree 239 to provide the list of such countries and territories - the "**New White List**"); or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, included in the White List (or in the New White List as defined above once effective), even if it does not possess the status of a taxpayer in its own country of establishment; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident noteholders without a permanent establishment in Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest or certain non-Italian resident institutional investors and must timely deposit the Notes, together with the coupons relating to such Notes, directly or indirectly with:

i. an Italian or foreign bank or a financial institution (which could be a non-EU resident—the "**First Level Bank**"), acting as intermediary in the deposit of the Notes indirectly held by the noteholder with a Second Level Bank (as defined below); or

ii. an Italian resident bank or brokerage company (SIM), or a permanent establishment in Italy of a non-resident bank or a SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Italian Tax Authorities (the "**Second Level Bank**"). Non-Italian resident organizations and companies, acting through a system of centralized administration of securities and directly connected with the Italian Tax Authorities (which include Euroclear and Clearstream, Luxembourg) are treated as Second Level Banks, *provided that* they appoint an Italian representative (an Italian-resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree 239. In the event that a non-Italian resident noteholders deposits the relevant Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian resident noteholders is conditional upon:

- the timely deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

- the timely submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is the beneficial owner of any interest on the Notes or an institutional investor (even if not subject to tax) and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by the Ministerial Decree dated December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in paragraph (b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in paragraph (d) above. Additional requirements may be provided for "institutional investors" referred to in paragraph (c) above (see Circulars of the Revenue Agency No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

The *imposta sostitutiva* will be applicable at the rate of 26 percent to interest paid to non-Italian resident noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the relevant conditions and procedural requirements.

Noteholders who are subject to the *imposta sostitutiva* may, nevertheless, be eligible for full or partial relief under an applicable double tax treaty entered into by Italy and the State of tax residence of the relevant noteholder, if more favorable, subject to timely filing of required documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Certain Italian Tax Considerations on Capital Gains on the Notes

Italian-resident noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (b) a non-commercial partnership (*società semplice*) or (c) a non-commercial private or public institution, any capital gain realized by such noteholder from the sale or redemption of the Notes would be subject to the *imposta sostitutiva* provided for by Decree 461, levied at the rate of 26 percent. The noteholders may set off any capital losses with their capital gains, subject to certain conditions.

In respect of the application of the *imposta sostitutiva* on capital gains, the above mentioned taxpayers may opt, under certain conditions, for any of the three regimes described below.

Tax declaration regime

Under "tax declaration regime" (*regime della dichiarazione*), which is the standard regime for Italian-resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the 26 per cent *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss of the same nature) realized by the Italian resident individual holding the Notes not in connection with an entrepreneurial activity during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss of the same nature, in their annual tax return and pay the *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward and set off against capital gains of the same nature realized in any of the four succeeding tax years.

Risparmio amministrato regime

As an alternative to the tax declaration regime, Italian-resident individual noteholders under (a) to (c) above holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realized on each sale or redemption of the Notes (the *risparmio amministrato* regime).

Such separate taxation of capital gains is allowed subject to:

- the Notes being deposited with Italian banks, SIMs or certain authorized financial intermediaries (or permanent establishments in Italy of foreign intermediaries); and
- an express election for the *risparmio amministrato* regime being timely made in writing by the relevant noteholder.

The depository is responsible for *imposta sostitutiva* in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss and is required to pay the relevant amount to the Italian tax authorities on behalf of the noteholder, deducting a corresponding amount from the proceeds to be credited to the noteholder or using funds provided by the noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a disposal or redemption of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the noteholder is not required to declare the capital gains/losses in its annual tax return.

Risparmio gestito regime

In the *risparmio gestito* regime, any capital gains derived by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26 percent substitute tax, to be paid by the managing authorized intermediary. Any decrease in value of the managed assets accrued

at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the noteholder is not required to declare the capital gains or losses realized in its annual tax return. Subject to certain conditions and requirements (including minimum holding period requirement) and several limitations (including amount and composition of the capital investment), capital gains on the Notes may be exempt from any income tax (including *imposta sostitutiva* to the rate of 26 percent) if the noteholder is an Italian resident individual not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by Article 1 (100-114) of the Finance Act 2017, as amended by Article 1 (211-215) of the Finance Act 2019 and, for long-term individual savings account established from 1 January 2020, by Article 13 *bis* of Law Decree No. 124, each of them as amended and supplemented from time to time.

Noteholders engaged in an entrepreneurial activity

Any gain obtained from the disposal or redemption of the Notes will be treated as part of taxable income (and, in certain circumstances, depending on the "status" of the noteholder, also as part of net value of the production for IRAP purposes) if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are effectively connected), a commercial partnership or an Italian-resident individual engaged in an entrepreneurial activity to which the Notes are connected.

Italian real estate investment funds and real estate SICAFs

Any capital gains realized by a noteholder which qualifies as an Italian RE Fund or as an Italian real estate SICAF are exempt from any income tax at the level of the RE Fund or real estate SICAF.

However, a withholding tax at a rate of 26 percent will apply, in certain circumstances, to income realized by unitholders or shareholders of the RE Fund/real estate SICAF in the event of distributions on, or the redemptions or sales of, the relevant units or shares. Subject to certain conditions and depending on the status and percentage of participation held, income realized by RE Funds and real estate SICAFs is attributed to the relevant investors and subject to tax in their hands, irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Investment Funds, SICAVs and non-real estate SICAFs

Any capital gains realized by a noteholder which qualifies as a Fund, a SICAV or a non-real estate SICAF are not taxable at the level of such entities and will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. A 26 percent withholding tax will apply in certain circumstances to income realized by unitholders or shareholders (as applicable), in case of distributions, redemptions or sales of the relevant units or shares of the Fund, SICAV or non-real estate SICAF.

Pension funds

Any capital gains realized by a noteholder which is an Italian pension fund (subject to the regime provided for by Article 17, paragraph 2, of Legislative Decree No 252 of December 5, 2005) will be included in the result of the pension fund accrued at the end of the relevant tax period, and subject to the 20 percent Pension Fund Tax.

Subject to certain conditions and requirements (including minimum holding period requirement) and several limitations (including amount and composition of the capital investment), income relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by Article 1 (100-114) of the Finance Act 2017 as amended by Article 1 (211-215) of the Finance Act 2019 and, for long-term individual savings account established from January 1, 2020, by Article 13 *bis* of Law Decree No. 124, each of them as amended and supplemented from time to time.

Non-Italian Resident Noteholders

A 26 percent *imposta sostitutiva* on capital gains may, in certain circumstances, be payable on capital gains realized on the disposal or redemption of the Notes by non-Italian resident noteholders without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23, paragraph 1, letter f, No. 2 of Decree 917, capital gains realized by non-Italian resident noteholders from the disposal or redemption of notes issued by an Italian resident issuer and traded on certain regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, in certain cases (in particular, where the "*risparmio amministrato*" regime applies or where option is made for the "*risparmio gestito*" regime) subject to timely filling of required documentation (in the form of a self-declaration of non-residence in Italy for tax purposes) with Italian qualified intermediaries or permanent establishment in Italy of non-Italian resident intermediaries with which the Notes are deposited.

Pursuant to the provisions of Decree 461, capital gains realized by non-Italian resident noteholders from the disposal or redemption of notes issued by an Italian-resident issuer, even if the Notes are not traded on a regulated market, are not subject to the *imposta sostitutiva*, *provided that* the effective beneficial owner is:

(a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy, included in the White List (or in the New White List as defined above, once effective); or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor", whether or not subject to tax, which is established in a country which is included in the White List (or in the New White List as defined above, once effective), even if it does not possess the status of a taxpayer in its own country of establishment; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

Under these circumstances, if non-Italian resident beneficial owners of the Notes without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio gestito* regime or are subject to the *Risparmio amministrato* regime, exemption from Italian capital gains tax will apply *provided that* they timely file with the authorized financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above.

If the above mentioned conditions are not met, capital gains realized by non-Italian resident noteholders without a permanent establishment in Italy to which the Notes are effectively connected, from the disposal or redemption of Notes issued by an Italian-resident issuer and not traded on a regulated market may be subject to the *imposta sostitutiva* at the current rate of 26 percent. However, noteholders may be able to benefit from an applicable double tax treaty with Italy providing that capital gains realized upon the sale or redemption of the Notes are taxed only in the country where the recipient is tax resident, subject to satisfying certain conditions.

In order to benefit from the applicable treaty regime, such non-Italian resident noteholders may in certain cases (in particular, where the "*risparmio amministrato*" regime applies or where option is made for the "*risparmio gestito*" regime) be required to file a certificate of tax residence issued by the foreign competent tax authority.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Italian intermediary (or permanent establishment in Italy of foreign intermediary), but non-Italian resident noteholders retain the right to waive its applicability.

Certain Reporting Obligations for Italian-Resident Noteholders

Pursuant to Italian Decree Law No. 167 of June 28, 1990, converted by Italian Law No. 227 of August 4, 1990 ("**Decree 167/1990**"), as amended from time to time, Italian resident individuals, non-commercial entities and certain partnerships (in particular, *società semplici* or similar partnership in accordance with Article 5 of Decree 917) resident in Italy directly holding financial assets, including the Notes, outside Italy (without the intervention of an Italian-resident intermediary) are required to report the value of such assets, under certain conditions, in their Italian tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), regardless of the value of such assets.

The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

It is not necessary to comply with the above reporting requirement in cases where (i) the financial assets (including the Notes) are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree 167/1990, or (ii) one of such intermediaries intervenes, also as a counterpart, in their transfer, *provided that* income deriving from such financial assets has been subject to the applicable withholding tax or substitute tax by the same intermediaries.

Italian Inheritance Tax and Gift Tax

Pursuant to Law Decree No. 262 of October 3, 2006, converted into Law No. 286 of November 24, 2006 as subsequently amended, subject to certain exceptions, the transfer of Notes by reason of gift, donation or succession proceedings is generally subject to Italian inheritance tax and gift tax as follows:

(a) 4% for transfers in favor of spouses and direct descendants and ascendants on the value of the inheritance or the gift exceeding, for each beneficiary, a threshold of €1 million;

(b) 6% for transfers in favor of siblings on the value of the inheritance or the gift exceeding, for each beneficiary, a threshold of €100,000;

(c) 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

(d) 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

The transfer of financial instruments as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term saving account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of the Finance Act 2017, as amended by Article 1 (211-215) of the Finance Act 2019 and, for long-term individual savings account established from January 1, 2020 by Article 13 *bis* of Italian Law Decree No. 124, each of them as amended and supplemented from time to time.

Moreover, an anti-avoidance rule is provided for by Italian Law No. 383/2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains to the *imposta sostitutiva* provided for by Decree 461. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift was not made.

With respect to Notes listed on a regulated market, the value for inheritance tax and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax apply in case the deceased person, or the donor is a non-Italian resident individual for bonds issued by Italian resident companies.

Wealth Tax—Direct Holding (IVAFE)

Italian-resident individuals, non-commercial entities, including trusts and foundations, and so called *società semplici* (and similar partnerships pursuant to Article 5 of Decree 917) holding financial assets - including the Notes - outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax in Italy currently at the yearly rate of 0.20 percent, increased to 0.40 percent for financial assets held in countries or territories listed in the so-called "black list" provided by Ministerial Decree of the Minister of Economy and Finance of May 4, 1999, as amended or supplemented from time to time (the level of tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year or reference period or, in the absence of a market value, and in case the face or redemption

values cannot be determined, on the purchase price of such financial assets held outside Italy. Taxpayers are permitted to deduct from the Italian wealth tax a tax credit equal to any wealth taxes paid in the country where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp Taxes and Duties—Holding through Italian Financial Intermediary

According to Article 13 (*2-bis, 2-ter*) of the Tariff, Part I, annexed to Decree No. 642 of October 26, 1972, as amended and supplemented from time to time, a yearly 0.20 percent stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

Based on the wording of the law and the implementing decree issued by the MEF on May 24, 2012, the 0.20 percent stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "client" according to the regulations issued by Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy.

The taxable base of the 0.20 per cent stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product or financial instrument (including the Notes). The stamp duty cannot exceed €14,000 per year if the Notes are held by noteholders other than individuals. Stamp duty applies both to Italian-resident noteholders and to non-Italian-resident noteholders, to the extent that the Notes are held with an Italian-based financial intermediary (and not directly held by the noteholders outside Italy, in which case Italian wealth tax (see "*—Wealth Tax—Direct Holding* (*IVAFE*)") applies to Italian-resident noteholders only).

Registration Tax

Contracts relating to the transfer of securities are subject to the registration tax in Italy as follows:

(a) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to fixed registration tax at rate of €200.00, and

(b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 only in the case of use or voluntary registration or occurrence of the so called "*enunciazione*."

Payments by Guarantors

If an Italian resident guarantor (if any guarantees the Notes in the future) makes any payments in respect of interest on the Notes (or any other amounts due under the Notes other than the repayment of principal), in accordance with one interpretation of Italian tax law, any such payments made by an Italian resident guarantor should be treated, in certain circumstances, as payments by the Issuer and should thus be subject to the tax regime described above under caption "*Certain Italian Tax Considerations on Interest*." In accordance with another interpretation, any such payments may be subject to Italian withholding tax at the rate of 26 per cent levied as a final tax or a provisional tax ("*a titolo d'imposta o a titolo di acconto*") depending on the "*status*" and tax residence of the beneficial owner of the Notes, pursuant to Italian Presidential Decree No. 600 of 29 September, 1973, as subsequently amended. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian resident Noteholders, subject to compliance with relevant subjective and procedural requirements.

With respect to payments made to Italian resident Noteholders by a non-Italian resident guarantor, in accordance with one interpretation, any such payments made by a non-Italian resident guarantor should be treated, in certain circumstances, as income taxable in Italy, depending on the "*status*" of the beneficial owner of the Notes. According to another interpretation, any such payments made by a non-Italian resident guarantor to Italian resident Noteholders should be treated, in certain circumstances, as payments by the Issuer and should thus be subject to the tax regime described above under caption "*Certain Italian Tax Considerations on Interest*."

Certain Swedish Tax Considerations

The following summary of certain tax considerations that may arise as a result of holding Notes is based on current Swedish tax legislation and is intended only as general information for holders of Notes who are resident in Sweden for tax purposes, unless otherwise indicated. This description does not deal comprehensively with all tax consequences that may occur for holders of Notes and is neither intended to be nor should be construed as legal or tax advice. For instance, it does not cover the specific rules where Notes are held by a partnership or as current assets in a business operation. Moreover, the description does not address situations where Notes are held in an investment savings account (Sw. *investeringssparkonto*) or through an endowment insurance (Sw. *kapitalförsäkring*). The summary does not address the rules regarding reporting obligations for, among others, payers of interest. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies and mutual funds. Prospective purchasers of Notes should consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of acquiring, holding and disposing of Notes, including the applicability and effect of foreign income tax rules, provisions in double taxation treaties and other rules which may be applicable.

Taxation of individuals tax resident in Sweden

Capital gains and losses. Individuals who sell their Notes, or have their Notes redeemed or bought back, are subject to capital gains tax. The tax rate is 30 per cent.

The capital gain or loss is calculated as the difference between the sales (or redemption) proceeds, after deduction of sales costs, and the Notes' acquisition cost for tax purposes. The acquisition cost is determined according to the "average method". This means that the acquisition value for all Notes of the same class and type shall be added together and computed collectively, with respect to changes to the holding.

Gains or losses on currency exchange rate fluctuations may arise in relation to Notes where the sales proceeds received are in a foreign currency. However, no special calculations are required if the sales proceeds are exchanged into SEK within 30 days from the time of disposal. In such case, the exchange rate on the date of exchange shall be used when calculating the value of the sales proceeds. The exchange rate on the date of acquisition is generally used when determining the acquisition cost for tax purposes.

As a general rule, 70 per cent. of a capital loss is deductible against any other taxable income from capital. However, capital losses on listed Swedish receivables are fully deductible in the income from capital category. According to Swedish case law, full deductibility also applies to capital losses on listed foreign receivables.

If a net loss arises in the income from capital category, a reduction of the tax on income from employment and from business operations, as well as the tax on real estate and the municipal real estate fee, is allowed. The tax reduction is 30 per cent. of any part of the net loss not exceeding SEK 100,000 and 21 per cent. of any part of the net loss in excess of SEK 100,000. An excess net loss may not be carried forward to a subsequent fiscal year.

Interest. Any interest income received by an individual Noteholder is subject to Swedish tax at a tax rate of 30 per cent. in the income from capital category. Interest income is taxable when the income can be disposed of.

Withholding of tax on interest. The legal entity effecting an interest payment to an individual (or an estate of a deceased individual) will normally be required to withhold Swedish preliminary tax (*Sw. preliminärskatt*). The preliminary tax withheld is normally equal to the final tax on the interest income, which means that there is generally no further tax payable on the interest.

Taxation of Swedish limited liability companies

For limited liability companies (Sw. *aktiebolag*), all income, including interest and capital gains on the Notes, is taxed as income from business operations at a flat rate of 20.6 per cent. Deductible capital losses on the Notes may normally be fully off-set against income from business operations.

Interest income and currency exchange fluctuations are normally taxable, or deductible, as the case may be, on an accrual basis.

Specific rules may apply to Notes held as a hedge for foreign currency exposure.

Taxation of holders of Notes that are not tax resident in Sweden

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a Noteholder are not subject to Swedish income tax, provided that such a holder is not resident in Sweden for Swedish tax purposes and provided that such a holder does not have a permanent establishment in Sweden to which the Notes are effectively connected.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of Notes.

Holders of Notes who are not resident in Sweden for Swedish tax purposes and who are not carrying on business operations from a permanent establishment in Sweden to which the Notes are attributable are generally not liable for Swedish capital gains taxation on the disposal of Notes. The holders of Notes may be subject to tax in their country of residence.

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes. The following discussion addresses only U.S. Holders (as defined herein) who purchase the Notes at their "issue price" (the first price at which a substantial amount of Notes is sold for money, excluding sales to underwriters, placement agents or wholesalers) in this Offering and hold the Notes as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"). This discussion does not address the tax consequences to subsequent purchasers of the Notes or U.S. Holders that acquire Notes pursuant to this Offering and also hold indebtedness in the Issuer under the Existing Facilities that is repaid substantially contemporaneously with this Offering.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (a) that is subject to the primary supervision of a U.S. court and one or more U.S. persons has the authority to control all of the substantial decisions of the trust or (b) that has made a valid election in effect under applicable U.S. Treasury Regulations ("**Treasury Regulations**") to be treated as a U.S. person.

This discussion is based upon provisions of the Code, its legislative history, Treasury Regulations, rulings and judicial decisions, in each case, as in effect of the date hereof. Except as expressly described herein, this discussion does not address the U.S. federal income tax consequences that may apply to U.S. Holders under the Convention Between the Government of the United States of America and the Government of the Italian Republic for the Avoidance of Double Taxation with Respect to Taxes on Income and the Prevention of Fraud or Fiscal Evasion (the "**Treaty**"). All of the foregoing authorities are subject to change (possibly with retroactive effect), so as to result in U.S. federal income tax consequences different from those summarized below. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to any statements or conclusions in this discussion, and there can be no assurance that the IRS will not take a different position concerning such statement or conclusion in the following discussion or that any such position would not be sustained by a court.

The discussion below does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including the impact of the Medicare tax on net investment income), nor does it address any tax consequences arising under U.S. federal estate or gift tax laws or under the laws of any state, local, non-U.S. or other taxing jurisdiction. In addition, this discussion does not address tax consequences to U.S. Holders who may be subject to special tax treatment in light of their particular circumstances, such as banks or other financial institutions, dealers or traders in securities or currencies, traders that elect to mark to market, insurance companies, regulated investment companies, real estate investment trusts, grantor trusts, investors liable for the alternative minimum tax, accrual method taxpayers that are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements, U.S. expatriates, tax-exempt entities, persons holding the Notes as part of a hedge, straddle, wash sale, constructive sale, conversion or other integrated financial transaction, entities or arrangements treated as

partnerships or other pass-through entities for U.S. federal income tax purposes (or investors therein), investors holding the Notes in connection with a trade or business conducted outside the United States, or persons whose "functional currency" is not the U.S. dollar. If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the status and activities of the partnership. An entity or arrangement that is treated as a partnership for U.S. federal income tax purposes and that is considering holding the Notes and a partner of such entity or arrangement is urged to consult its own tax advisors regarding the U.S. federal income tax consequences to it of the acquisition, ownership and disposition of the Notes.

THE DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP, OR DISPOSITION OF THE NOTES, AS WELL AS THE APPLICABILITY AND EFFECT OF OTHER FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS, INCLUDING THE TREATY, AND POSSIBLE CHANGES IN TAX LAW.

Effect of the IPO Debt Pushdown Provisions

In the event that the Issuer of the Notes changes as a result of the provisions described under "*Description of the Notes—IPO Debt Pushdown*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement—Provisions following an IPO*," such change in the Issuer could result in a deemed exchange of the Notes for "new" Notes for U.S. federal income tax purposes. In such event, U.S. Holders would recognize any gain or loss in connection with such taxable exchange (although any such loss could be disallowed) and would have a new holding period and new tax basis in the Notes for U.S. federal income tax purposes. In addition, if the fair market value of the Notes at the time of the IPO pushdown is less than the principal amount of the Notes (by more than a statutorily defined de minimis amount), such Notes may be treated as issued with OID, or a greater amount of OID, for U.S. federal income tax purposes. In such case, a U.S. Holder would be required to include such OID in gross income in the manner described below under "*Payments of Stated Interest and Original Issue Discount—Original Issue Discount*." U.S. Holders should consult their tax advisors concerning the U.S. federal income tax consequences to them of a change in the Issuer with respect to the Notes.

Characterization of the Notes

In certain circumstances the Issuer may be obligated to make certain contingent payments on the Notes (for example, see "*Description of the Notes—Change of Control*" and "*Description of the Notes—Optional Redemption*"). These payments may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments" ("**CPDIs**"). Although the issue is not free from doubt, the Issuer intends to take the position that the possibility of any such payments should not cause the provisions of the Treasury Regulations relating to CDPIs to apply. Our position is binding on a holder, unless the holder discloses in the proper manner to the IRS that it is taking a different position. Our position, however, is not binding on the IRS. If the IRS successfully challenged this position, and the Notes were treated as CPDIs, U.S. Holders could be required to accrue interest income at a rate higher than the stated interest rate on the Note and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange or redemption of the Note. Prospective investors are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof. The remainder of the discussion assumes that the Notes will not be treated as CPDIs.

Payments of Stated Interest and Original Issue Discount

Stated Interest

Each payment of "qualified stated interest" (including any amounts withheld in respect of withholding taxes and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) will generally be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes. The term "**qualified stated interest**" generally means stated interest that is unconditionally payable at least annually at a qualifying rate during the entire term of the Note. Stated interest on the Notes will be treated as qualified stated interest.

The amount of income recognized by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes with respect to a payment of stated interest denominated in euros will be the U.S. dollar value of the interest payment based on the "**spot rate**" (as such term is defined in Treasury Regulations) on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars at that time. A cash basis U.S. Holder generally will not recognize foreign currency exchange gain or loss on the interest payment but may recognize foreign currency exchange gain or loss when it disposes of any euros it receives.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes (or U.S. Holder who otherwise is required to accrue interest prior to receipt) may determine the amount of income recognized with respect to a payment of stated interest denominated in euros in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average spot rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year). Under the second method, an accrual basis U.S. Holder may elect to determine the amount of income accrued on the basis of the spot rate on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate on the last day of the portion of the accrual period within each taxable year). Additionally, if the interest payment is actually paid or received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the spot rate on the day of actual payment or receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and such election cannot be changed without the consent of the IRS.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes may recognize foreign currency exchange gain or loss with respect to accrued interest income on the date such interest is received (including a payment attributable to accrued but unpaid interest upon the sale, exchange, retirement or other taxable disposition of a Note). The amount of foreign currency exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received (translated at the spot rate of exchange on the date such interest is received) in respect of such accrual period and the U.S. dollar value of the interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such foreign currency exchange gain or loss generally will be treated, for foreign tax credit purposes, as U.S. source income or loss and not as an adjustment to interest income or expense.

Original Issue Discount

The Notes may be issued with OID for U.S. federal income tax purposes. In such event, U.S. Holders generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. Holders will include any OID in income in advance of the receipt of cash attributable to such income.

The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price (as defined above) by an amount equal to or more than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date). U.S. Holders of the Notes with less than the *de minimis* amount of discount will include the discount on such Notes in income, as capital gain, when principal payments are made on the Note.

In the event that the Notes are issued with OID, the amount of OID includible in income by a U.S. Holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. Holder holds such Note ("**accrued OID**"). A daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID that accrued in such period. The "accrual period" of a Note may be of any length and may vary in length over the term of the Note, *provided that* each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of qualified stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period generally is equal to its issue price,

increased by the accrued OID for each prior accrual period. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

OID, if any, on the Notes will be determined for any accrual period in euros and then translated into U.S. dollars in accordance with either of the two alternative methods applicable to accrual basis U.S. Holders described above under "*—Payments of Stated Interest and Original Issue Discount—Stated Interest*."

A U.S. Holder will recognize foreign currency exchange gain or loss when OID is paid (including, upon the sale, exchange, retirement or other taxable disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the euro payment received, determined based on the spot rate on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on a Note will be viewed first, as payment of qualified stated interest payable on the Note; second, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as receipt of principal. The rules governing OID instruments are complex, and prospective investors should consult their tax advisors concerning the application of such rules to the Notes as well as the interplay between the application of the OID rules and the foreign currency exchange gain or loss rules.

Foreign currency exchange gain or loss generally will be treated as U.S. source ordinary income or loss and generally will not be treated as an adjustment to interest income or expense.

Foreign Tax Credits

A U.S. Holder may be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or to a deduction, if elected, in computing its U.S. federal taxable income, for non-refundable non-U.S. income taxes withheld at a rate not exceeding the rate provided in the Treaty (if applicable) from qualified stated interest paid by the Issuer on the Notes (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) and OID, if any, which, for purposes of the foreign tax credit limitation, generally will constitute non-U.S. source income in the "passive category income" basket. An election to deduct creditable foreign taxes instead of claiming foreign tax credits must be applied to all creditable foreign taxes paid or accrued in the same taxable year. There are significant complex limitations on a U.S. Holder's ability to claim such a credit or deduction. U.S. Holders are urged to consult their tax advisors regarding the creditability or deductibility of any withholding taxes under their particular circumstances.

Sale, Exchange, Retirement or Other Taxable Disposition of Notes

On a sale, exchange, retirement or other taxable disposition of a Note, a U.S. Holder will generally recognize gain or loss equal to the difference, if any, between (i) the amount realized on the disposition (less any amount attributable to any accrued but unpaid stated interest and OID, which will be taxable as interest income as described above to the extent not previously included in income by a U.S. Holder) and (ii) such U.S. Holder's adjusted tax basis in the Note. If a U.S. Holder receives foreign currency on such taxable disposition, the amount realized by a U.S. Holder will be the U.S. dollar value of such foreign currency based on the spot rate of exchange on the date of the disposition (or based on the spot rate on the settlement date of the disposition, in the case of Notes traded on an established securities market and disposed of by a cash basis U.S. Holder or an electing accrual basis U.S. Holder). An accrual basis U.S. Holder that does not make the special election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date.

A U.S. Holder's adjusted tax basis in a Note will generally equal the "U.S. dollar cost" (as defined herein) of the Note to such holder increased by any previously accrued OID (if any). The "U.S. dollar cost" of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price based on the spot rate of exchange on the date of purchase (or based on the spot rate of exchange on the settlement date of the purchase, in the case of Notes traded on an established securities market that are purchased by a cash basis U.S. Holder or an electing accrual basis U.S. Holder). If an accrual method taxpayer makes the election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

The gain or loss that a U.S. Holder realizes on the sale, exchange, retirement or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates will be taxable as ordinary income or loss and generally will be treated as U.S.-source for U.S. foreign tax credit limitation purposes. Such foreign currency exchange gain or loss will generally equal the difference, if any, between the U.S. dollar value of the purchase price of the Note based on the spot rate of exchange on (i) the date of the sale, exchange, retirement or other taxable disposition of the Note and (ii) the date on which the U.S. Holder acquired the Note. In addition, upon the sale, exchange, retirement or other taxable disposition of a Note, a U.S. Holder may realize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and accrued OID, if any, which will be treated as discussed above under "*—Payments of Stated Interest and Original Issue Discount—Stated Interest*" or "*—Payments of Stated Interest and Original Issue Discount—Original Issue Discount*," as applicable. However, a U.S. Holder will only realize foreign currency exchange gain or loss upon the sale, exchange, retirement or other taxable disposition of a Note attributable to the principal amount of a Note and any foreign currency exchange gain or loss (including with respect to accrued and unpaid stated interest and accrued OID, if any) only to the extent of the total gain or loss realized by such holder on the disposition. Prospective investors should consult their own tax advisors regarding the proper calculation of foreign currency exchange gain or loss realized in connection with their acquisition and disposition of the Notes.

Any gain or loss recognized upon the sale, exchange, retirement, or other taxable disposition of a Note in excess of foreign currency exchange gain or loss attributable to such disposition generally will be U.S. source gain or loss and generally will be capital gain or loss and will be long term capital gain or loss if, at the time of the disposition, the Note was held by the U.S. Holder for more than one year. In the case of an individual U.S. Holder, under current law any long-term capital gain will generally be subject to preferential U.S. federal income tax rates. The deductibility of capital losses is subject to significant limitations.

Because a U.S. Holder may use foreign tax credits against only the portion of United States federal income tax liability that is attributed to foreign source income in the same category, a U.S. Holder's ability to utilize a foreign tax credit with respect to the foreign tax imposed on any such sale or other taxable disposition, if any, may be significantly limited. Moreover, U.S. Holders entitled to an exemption from Italian taxes on disposition gains pursuant to the Treaty will not be able to credit Italian taxes imposed on disposition gains. In addition, any Italian taxes on disposition gains are likely not creditable under the recent foreign tax credit Treasury Regulations (however, recent notices from the IRS (the "**Notices**") indicate that the U.S. Department of the Treasury and the IRS are considering proposing amendments to such Regulations and allows, subject to certain conditions, taxpayers to defer the application of many aspects of such Regulations until the date when a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance)). U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax implications of any Italian taxes imposed on disposition gains in their particular circumstances (including creditability, deductibility and determination of the amount realized).

Reportable Transactions

Under the Treasury Regulations, certain "reportable transactions" (as defined in the Treasury Regulations) are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Note or foreign currency received in respect of a Note to the extent that such disposition results in a tax loss in excess of a threshold amount. Prospective investors should consult with their own tax advisor to determine the tax return obligations, if any, with respect to their acquisition, holding or disposition of the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Foreign Asset Disclosure

Individuals (which may include certain entities treated as individuals for the purposes of these rules) that own "specified foreign financial assets" with an aggregate value in excess of $50,000 on the last day of the tax year or more than $75,000 at any time during the tax year (or such larger values as specified in the relevant rules) generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions (in which case the accounts may be reportable if maintained by non-U.S. financial institutions).

U.S. Holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments of principal and interest (including the accrual of OID, if any) on, or the proceeds from a sale, exchange or other taxable disposition of, a Note, unless the U.S. Holder is an exempt recipient, such as a corporation, and, if required, demonstrates that fact. Additionally, if a U.S. Holder fails to provide its taxpayer identification number, fails to make certain certifications, or otherwise fails to comply with the applicable backup withholding requirements, backup withholding may apply to these payments.

Back up withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. U.S. Holders are urged to consult their own tax advisors regarding backup withholding and information reporting requirements relating to their ownership of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") to be entered into in connection with the Notes, 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 the entire principal amount of the Notes at the price specified on the cover of this Offering Memorandum.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase the Notes from the Issuer, are several and not joint. 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 Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with the Transactions and to reimburse them for certain out-of-pocket expenses.

The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the Offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers 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 Offering price set forth on the cover page hereof.

Funds, limited partnerships or other entities managed by or otherwise advised by the Sponsor or any independent debt funds or entities managed by or advised by the Sponsor or other affiliates of the Sponsor may place a purchase order for and be allocated the Notes at a purchase price per Notes equal to the applicable issue price set forth on the cover page of this offering memorandum. In addition, certain of our shareholders and certain members of our management may purchase a limited amount of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Any offer or sale of 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. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions.*"

One or more of the Initial Purchasers may sell through affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions where they are otherwise not permitted including in respect of sales into the United States. To the extent certain of the Initial Purchasers, or their affiliates, are not U.S. registered broker-dealers under Section 15 of the U.S. Exchange Act and intend to effect any sales of the Notes in the United States, they will do so through one or more U.S. registered broker-dealers as permitted by the regulations of the Financial Industry Regulatory Authority, Inc., and in compliance with all applicable federal or state securities laws of the United States.

Each Initial Purchaser has represented, warranted and agreed that, to the extent applicable:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issuance or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors;

(b) it 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;

(c) the offering of the Notes has not been registered with the CONSOB pursuant to the Italian securities regulation;

(d) it has not issued, distributed or published in the Republic of Italy any document relating to the Notes, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations; and

(e) it has not offered or sold the Notes in the Republic of Italy to any natural person nor entities other than (a) to qualified investors (*investitori qualificati*) as defined in Article 2, paragraph (e) of the Prospectus Regulation or (b) in any other circumstances in which is exempt from the rules on public offers pursuant to Article 1(4) or 3(2) of the Prospectus Regulation and Article 34-ter of CONSOB regulation No. 11971 of May 14, 1999, as amended.

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 in relation to the type of clients criteria only 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 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 Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Solely for the purposes of the manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); 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 "**UK distributor**") should take into consideration the manufacturer's target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum 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 Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Notice to Investors in the United States*," "*Notice to Certain European Investors*" and "*Transfer Restrictions*."

United Kingdom

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are relevant persons. This Offering Memorandum 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 Memorandum relates is available only to Relevant Persons and will be engaged in only with relevant persons. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person. The Notes are not being offered to the public in the United Kingdom.

European Economic Area

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 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 MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by 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. This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Each Initial Purchaser has represented and agreed that is 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 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 MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Italy

The Offering has not been cleared by the CONSOB pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in Italy, except to (i) qualified investors (*investitori qualificati*) as defined in Article 2, paragraph (e) of the Prospectus Regulation; and (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to the Prospectus Regulation, Consolidated Financial Act and the implementing CONSOB Regulations, including the Issuers' Regulation and the CONSOB Regulation on Intermediaries.

Any offer, sale, resale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (i) and (ii) above and:

- made by an investment firm, bank or financial Intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Act, CONSOB Regulation on Intermediaries and the Italian Banking Act;
- in compliance with any applicable laws and regulations or requirements imposed by CONSOB, the Bank of Italy or other competent Italian authority (including the reporting obligations under Article 129 of the Italian Banking Act, as amended, and the implementing guidelines of the Bank of Italy issued on August 25, 2015, as amended on August 10, 2016 and November 2, 2020 and as further amended from time to time).

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. We have applied to admit the Notes for listing on the Official List of the Luxembourg Stock Exchange as of the Issue Date and admitted to trading on the Euro MTF Market. We cannot guarantee that our application for the Listing of the Notes on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market will be approved at the Issue Date or at any time thereafter and settlement of the Notes is not conditioned on the foregoing.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law after completing the Offering. 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. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—An active trading market may not develop for the Notes, which may limit your ability to sell the Notes*."

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be seven 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+7**"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in one Business Day unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next Business Day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves sales in excess of the Offering size, which creates a short position for the relevant Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions.

Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—An active trading market may not develop for the Notes, which may limit your ability to sell the Notes."*

The Initial Purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Initial Purchasers or their respective affiliates and parent companies from time to time have provided in the past, are currently providing or may provide in the future, investment banking, lending, consultancy, financial advisory, commercial banking, hedging, factoring and cash management services to the Issuer or its affiliates or to companies directly or indirectly involved in the Transactions in the ordinary course of business for which they have received or may receive customary fees and commissions, including in connection with the Revolving Credit Facility, which they have committed to provide in connection with the financing of the Transactions. See "*Description of Certain Financing Arrangements*." The Initial Purchasers or their affiliates may also receive allocations of the Notes.

Specifically, certain affiliates of the Initial Purchasers are mandated lead arrangers and lenders under certain Existing Facilities (as individually applicable), which will be cancelled and repaid in full with the proceeds from the Notes, in connection with the Transactions. Furthermore, the Initial Purchasers or certain of their respective affiliates will be mandated lead arrangers and lenders under the Revolving Credit Facility Agreement, which will be made available to us and certain of our subsidiaries on or about the Issue Date. In addition, in the ordinary course of their business activities, the Initial Purchasers and/or their 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. Such investments and securities activities may involve securities and instruments of the Issuer or its affiliates and/or to companies directly and/or indirectly involved in the Offering. If the Initial Purchasers or their respective affiliates have a lending relationship with the Issuer or its affiliates, certain of those Initial Purchasers or their affiliates routinely hedge, certain of those Initial Purchasers or their affiliates or their affiliates are likely to hedge, or certain of those Initial Purchasers or their affiliates may hedge, their credit exposure to the Issuer and/or its affiliates consistent with their customary risk management policies. Typically, the Initial Purchasers

and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and/or their affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and short positions in such securities and instruments.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to QIBs (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

(a) in the United States, to "qualified institutional buyers," commonly referred to as "QIBs," as defined in Rule 144A in compliance with Rule 144A; and

(b) outside the United States, in offshore transactions in accordance with Regulation S (and only to investors who, if resident in a Member State of the EEA, are not retail investors, defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) or Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation).

We use the terms "offshore transaction," "U.S. person" and "United States" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer, the Guarantors and each of the Initial Purchasers as follows:

(1) It understands and acknowledges that (i) the Notes and the Guarantees have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and, (ii) unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraphs (5) and (7) below.

(2) It is neither the Issuer's "affiliate" (as defined in Rule 144), nor acting on its behalf and that either:

(a) it is a QIB, within the meaning of Rule 144A, and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition will be for its own account or for the account of another QIB; or

(b)

(i) it is purchasing the Notes in an offshore transaction in accordance with Regulation S; and

(ii) if resident in a Member State of the EEA or the United Kingdom, it is not a retail investor.

(3) It understands and acknowledges that none of the Issuer, the Guarantors or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning the Issuer and its subsidiaries and the Notes that it deems necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) 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 for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act, or in any transaction not subject to the Securities Act.

(5) 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 thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes (in the case of Regulation S Notes, prior to the date (the "**Resale Restriction Termination Date**") that is after the later of the Issue Date and the last date on which such Notes (or any predecessor thereto) were first offered to persons other than distributors (as defined in Rule 902 under the U.S. Securities Act)) only: (i) to the Issuer; (ii) pursuant to a registration statement that has been declared effective under the Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) above to require the delivery of an opinion of counsel, certification and other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser acknowledges that each Rule 144A Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE), ONLY (A) TO THE ISSUER OR THE GUARANTORS (IF ANY), (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER 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 COMPLIANCE WITH REGULATION S UNDER THE

SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) PRIOR TO THE RESLE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRANSFER AGENT; AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

BY ITS ACQUISITION OF THIS NOTE OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED AND COVENANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE AND HOLD THIS NOTE OR INTEREST THEREIN CONSTITUTES ASSETS OF ANY "EMPLOYEE BENEFIT PLAN" SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUES CODE OF 1986, AS AMENDED (THE "**CODE**"), AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF SUCH PLANS, ACCOUNTS OR ARRANGEMENTS OR A GOVERNMENTAL PLAN, NON-U.S. PLAN OR OTHER PLAN NOT SUBJECT TO THE FOREGOING, THAT IS SUBJECT TO PROVISIONS UNDER ANY SIMILAR LAWS (EACH SUCH PLAN, ACCOUNT OR ARRANGEMENT, A "**PLAN**") OR (2)(1) THE ACQUISITION, HOLDING AND DISPOSITIONS OF THIS NOTES OR INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS, AND (II) NONE OF THE ISSUER, THE TRUSTEE, THE SECURITY AGENT, THE REGISTRAR, THE TRANSFER AGENT, THE INITIAL PURCHASERS OR THE GUARANTORS (IF ANY) OR ANY OF THEIR RESPECTIVE AFFILIATES IS ACTING AS A FIDUCIARY TO ANY PLAN WITH RESPECT TO THE DECISION TO PURCHASE OR HOLD THIS NOTE OR IS UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR GIVE ADVICE IN A FIDUCIARY CAPACITY WITH RESPECT TO THE DECISION TO PURCHASE OR HOLD THIS NOTE.

A purchaser of Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Termination Date.

(8) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

(9) If you are a resident of a Member State of the EEA (each, a "Relevant State"), you represent that you are not a "retail investor." For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following: (a) a "retail client" as defined in point (11) of Article 4(1) of MiFID II; or (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a "qualified investor" as defined in the Prospectus Regulation.

(10) You understand and acknowledge that: (i) the Notes are not intended to be offered, sold or otherwise made available to and should be not offered, sold or otherwise made available to any "retail investor" (as defined in paragraph 9 above) in a Relevant State, and (ii) no key information document (as defined in the PRIIPs Regulation) for offering or selling any in scope instruments or otherwise making them

available to retail investors in a Relevant State has been or will be prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful.

(11) If you are a resident of the UK, you represent that you are not a "retail investor." For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client, as defined in point (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 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 Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA.

(12) You understand and acknowledge that: (i) the Notes are not intended to be offered, sold or otherwise made available to and should be not offered, sold or otherwise made available to any "retail investor" (as defined in paragraph 10 above) in the UK, and (ii) no key information document (as defined in the UK PRIIPs Regulation) for offering or selling any in scope instruments or otherwise making them available to retail investors in the UK has been or will be prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful.

(13) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set out therein have been complied with.

(14) It acknowledges that the Issuer, the Guarantors, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers. If it is acquiring any 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 investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor 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 result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "*Plan of Distribution*" and "*Notice to Certain Other Investors."*

Persons who come into possession of this Offering Memorandum are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Important Information for Investors*," and "*Plan of Distribution*."

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain considerations under the insolvency laws of the European Union and Italy and certain Italian law considerations in relation to guarantees and security interests. It is a summary only and does not purport to be complete or to discuss all of insolvency law considerations or all considerations that may affect the validity and enforceability of the Guarantees or the security interests in the Collateral. Bankruptcy, insolvency or similar proceedings could potentially be initiated under the laws of the jurisdiction of organization of a future guarantor of the Notes or another jurisdiction. Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

Insolvency law considerations

European Union

We and our Guarantors are incorporated and organized under the laws of a member state of the European Union (each member state of the European Union, other than Denmark, a "**Member State**"). On June 5, 2015, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings, as subsequently amended and supplemented (the "**Recast EU Insolvency Regulation**") was published in the Official Journal of the European Union.

The Recast EU Insolvency Regulation applies within the European Union, other than Denmark, to insolvency proceedings opened after June 26, 2017 and with respect to a company whose center of main interests is located in a Member State.

Main insolvency proceedings

Pursuant to Article 3(1) of the Recast EU Insolvency Regulation, the court with jurisdiction to open insolvency proceedings in relation to a company that has its "center of main interests" in a Member State is the court of the Member State in which the center of a debtor's main interests is situated. However, pursuant to Article 4 of the Recast EU Insolvency Regulation, a court requested to open insolvency proceedings will be required to examine whether it has jurisdiction pursuant to Article 3. Such court's decision may be challenged by the debtor or any creditor on grounds of international jurisdiction. The "center of main interests" is defined as "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties" and is determined on the date on which application to commence insolvency proceedings is filed. Article 3(1), paragraph 2, provides, in most cases, a rebuttable presumption that a company's center of main interests is in the jurisdiction where its registered office is located. This presumption only applies if the registered office has not been moved to another Member State within the three-month period before the request to open insolvency proceedings is made. In these circumstances, where the presumption is not applied, the court with jurisdiction to open insolvency proceedings in relation to that company is the court of the Member State in which the company's registered office was previously located.

Specifically, recital 30 of the Recast Insolvency Regulation contains a number of examples of where a presumption as to the center of main interests may be rebutted: for instance, 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 center of management and supervision and of the management of its interests is located in that other Member State.

If a company's "center of main interests" is, at the time of the request to open insolvency proceedings located in the same Member State as its registered office, the main insolvency proceedings with respect to the company under the Recast EU Insolvency Regulation would be commenced in that jurisdiction and, accordingly, a court in that jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast EU Insolvency Regulation. As noted in Preamble 10, Annex A to the Recast EU Insolvency Regulation has been extended to include insolvency proceedings that promote the rescue of economically viable but financially distressed businesses (such as, with respect to Italian insolvency proceedings, restructuring agreements with creditors (*accordi di ristrutturazione*), crisis resolution process of the consumer over-indebtedness (*procedure di composizione della crisi da sovraindebitamento del consumatore*) and winding-up (*liquidazione dei beni*)).

Furthermore, pursuant to Article 6 of the Recast EU Insolvency Regulation, the courts of the Member State in which insolvency proceedings have been opened in accordance with Article 3 have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked to them, such as avoidance actions.

Secondary insolvency proceedings

Insolvency proceedings opened in one Member State under the Recast EU Insolvency Regulation must be recognized in any other Member States. Under Article 3(2) of the Recast EU Insolvency Regulation, if a debtor's "center of main interests" is in a given Member State, the courts of all other Member States have jurisdiction to open "secondary" or "territorial" insolvency proceedings only if the debtor has an "establishment" (as defined in Article 2(10) of the Recast EU Insolvency Regulation) in that other Member State's territory. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Recast EU Insolvency Regulation and, for the avoidance of doubt, are not limited to winding-up proceedings. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings. "Establishment" means any place of operations where a debtor carries out or, in the three-month period before the request to open main insolvency proceedings, has carried out a non-transitory economic activity with human means and assets. Accordingly, the opening of secondary insolvency proceedings or territorial insolvency proceedings in another Member State—will also be possible if the debtor had an establishment in such Member State in the three-month period prior to the request for opening of main insolvency proceedings.

The effects of those secondary or territorial proceedings are restricted to the debtor's assets situated in that Member State's territory. Where main proceedings in the Member State in which the debtor has its center of main interests have not yet been commenced, territorial insolvency proceedings may only be commenced in another Member State—where the debtor has an establishment where either: (i) insolvency proceedings cannot be commenced in the Member State in which the debtor's center of main interests is situated under the conditions laid down by that Member State's law; or (ii) the opening of territorial insolvency proceedings is requested by (a) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested, or (b) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. When main insolvency proceedings are opened, territorial insolvency proceedings become secondary insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, (*i.e.*, the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor). The insolvency practitioner appointed or confirmed by a court in the Member State which has jurisdiction to commence main proceedings may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State). These powers are subject to certain limitations (*e.g.*, the powers are available *provided that* no insolvency proceedings have been commenced in that other Member State nor any preservation measure to the contrary has been taken there further to a request to commence secondary proceedings in that other Member State where the debtor has assets).

However, under Article 36 of the Recast EU Insolvency Regulation, to avoid the opening of secondary insolvency proceedings in another Member State, the insolvency receiver in the main insolvency proceedings may give a unilateral undertaking with respect to the assets located in the Member State in which secondary insolvency proceedings could be opened. For this purpose, the insolvency receiver must undertake to comply with the distribution and priority rights under the relevant national law from which the local creditors would benefit if the secondary insolvency proceedings were opened in that Member State. Such undertaking must be made in writing and is subject to approval by a majority of local creditors, determined in accordance with applicable local laws. If approved, the undertaking is binding on the insolvent estate and if a court is requested to open secondary insolvency proceedings, it should refuse to open such proceeding if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Insolvency proceedings involving members of a group of companies

The Recast EU Insolvency Regulation provides for a cooperation and communication mechanism in the event that insolvency proceedings concerning two or more members of a group of companies are opened in EU Member States. Under Article 61 of the Recast Insolvency Regulation, group coordination proceedings may be

requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Insolvency receivers appointed in proceedings concerning a member of the group will cooperate with any insolvency receiver appointed in proceedings concerning another member of the group to the extent that such cooperation is appropriate. Similarly, the court which has opened proceedings will also cooperate with any other court before which a request is made to open proceedings concerning another member of the group to the extent that cooperation is appropriate to facilitate the effective administration of the proceedings, is not incompatible with the rules applicable to them and does not entail any conflict of interest. Further, an insolvency receiver appointed in insolvency proceedings concerning a member of a group of companies will cooperate and communicate with any court with jurisdiction over the insolvency proceedings of another group member. The Recast EU Insolvency Regulation also contains provisions for the proposal and implementation of a group coordination plan and group coordination proceedings, which are designed and implemented by a group coordinator. Participation in the group coordination plan is not compulsory for group members, and there are safeguards to preserve the sovereignty of the applicable law and courts of each group members' insolvency proceedings.

Applicability

In the event that we or any of our subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of our obligations.

Republic of Italy

Certain Italian Insolvency Law Considerations

The Issuer and the Guarantors are incorporated in the Republic of Italy and, in the event of an insolvency event affecting any of these entities, insolvency proceedings may be initiated in Italy. In Italy, the courts play a central role in the insolvency process and in-court procedures may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor does it provide a comprehensive description of insolvency laws application where publicly-owned companies are involved.

The insolvency provisions of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

Insolvency laws and regulations have been replaced by a new crisis and insolvency code. In particular, the Italian government approved on January 12, 2019 Legislative Decree No. 14 of January 12, 2019 implementing the guidelines contained in Law No. 155 dated October 19, 2017 contending the scheme of a comprehensive legal framework in order to regulate, among others, insolvency matters, which enacts a comprehensive legal framework in order to regulate, among others, insolvency matters which came into force on July 15, 2022 (so-called "Code of Business Crisis and Insolvency (*Codice della crisi d'impresa e dell'insolvenza*)", hereinafter, as subsequently amended and supplemented and including Legislative Decree No. 83 of 17 June 2022 implementing the EU Directive 2019/1023, the "**Italian Insolvency Code**").

The main innovations introduced by the Insolvency Code include: (i) the elimination of the term "bankrupt" (*fallito*) due to its negative connotation and the replacement of bankruptcy proceedings (*fallimento*) with a judicial liquidation (*liquidazione giudiziale*); (ii) a new definition of "state of crisis"; (iii) the adoption of the same procedural framework in order to ascertain such state of crisis and to access the different restructuring tools and frameworks (*strumenti di regolazione della crisi e dell'insolvenza della società*) provided for by the same Insolvency Code; (iv) a new set of rules concerning group restructurings; (v) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going concern proceedings; (vi) a new crisis settlement procedure (*composizione negoziata della crisi*); (vii) jurisdiction of

specialized courts over proceedings involving large entrepreneurs; (viii) the adoption of definition of entrepreneur's "center of main interest" as provided in the new set of rules concerning group restructurings, (ix) the introduction of the new restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*) among the restructuring tools and frameworks (*strumenti di regolazione della crisi e dell'insolvenza della società*); (x) the regulation of adequate measures and plans to early detect a crisis with specific criteria to be adopted by companies and (xi) amendments to certain provisions of Royal Decree No. 262 of March 16, 1942 (as subsequently amended and supplemented, the "**Italian Civil Code**") aimed at ensuring the general effectiveness of the reform.

The Italian Insolvency Code has been amended and supplemented by, among others, (i) the Italian Legislative Decree No. 147 of October 26, 2020, (ii) the Italian Draft Legislative Decree on "Amendments to the Business Crisis and Insolvency Code, implementing Directive (EU) 2019/1023" approved on March 17, 2022 by the Italian Council of Ministers (*Consiglio dei Ministri*) and (iii) the Italian Legislative Decree No. 83 of June 17, 2022.

Except for minor changes in some provisions of the Italian Civil Code, which already entered into force on March 16, 2019, in response to the COVID-19 pandemic, the entry into force of the Italian Insolvency Code was been initially postponed to September 1, 2021 by the "*Decreto liquidità*" (*i.e.*, Law Decree April 8, 2020, no. 23, published in the Official Journal (*Gazzetta Ufficiale*) on April 8, 2020 and converted in law by the Italian Parliament by the Law June 5, 2020, no. 40, published in the Official Journal (*Gazzetta Ufficiale*) on June 6, 2020, the "**Liquidity Decree**"), and is now effective starting from July 15, 2022.

The Italian Insolvency Code

Please find below a brief description of the main provisions of the Italian Insolvency Code after its entry force on July 15, 2022.

The two primary aims of the Italian Insolvency Code are to protect the goodwill of the going concern (if any) of the entrepreneur, also through the continuation of all or part of its business with a third-party or to liquidate the entrepreneur's assets for the satisfaction of creditors' claims. The main aim of the "*Prodi-bis*" procedure or "*Marzano*" procedure (which remain available to large companies also in the context of the new set of rules, as will be further detailed below), is to maintain employment. These competing aims often have been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold.

Under the Italian Insolvency Code, insolvency is defined under Article 2, letter (b) of the Italian Insolvency Code as the state of the entrepreneur, manifested by defaults and/or other external elements evidencing that the entrepreneur is no longer able to regularly meet its obligations as they come due. This must be a permanent, and not a temporary status of insolvency, in order for a court to hold that an entrepreneur is insolvent. The Italian Insolvency Code also introduced a specific concept of crisis, which is defined under Article 2, letter (a) of the Italian Insolvency Code as the state of the entrepreneur such that it is likely that insolvency will follow, which is manifested by the inadequacy of prospective cash flows to meet obligations in the following 12 months. Both insolvency and crisis are factual situations upon the occurrence of which different instruments provided for by the Italian Insolvency Code may be activated.

In cases where an entrepreneur is facing financial difficulties or temporary cash shortfall and, in general, a state of crisis/financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the entrepreneur, but which are susceptible of being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

The following debt restructuring and insolvency alternatives are available under Italian law for companies in a state of crisis and for insolvent entrepreneurs and, in certain cases, also to entrepreneurs experiencing an economic or financial imbalance such as to make it likely that a state of crisis and/or distress or their insolvency will occur.

Restructuring outside of a judicial process (accordi stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the entrepreneur and because informal out-of-court arrangements put in place as a result of an out-of-court

restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions, and may trigger liabilities in the event of a subsequent judicial liquidation. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Negotiated Composition for the overcoming of business' crisis (composizione negoziata per la soluzione della crisi d'impresa)

The so-called "Negotiated Composition for the overcoming of business' crisis (*Composizione negoziata per la soluzione della crisi d'impresa*)" (the "**Negotiated Composition**") was originally introduced in the Italian legal framework by Law Decree No. 118 of August 24, 2021 (the "**Law Decree 118/2021**") and has been subsequently incorporated into the Italian Insolvency Code. It is an out-of-court proceedings, but the court can be involved in the two following circumstances: (i) when the entrepreneur files a petition pursuant to Article 18 of the Italian Insolvency Code requesting the competent court to confirm or modify the protective measures of its assets provided for pursuant to Article 18 of the Italian Insolvency Code (if requested by the entrepreneur with the petition for the appointment of the Expert (as defined below) or with a subsequent petition) and, if necessary, to enact the interim measures necessary to complete the negotiations, and (ii) when the entrepreneur files a petition asking the court to authorize certain actions and transactions not falling within the ordinary course of business in accordance with the provisions set forth under Article 22 of the Italian Insolvency Code.

The Negotiated Composition is a proceeding aimed at facilitating the recovery of entrepreneurs which "despite being in conditions of asset or economic and financial imbalance such as to make it likely that financial distress or insolvency will occur, have the potential to remain in the market, including through the sale of the business or a branch of it."

According to Article 12 of the Italian Insolvency Code, the Negotiated Composition can be pursued by enterprises, either commercial (*imprenditore commerciale*) and agricultural (*imprenditore agricolo*), which are undergoing a distressed situation with reference to their assets, their business and/or their financial situation, such that it is likely that a distress/crisis or insolvency will follow. It is, therefore, a procedure aiming at anticipating further deterioration of the entrepreneur's situation. Pursuant to Article 17, paragraph 3, letter d) of the Italian Insolvency Code, *inter alia*, the entrepreneur or the enterprise filing for a Negotiated Composition (i) shall certify that no judicial winding-up proceedings or similar proceedings are pending towards itself nor requests for the admission to the procedures provided for under Articles 40 of the Italian Insolvency Code, including pursuant to Articles 44, paragraph 1, letter a) and 54, paragraph 3, have been previously filed and (ii) in the event that the application for a Negotiated Composition is dismissed, other than the case where such dismissal is requested by the entrepreneur, may not submit a new request before one year has elapsed after dismissal.

Pursuant to Article 25 of the Italian Insolvency Code, the Negotiated Composition may also apply to group of companies, which may commence one proceeding all together. It should be noted that paragraph 9 of such provision provides for the group companies—at the end of the negotiations—to either enter into one of the agreements referred to in Article 23, paragraph 1 of the Italian Insolvency Code as a group, or use one of the tools referred to under Article 23 of the Italian Insolvency Code, both separately or as a whole group.

The Negotiated Composition is commenced on a voluntary basis only, with the filing by the entrepreneur of a petition for the appointment of a third-party and independent expert (the "**Expert**") to the Secretary General of the relevant Chamber of Commerce by way of a dedicated electronic platform (the "**Platform**"). Pursuant to Article 16 of the Italian Insolvency Code the person who acted as Expert in the context of a Composizione Negoziata, shall not have or maintain professional relations with the relevant entrepreneur for at least two years following the termination of such proceedings.

The Expert is appointed within five days upon the filing of the request. The Expert is responsible for facilitating and managing the negotiations between the company, its creditors and any other interested parties, in order to identify a solution to overcome the crisis or the insolvency, including through the transfer of the business or a branch thereof.

The Expert assesses his/her own independence, the adequacy of his/her own professional expertise and his/ her own time availability with respect to the prospected assignment, and, if the outcome of the assessment is positive, notifies his/her acceptance to the entrepreneur and uploads it on the Platform. In case of negative outcome, the

Expert confidentially notifies it to the commission, which appoints a new Expert. If the Expert accepts the appointment, he/she meets with the entrepreneur in order to assess whether there are concrete and real chances of recovery. The entrepreneur attends the meeting personally, and can be assisted by its advisors.

If the Expert finds that there are actual and real chances of recovery (*risanamento*), he/she meets with the parties involved in the entrepreneur's recovery process and presents the possible strategies, scheduling periodic meetings close in time to one another. During the negotiations, all the parties involved must act in good faith and with fairness, must cooperate and are bound by confidentiality on the entrepreneur's situation, on the actions carried out or planned by the entrepreneur and on the information received in the course of the negotiations. The entrepreneur must provide a complete and clear representation of his/her situation and manage his/her assets without causing unfair prejudice to the creditors. Banks and financial intermediaries, their agents, and, in case of credit assignment and/or transfer, their assignees or transferees, must take part in the negotiations actively and in an informed manner, and the access to the Negotiated Compositions does not, by itself, constitute ground for suspending or revoking banking facilities made available to the entrepreneur. Specific provisions apply to negotiations involving employment contracts.

If the Expert finds that there are no real chances of recovery (*risanamento*), after the meeting with the entrepreneur or thereafter, he/she has to promptly notify the entrepreneur and the secretary general of the chamber of commerce, which provides for the dismissal of the entrepreneur's petition. The Expert's appointment is considered terminated if, after 180 days from its appointment, the parties have not agreed on a solution (that can also be proposed by the Expert) for overcoming the entrepreneur's distressed situation. However, the Expert's appointment can continue up to further 180 days (pursuant to Article 17, paragraph 7 of the Italian Insolvency Code) if (i) all the parties involved in the negotiations require so and the Expert agrees, or (ii) the prosecution of the appointment is required by the fact that the entrepreneur has filed a petition to the court pursuant to Article 19 and/ or Article 22 of the Italian Insolvency Code.

Pursuant to Article 17, paragraph 8 of the Italian Insolvency Code, at the end of his/her appointment the Expert issues a final report (the "**Final Report**"), uploads it on the Platform, and notifies it to the entrepreneur and to the court that has granted the protective measures and interim measures (if any) which declares the termination of their related effects.

Pursuant to Article 18 of the Italian Insolvency Code, together with the petition for appointment of the Expert, or with a subsequent petition, the entrepreneur can request the application of protective measures, which may also be limited, upon entrepreneur request, to certain creditors' claims or to a specific category of creditors. The protective measures consist of the following: from the date of publication of the relevant petition, preexisting creditors cannot obtain preemption rights (*diritti di prelazione*) unless agreed upon by the entrepreneur and all enforcement and interim actions against its assets and the goods and rights used for conducting its business are stayed. However, as opposed to what happens in the composition with creditors proceedings (*concordato preventivo*), payment of preexisting creditors is not forbidden. The protective measures do not apply to employees' claims.

From the date of publication of the petition requesting the application of the protective measures until the date of conclusion of the negotiations or dismissal of the petition for the Negotiated Composition, the ruling of opening the judicial liquidation proceedings (*sentenza di apertura della liquidazione giudiziale*) or the declaration of the insolvency of the entrepreneur cannot be declared by the court, unless such protective measures were previously revoked.

The creditors whose rights are affected by the protective measures cannot unilaterally refuse to perform their obligations under the contracts in place with the entrepreneur, nor terminate such contracts, nor anticipate their expiration date, nor amend them with detrimental consequences for the entrepreneur, solely on the ground of the missed payment of claims arisen prior to the publication of the petition requesting the application of the protective measures. However, the creditors may suspend the fulfilment of the pending contracts from the publication of the petition requesting the protective measures until such measures are obtained. If the entrepreneur applies for the protective measures (which, as said, are immediately effective), it must simultaneously file the same request to the competent court, in order to allow a judge to check the said measures and to confirm them or, if necessary, to modify them. In the absence of this request, the protective measures will be ineffective.

The duration of the protective measures and, if necessary, the interim measures, is established by an order of the court in a range between 30 and 120 days, and, upon request of the parties and after obtaining the opinion of the Expert, can be extended for the time required to positively finalize the negotiations up to a maximum of 240 days, given that the judge may discretionarily order the revocation of such protective measures or shorten their duration.

During the Negotiated Composition the entrepreneur remains able to continue the ordinary and extraordinary management of the company, subject to certain conditions. More precisely, pursuant to Article 21 of the Italian Insolvency Code, pending the negotiations, the entrepreneur may carry out acts pertaining to ordinary activity, and, upon written notice to the Expert, carry out acts pertaining to extraordinary activity or make payments non-consistent with the negotiations nor with the perspectives of recovery, in such a way as to avoid prejudicing the economic and financial sustainability of the business. Furthermore, if during the course of the negotiations, it appears that the entrepreneur is insolvent but there are real prospects of recovery, the entrepreneur shall manage the enterprise in the best interests of the creditors, subject to his liabilities.

If the Expert believes that a certain act causes prejudice to the creditors, to the negotiations or to the perspectives of recovery, he/she reports it in writing to the entrepreneur and to the enterprise's control body. If, notwithstanding the Expert's report, the entrepreneur carries out the relevant act, the entrepreneur gives immediate notice to the Expert, who may file his/her dissent for the registration with the companies' register. At the request of the entrepreneur, one or more creditors or the Expert, the Court that has granted the protective measures and/or interim measures may, at any time, revoke such measures or reduce their duration when they do not meet the aim of ensuring the positive outcome of the negotiations or they appear disproportionate in relation to the prejudice caused to the creditors, pursuant to Article 19, paragraph 6 of the Italian Insolvency Code. If the protective measures are revoked, the prohibition of the obtainment of preemption rights by preexisting creditors ceases to be effective for the date on which the protective measure has been revoked.

Pursuant to Article 22 of the Italian Insolvency Code, the court, upon the entrepreneur's request and to the extent that this is consistent with the continuation of the business as a going concern and with the maximization of the creditors' recovery, may authorize:

- the entrepreneur or one or more companies belonging to the same group to incur new super-senior indebtedness (*prededucibile*) pursuant to Article 6 of the Italian Insolvency Code;
- the entrepreneur to incur new super-senior indebtedness (*prededucibile*) via shareholders' financing pursuant to Article 6 of the Italian Insolvency Code; and
- the entrepreneur to transfer its business, or certain business branches, without the effects provided under Article 2560, paragraph 2, of the Italian Civil Code, without prejudice to Article 2112 of the Italian Civil Code. However, in such case it will be for the court itself to identify the measures it considers appropriate, taking also into account the requests of the parties concerned, in order to protect all the interests involved. The court shall also verify the compliance with the competitiveness principle in choosing the purchaser.

Pursuant to Article 23 of the Italian Insolvency Code, the Negotiated Composition can terminate as follow:

- execution of an agreement between the entrepreneur and one or more creditors, which constitutes cause for application of the reward measures provided under Article 25-bis, paragraph 1 of the Italian Insolvency Code if, according to the Expert's Final Report, such agreement ensures the continuation of the business as a going concern for at least 2 years;
- execution of a standstill agreement (*convenzione di moratoria*) pursuant to Article 62 of the Italian Insolvency Code;
- execution of an agreement signed by the entrepreneur, by the creditors and by the Expert, with the effects provided under Articles 166, paragraph 3, lett. d) and 324 of the Italian Insolvency Code. With such agreement the Expert acknowledges that the reorganization plan (piano di risanamento) seems to be consistent with the composition of the insolvency and crisis of the entrepreneur.

At the end of the negotiations, if none of the above mentioned agreement is executed, the entrepreneur may alternatively:

- file a petition requesting the sanctioning of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*) pursuant to Articles 57, 60 and 61 of the Italian Insolvency Code. The percentage referred to under Article 61, paragraph 2, letter c) of the Italian Insolvency Code is reduced to 60% if the achievement of the agreement results from the final report of the Expert.

- arrange an out-of-court reorganization plan (*piano attestato di risanamento*) pursuant to Article 56 of the Italian Insolvency Code;

- file a petition for admission to the *concordato semplificato per la liquidazione del patrimonio* provided for pursuant to Article 25-sexies of the Italian Insolvency Code;

- enter into one of the insolvency proceedings provided under the Italian Insolvency Code or in the so-called Prodi-bis procedure or the Marzano procedure (see below);

Furthermore, pursuant to Article 24 of the Italian Insolvency Code:

- the actions and transactions authorized by the court pursuant to Article 22 of the Italian Insolvency Code shall maintain their effects in the event of subsequent sanctioned debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti omologato*), sanctioned court-supervised composition with creditors proceedings (*concordato preventivo omologato*), opening of the judicial liquidation proceeding (*apertura della liquidazione giudiziale*), a sanctioned restructuring plan (*piano di ristrutturazione soggetto ad omologazione)* provided for pursuant to Article 64-bis of the Italian Insolvency Code, a compulsory administrative winding-up (*liquidazione coatta amministrativa*), extraordinary administration for large insolvent companies (*amministrazione straordinaria*) or simplified composition with creditors proceedings for liquidation purposes (*concordato semplificato per la liquidazione del patrimonio*) provided for pursuant to Article 25-sexies of the Italian Insolvency Code homologated (*omologato*) by the court;

- the payments of debts that are immediately due and payable, any onerous transactions and the granting of security interests made after the Expert accepted its appointment, are exempted from claw-back actions pursuant to Article 166, paragraph 2, of the Italian Insolvency Code if they are consistent with the development and the status of the negotiations and with the perspectives of recovery (*risanamento*) in place at the time the payment/transaction/granting of security interest was made;

- acts pertaining to the entrepreneur's extraordinary activity and payment made after the Expert accepted its appointment are subject to claw-back actions pursuant to Article 165 and Article 166 of the Italian Insolvency Code if the Expert has registered his/her dissent in the companies' register pursuant to Article 21, paragraph 4 of the Italian Insolvency Code or if the competent court has denied its authorization pursuant to Article 22 of the Italian Insolvency Code; and

- payment and transactions made after the Expert accepted its appointment, which the Expert assesses to be consistent with the development of the negotiations and with the perspectives of recovery (risanamento) of the enterprise, or which have been authorized by the court pursuant to Article 22 of the Italian Insolvency Code, benefit of exemptions from the potential application of certain criminal sanctions.

Potential outcomes of the Negotiated Composition: the simplified composition with creditors proceedings for liquidation purposes (concordato semplificato per la liquidazione del patrimonio)

Article 25-sexies of the Italian Insolvency Code introduces a simplified court-supervised pre-judicial liquidation composition with creditors with liquidation purpose (*concordato semplificato per la liquidazione del patrimonio*) (the "**Simplified Composition**").

If, in its Final Report, in the context of a Negotiated Composition, the Expert states that the negotiations did not have a positive outcome (*i.e.* the entrepreneur has not been able to reach an agreement with its creditors) but have been conducted according to fairness and good faith and that the options provided under Article 23, paragraphs 1 and 2, letter b), of the Italian Insolvency Code are not feasible, within 60 days following the notification of the Final Report the entrepreneur may file to the competent court where the entrepreneur has its center of main interests a petition for admission to the Simplified Composition, together with a liquidation plan and the documents listed

under Article 39 of the Italian Insolvency Code. The petition for the Simplified Composition is then published in the companies' register within the day following the filing with the court. From the date of such publication, the effects provided under Articles 6, 46, 94 and 96 of the Italian Insolvency Code will apply.

Following the filing of such application, the court (i) appoints a so-called "auxiliary" (*ausiliario*) to, *inter alia*, express an opinion on the entrepreneur's proposal; (ii) orders that the proposal, together with the opinion of the auxiliary and the final report of the expert, be delivered by the entrepreneur to the creditors appearing on the list filed by the entrepreneur itself; and (iii) sets the date of the hearing for the court homologation (*omologazione*). Creditors and any third-party which has any interests are entitled to object to the court homologation (*omologazione*) within ten days before the date fixed for the hearing.

If the court, having verified the legitimacy of the objection and the procedure, as well as compliance with priority creditor claims and the feasibility of the liquidation plan, finds that the proposal does not prejudice the creditors with respect to the alternative of a judicial liquidation and that, in any event, it ensures a benefit to each creditor, it approves the composition with creditors proposal by decree, by which it shall also appoint a liquidator.

The court issues a decree of homologation (*omologazione*) the Simplified Composition when it finds that (i) the proceeding has been carried out in accordance with relevant laws and regulations and the adversarial principle among the parties (*contraddittorio*); (ii) the proposal is compliant with preemption rights (*cause di prelazione*) and the liquidation plan is feasible, and (iii) the proposal does not cause a prejudice to the creditors compared to what they would receive in case of judicial liquidation of the entrepreneur, and in any case ensures that each creditor receives a certain recovery. With the approval decree, the court also appoints a liquidator.

The parties may file an objection (*opposizione*) to the abovementioned decree within 30 days after having been notified of the same.

Pursuant to Article 25-septies of the Italian Civil Code, the liquidation plan may also include an offer by a pre-identified third-party to transfer the business or one or more branches of the business or specific assets to such third-party, even before the approval: in this case, the judicial liquidator, having verified the absence of better solutions on the market, may implement the offer.

Out-of-court certified recovery plans (piani attestati di risanamento) pursuant to Article 56 of the Italian Insolvency Code

Out-of-court debt restructuring agreements are based on restructuring plans (*piani attestati di risanamento*) ("**Certified Recovery Plans**") addressed to the creditors and prepared by entrepreneurs who are either insolvent or in a state of crisis, in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed directly by the entrepreneur and enrolled in the Register of Auditors and Accounting Experts (*Registro dei Revisori Contabili*) must verify the feasibility of the restructuring plan and the truthfulness of the business data provided by the company. There is no need to obtain court approval to appoint the independent expert. The independent expert must possess certain specific professional requisites and qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code and may be subject to liability in case of misrepresentation or false certification.

Certified Recovery Plans and the relevant debt restructuring arrangements executed in implementation thereof are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or supervising authority. Also, such plans and relevant arrangements are not required to be approved and consented to by a specific majority of all outstanding claims.

The terms and conditions of these Certified Recovery Plans are freely negotiable, provided they are finalized at restructuring the entrepreneur's indebtedness and rebalancing its financial situation. However, the possibility to adopt such tools for liquidation purposes is disputed, as it is argued they shall provide for the restructuring of the entrepreneur's indebtedness and the rebalancing its financial condition on a going concern basis. Unlike a Negotiated Composition, Simplified Composition and other proceedings provided for under the Insolvency Code, Certified Recovery Plans do not offer the entrepreneur any protection against enforcement proceedings and/or interim actions of third-party creditors.

The Italian Insolvency Code provides that, should these plans fail, and the entrepreneur be declared insolvent, the payments and/or acts carried out, and/or security interest granted on the entrepreneur's assets for the implementation of the reorganization plan, subject to certain conditions (a) are not subject to any claw-back action

(*azione revocatoria*), including the claw-back action provided for pursuant to Article 2901 of the Italian Civil Code, as provided for pursuant to Article 166, paragraph 3, letter d) of the Italian Insolvency Code; and (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the companies' register are needed (although publication in the companies' register of the plan, the report by the independent expert and the arrangements is possible upon an entrepreneur's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-judicial liquidation agreement or a debt restructuring agreement. Since the reorganization plan (or the agreements entered into to implement it) is not subject to any court approval or judicial review, it cannot be excluded that the abovementioned exemption effects will be challenged in the event of subsequent judicial winding-up, if the competent court were to assess that the reorganization plan was not feasible at the time it was certified by the independent expert.

The Italian Insolvency Law sets forth specific rules regarding Certified Recovery Plans and the restructuring arrangements entered into with creditors in implementation thereof, which must be complied with for such plans and arrangements to grant protection against claw-back actions and potential civil and criminal responsibilities. More in detail, a Certified Recovery Plan must be supported by adequate documentation representing the financial and commercial situation of the entrepreneur and which also needs to indicate, among others, the causes of the crisis and the new resources which will be made available to the entrepreneur and the industrial plan. Moreover, they must be suitable for the purpose of assuring the restructuring of the indebtedness of the entrepreneur and rebalancing its financial position and, in case of its failure and subsequent challenge (*impugnazione*) before an Italian court, it must not be deemed as being unreasonable.

Debt Restructuring Agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to Article 57 of the Italian Insolvency Code

Debt restructuring agreements with creditors (*accordi di ristrutturazione dei debiti*) provided for pursuant to Article 57 and ff. of the Italian Insolvency Code ("**Debt Restructuring Agreements**") may be entered into by the entrepreneur with creditors holding at least 60% of the outstanding indebtedness, to be homologated (*omologato*) by the competent court and are based on a restructuring plan. An independent expert appointed by the entrepreneur must certify the truthfulness of the business and accounting data provided by the company and declare and that the underlying is feasible and that the Debt Restructuring Agreement and the underlying restructuring plan ensure that the indebtedness vis-à-vis non-participating creditors can be fully satisfied within the following terms in a 120-day term from: (i) the date of homologation (*omologazione*) of the Debt Restructuring Agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the said homologation (*omologazione*); or (ii) the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-participating creditors as at the date of the said homologation (*omologazione*).

Pursuant to Article 57 of the Italian Insolvency Code, only an entrepreneur who is insolvent or facing a state of crisis (as described above) can initiate this process and request the court's homologation (*omologazione*) of the Debt Restructuring Agreement entered into with its creditors.

The Debt Restructuring Agreement is published in the companies' register and becomes effective as of the day of its publication. Creditors and other interested parties may challenge the agreement within 30 days from the publication of the agreement in the companies' register. After having settled with the opposition (if any), the court will homologate (*omologa*) the Debt Restructuring Agreement by issuing a decree, which can be appealed within 30 days of its publication pursuant to Article 51 of the Italian Insolvency Code.

The Italian Insolvency Code does not expressly provide for any indications concerning the contents of the Debt Restructuring Agreement or the underlying plan. The said plan can therefore provide, *inter alia*, either for the entrepreneur or a third-party carrying out the business, or the sale of the business, and may contain refinancing agreements, moratoria, write offs and/or postponements of claims. The Debt Restructuring Agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes. Article 58, paragraph 1 of the Italian Insolvency Code sets the rule for when substantial amendments are made to the plan. More precisely, in the event of substantial amendments to the plan before the approval, the report issued by the expert and the consent to the Debt Restructuring Agreement expressed by creditors shall be renewed. The expert's report shall also be renewed in the event of substantial amendment. In the event of substantial amendments after the court homologation (*omologazione*), the entrepreneur shall make such amendments as are appropriate to ensure the implementation of the Debt Restructuring Agreement, by requesting the update of the certified report issued by

the expert having the requirements set forth in Article 57, paragraph 4 of the Italian Insolvency Code. In this case, the renewed certified report, together with the amended restructuring plan, shall be published in the companies' register, giving appropriate notice to the creditors by registered letter or by certified email (PEC). The parties may file an objection (*opposizione*) to the abovementioned decree within 30 days after having been notified of the same.

With the petition for the approval by the court of the Debt Restructuring Agreement (or at any time pending the procedure) the entrepreneur may request to be granted protective measures (*i.e.*, a stay of enforcement and interim actions against its assets or a prohibition to the creation by creditors of security interest (unless it is agreed in the debt restructuring agreement) in relation to pre-existing debts, etc.) (the "**Measures**"). Such Measures can also be requested (i) pursuant to Article 54, paragraph 3 of the Italian Insolvency Code, to the court by the entrepreneur pending negotiations with creditors (*i.e.*, prior to the filing of the petition for homologation (*omologazione*) of the Debt Restructuring Agreement), subject to certain conditions, or (ii) pursuant to Article 44 of the Italian Insolvency Code, together with a pre-petition for the access to one of the restructuring tools provided for by the Italian Insolvency Code. According to Article 54, paragraph 2, of the Italian Insolvency Code, provided that the petition for approval of the Debt Restructuring Agreement includes the relevant request for Measures, from the date of publication of the petition in the companies' registry, it is prohibited to commence or continue any enforcement or interim actions against the assets of the entrepreneur or the goods or rights used for conducting its business (or, in any event, to take any initiatives prohibited under the relevant Measures). No dispossession of the entrepreneur occurs in respect of and against its assets and the goods and rights used for conducting its business are stayed, but the court may appoint a judicial commissioner to oversee the proceedings and must do so in case petitions for the opening of judicial liquidation are pending, when it is necessary for the protection of the parties who filed such petitions. It is a court-supervised procedure, which can take from a few months up to more than a year (the duration of the proceedings is generally influenced by challenges). Creditors entering into the Debt Restructuring Agreement are not required to receive the same treatment (*i.e.*, they are free to reject the proposal and to protect their interests otherwise) and no cram-down is applicable to third-party non-adhering creditors, who shall be fully re-paid within 120 days from: (i) the date of homologation (*omologazione*) of the Debt Restructuring Agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the said homologation (*omologazione*); or (ii) the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-participating creditors as at the date of the said homologation (*omologazione*), unless the exception provided for Debt Restructuring Agreements with extended effects (*accordi di ristrutturazione ad efficacia estesa)* provided pursuant to Article 61 of the Italian Insolvency Code applies (see below).

The court, having verified the completeness of the documentation filed by the entrepreneur, sets the date for a hearing to be held no earlier of 15 days from the notification of the relevant filing. Pending such deadline, creditors and other interested parties may file an opposition to the approval. At such hearing, the court decides upon any opposition and assesses whether the conditions for the approval are met and, in such case, orders that no conservative or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which a debt restructuring agreement and the assessment by the expert must be deposited.

Pursuant to the Article 61 of the Italian Insolvency Code, entrepreneurs are entitled to enter into Debt Restructuring Agreements by obtaining the approval of creditors representing at least 75% of the credits belonging to the same category (with respect to the homogeneity of their legal position and economic interests) and can request the court to declare that agreement binding on the non-adhering creditors belonging to the same category (so called "cram down").

More in detail, for Debt Restructuring Agreements with extended effects (*accordi di ristrutturazione ad efficacia estesa)* provided pursuant to Article 61 of the Italian Insolvency Code to be entered into, the following requirements, *inter alia*, must be complied with: (i) all the creditors belonging to the same category have been informed of the start of the negotiations and have been able to participate in them in good faith and have received complete and up-to-date information on the entrepreneur's assets, economic and financial situation as well as on the Debt Restructuring Agreement and its effects; (ii) the Debt Restructuring Agreement provides for the continuation of the business activity either directly or indirectly pursuant to Article 84 of the Italian Insolvency Code; (iii) the claims of the consenting creditors belonging to a same category represent at least 75% of all the claims belonging to the same category; (iv) the non-adhering creditors belonging to the same category to which the effects of the agreement are extended can be satisfied under the agreement for an amount not lower than the

amount they would receive with the judicial liquidation being understood that a creditor may hold claims in more than one category; and (v) the entrepreneur has notified the agreement, the application for court approval and the documents attached thereto to the creditors to be crammed down. The percentage of 75% is lowered to 60% if the debt restructuring agreement is referred to in the Final Report issued by the Expert at the end of the negotiations pertaining to the Negotiated Composition.

Moreover, pursuant to the new Article 61, paragraph 5, of the Italian Insolvency Code, a special provision is set forth for entrepreneurs whose financial indebtedness is at least 50% of their total indebtedness: in this situation the Debt Restructuring Agreement may identify one or more categories of creditors which are banks and financial intermediaries which have a homogeneous legal position and economic interests and extend the effects of the agreement to non-participating creditors who are part of the same category. In such instance, the agreement is valid even if it does not contemplate the direct or indirect continuation of the business activity as a going concern. However, in such case the rights of creditors who are not banks or financial intermediaries remain valid.

Similarly, pursuant to the new Article 62 of the Italian Insolvency Code, a standstill agreement (*convenzione di moratoria*) entered into between an entrepreneur and its creditors representing 75% of the same class would also bind the non-participating creditors, provided that (A) an independent expert meeting the requirements provided under Article 62, paragraph 3 of the Italian Insolvency Code has been appointed and certifies (i) the truthfulness of the business data, (ii) the attitude of the standstill agreement to temporarily regulate the effects of the crisis and (iii) the fact that the treatment reserved to non-adhering creditors is at least equal to the one they could obtain in the context of a judicial winding up, and (B) certain further conditions are met (*i.e.*, all the creditors belonging to the relevant category have been duly noticed of the beginning of the negotiations, have been made able to participate in the negotiations and have received complete and up-to-date information on the entrepreneur's assets, economic and financial situation and on the agreement and its related effects). Non-adhering crammed-down creditors can challenge the standstill agreement within 30 days after having been notified of the same.

In no case Debt Restructuring Agreements with extended effects provided for under Article 61 of the Italian Insolvency Code and standstill agreements provided under Article 62 of the Italian Insolvency Code may impose on the non-adhering creditors, *inter alia*, performance of new obligations, the granting of new overdraft facilities, the maintenance of the possibility to utilize the existing facilities or the utilization of new facilities.

Furthermore, Article 60 of the Italian Insolvency Code provides for the so called facilitated Debt Restructuring Agreements (*accordi di ristrutturazione agevolati*). Such particular kind of Debt Restructuring Agreements may be entered into with creditors representing as little as 30% of the total indebtedness (instead of the 60% generally required under Article 57, paragraph 1 of the Italian Insolvency Code) provided that the entrepreneur: (i) does not request a deferment or moratorium for the repayment of non-consenting creditors (usually provided for by law, for a period of 120 days from the court approval of the agreement or from the maturity date of the relevant obligations, in "ordinary" restructuring agreements); and (ii) has not previously requested to the court the granting of protective interim measures and waives to such measures.

By virtue of Article 59 of the Italian Insolvency Code, Article 1239 of the Italian Civil Code applies to the creditors that have adhered to the Debt Restructuring Agreement. Hence, non-participating creditors maintain their claims towards (i) those who are jointly and severally liable with the entrepreneur, (ii) the entrepreneur's guarantors and (iii) debtors by way of right of recourse (*regresso*). Unless agreed otherwise, Debt Restructuring Agreements produce effect towards the shareholders who are jointly liable with non-limited liability companies, provided that, if such shareholders have granted guarantees, they will remain liable as guarantors.

The provision of Articles 99, 101 and 102 of the Insolvency Code on super-senior financing (*finanziamenti prededucibili*) of the Italian Insolvency Code apply to both Debt Restructuring Agreements and to the court-supervised compositions with creditors proceedings (*concordato preventivo*) outlined below (see below).

Composition with creditors proceedings (concordato preventivo)

A company which is insolvent or in a situation of crisis (as defined above) and that has not been declared insolvent by the court has the option to enter into a composition with creditors proceedings (so called "*concordato preventivo*", hereinafter the "***concordato preventivo***") to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of a judicial liquidation proceedings. In order to file with the court a petition to be admitted to a concordato preventivo, the entrepreneur shall exceed at least one of the following

thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years, and (iii) has total indebtedness in excess (included debts not yet due) of €0.5 million. Only the entrepreneur is entitled to file a petition with the court for a *concordato preventivo* with the court based in the location of the entrepreneur's center of main interest (COMI). The entrepreneur must file the petition together with, among others, a restructuring plan containing an analytic description of manner and timing of the fulfillment of the proposal to the creditors and an independent expert's report certifying the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the entrepreneur). The petition for *concordato preventivo* is then published in the companies' register by the registry of the court and communicated to the public prosecutor. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, preexisting creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors. According to Article 54, paragraph 2, of the Italian Insolvency Code, provided that the petition for the admission to the *concordato* proceedings includes the relevant request for Measures, from the date of publication of the petition in the companies' registry, it is prohibited to commence or continue the enforcement and interim actions (or, in any event, to take any initiatives prohibited under the relevant Measures) against the interim actions the assets of the entrepreneur and the goods and rights used for conducting its business. As already described with reference to Debt Restructuring Agreements, at any time pending the proceedings, the entrepreneur may request to be granted Measures, which can also be requested pursuant to Article 44 of the Italian Insolvency Code, together with a pre-petition for the access to one of the restructuring tools provided for by the Italian Insolvency Code.

The composition proposal submitted by the entrepreneur within the *concordato preventive* may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it will ensure payment of at least 20% of the unsecured receivables, except for the case of *concordato preventivo* on a going concern basis (*concordato con continuità aziendale*), including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the entrepreneur making the composition proposal; (iii) the organization of creditors into classes (which is mandatory in certain cases provided under the Article 85 of the Italian Insolvency Code), provided that each class is composed of creditors having homogeneous legal positions and economic interests; and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes. Save for the provisions provided for under Article 109 of the Italian Insolvency Code with respect to the creditors' rights to vote on the composition proposal, pursuant to Article 86 of the Italian Insolvency Code, the restructuring plan underlying the composition proposal may provide for a moratorium for the repayment of secured creditors, unless it is envisaged the liquidation of the assets encumbered by the relevant security interests, with the exception of the repayment of secured creditors (*creditori privilegiati*) pursuant to Article 2751-bis, paragraph 1 of the Italian Civil Code (*i.e.* employees receivables secured by a general privilege over the movable assets of the entrepreneur etc.) for which the moratorium cannot exceed a period of 6 months from the homologation (*omologazione*) of the *concordato preventivo*.

The *concordato preventivo* proposal may also provide, *inter alia*: (i) the continuation of the business by the entrepreneur as going concern; or (ii) the transfer of the business to one or more companies (*concordato con continuità aziendale*) as well as for a particular composition with creditors proceeding through which any assets that are no longer necessary to run the business of the company are liquidated (*concordato misto*). According to Article 84, paragraph 3 of the Italian Insolvency Code, the concordato misto qualifies as a *concordato con continuità aziendale*, regardless the "portion" of business for which going concern is envisaged. In these cases, the plan and the petition for the *concordato preventivo* must fully describe the costs and revenue that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert must also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented. Existing contracts, even if entered with governmental bodies, are automatically not to be terminated by admission to procedure.

Article 91 of the Italian Insolvency Code provides that, if the composition with creditors' plan, includes an offer for the sale of the entrepreneur's assets or the sale of a going concern of the entrepreneur to an identified third-

party, the court or the delegated judge shall order that for appropriate publicity to be given to the offer itself in order to acquire competing offers (*offerte concorrenti*). If expressions of interest are received, the court or the delegated judge, by decree, shall order the opening of the competitive proceeding. Furthermore pursuant to Article 91, paragraph 4, the judicial decree referred above establishes the procedures for the submission of irrevocable offers, providing that in all cases, among others, the following is ensured: (a) their comparability, (b) the requirements for the participation of the bidders, (c) the forms and timing of access to relevant information, (d) any limits on their use, (e) the manner in which the judicial commissioner must provide them to those who request them, (f) the manner in which the competitive procedure is to be conducted, (g) the minimum increase in the consideration to be provided by the subsequent offers, (h) the guarantees to be given by the bidders, (i) the forms of publicity, and (l) the date of the hearing for the evaluation of the bids if the sale takes place before the court. With the sale or with the assignment, whichever is earlier, to a person other than the original bidder identified in the plan, the latter and the entrepreneur are released from their obligations towards each other and accordingly the entrepreneur shall amend the proposal and plan in accordance with the outcome of the competitive proceeding.

Pursuant to Article 84, paragraph 4, the Italian Insolvency Code, in order to strengthen the position of the unsecured creditors, a *concordato preventivo* for liquidation purposes (*concordato liquidatorio*) (*i.e.*, a composition with creditors proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that (i) external resources are contributed which increase the assets available at the time of the filing of the relevant petition by at least 10% and (ii) the unsecured creditors (either originally unsecured or unsecured due to the write-off of their secured claims) are paid in a percentage equal to 20% of their total claims. In this respect, it should be noted that resources contributed for the purpose of a *concordato preventivo* for liquidation purposes (*concordato liquidatorio*) may be distributed notwithstanding the provisions set forth under Articles 2740 and 2741 of the Italian Civil Code provided that such distribution complies with the 20% requirement set forth above (hence without having to comply with the statutory priority rules). Resources contributed are considered as "external" when provided for any reason by the entrepreneur's shareholders without obligation of repayment or subordination, in relation to which the plan provides them to be for the sole benefit of the creditors.

Under the *concordato preventivo*, there is no dispossession of the entrepreneur who accordingly retains management powers under the supervision of a court-appointed official (*commissario giudiziale*) and the delegated judge (*giudice delegato*). From the date of the publication of the petition to the date on which the court sanctions the *concordato preventivo*, the entrepreneur is entitled to operate in the ordinary course of its business, although extraordinary transactions require the prior written approval of the court. Provided that the abovementioned steps are taken, during this time, all enforcement actions, precautionary actions and interim measures sought by the creditors, whose claims accrued prior to the filing of the petition by the entrepreneur, are stayed. The accrual of interests is suspended for the same timeframe, except for claims secured by pledges, mortgages or privileges (*privilegi*). Pre-existing creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the companies' register are ineffective against such pre-existing creditors. Any act, payment or security executed or created after the filing of the *concordato preventivo* application and in accordance with its rules and procedures is exempt from claw-back action. The entrepreneur is also exempt from certain bankruptcy criminal offenses provided under Articles 322, third paragraph ("preferential bankruptcy"), and 323 ("simple bankruptcy") of the Italian Insolvency Code, in relation to acts and payments made in execution of the Composition with Creditors and/or in relation to super-senior financings and payment of pre-existing receivables authorized under Articles 99, 100 and 101 of the Italian Insolvency Code. Claims arising from acts lawfully carried out by the entrepreneur during the *concordato preventivo* proceedings rank super senior (*prededucibili*) also in the event of a subsequent judicial winding-up (see Statutory priorities below) and shall be paid pending the proceedings within the relevant due date.

The terms and the performance of the outstanding contracts which have been entered into, from time to time, by the entrepreneur are not automatically affected by the *concordato preventivo* proceeding and normally continue pending the procedure, any agreement to the contrary being ineffective. However, pursuant to Article 97 of the Italian Insolvency Code, the entrepreneur may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*) if the continuation of such agreements is inconsistent with the prospects and the execution of the composition with creditors' plan, except for certain agreements which are excluded from the scope of the above provision (*e.g.*, employment agreements (*rapporti di lavoro subordinato*), residential real estate preliminary sale agreements (*contratti preliminari di*

vendita aventi ad oggetto immobili ad uso abitativo) and real estate lease agreements (*contratti di locazione di immobili*)). The request may be filed with the competent court at the time of the filing of the application for the *concordato preventivo* or to the judge (*giudice delegato*), if the application is made after admission to the procedure. Upon the entrepreneur's request, the pending agreements can also be suspended for a period of time (a) between 30 and 60 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension (*giustificati motivi*) or in the event where filings for a judicial liquidation proceeding are pending, renewable just once. When the composition proposal together with the relevant plan have been submitted, the suspension may also be authorized by the court for a further duration, which, however, may not exceed thirty days from the date of the decree opening the procedure, which may not be further extended. In such circumstances, the other party has the right to receive an indemnification equivalent to the damages suffered for the non-fulfillment of the agreement. Such indemnification would be paid prior to and outside of the admission to the *concordato preventivo* procedure.

For details regarding super senior financing, please see below.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary and simplified petition pursuant to Article 44 of the Italian Insolvency Code. For sake of clarity, under Italian Insolvency Code, the simplified petition may be utilized by the entrepreneur to access either a Debt Restructuring Agreement or a restructuring plan subject to approval by the court (*piano di ristrutturazione soggetto ad omologazione*) or a *concordato preventivo*. The entrepreneur may file such petition, reserving the right to submit the underlying plan, the proposal and all relevant documentation (or the Debt Restructuring Agreement, or the restructuring plan subject to approval by the court (*piano di ristrutturazione soggetto ad omologazione*)) within a period assigned by the court (a) between 30 and 60 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension (*giustificati motivi*) or in the event where filings for a judicial liquidation proceeding are not pending. If the court accepts such preliminary petition, it may, among other things: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the entrepreneur has carried out one of the activities under Article 106 of the Italian Insolvency Code (*i.e.*, concealment of part of assets, omission to report one or more claims, declaration of non-existent liabilities or commission of other fraudulent acts), will report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*; and (ii) set forth reporting and information duties of the company during the abovementioned period. As mentioned above, filing the simplified petition, the entrepreneur may request the application of protective and interim measures.

Pursuant to Article 44, paragraph 1, letter c) of the Italian Insolvency Code, the decree setting the term for the presentation of the documentation also contains the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The entrepreneur will file, on a monthly basis, the company's financial position, which is published, the following day, in the company's register.

Noncompliance with these requirements results in the simplified petition being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into judicial winding-up. If the activities carried out by the entrepreneur appear to be clearly inappropriate to the preparation of the "full" application, the court may, *ex officio*, after hearing the entrepreneur and if appointed the judicial commissioner, reduce the time for the filing of additional documents. Following the filing of the simplified petition and until the decree of admission to the *concordato preventivo*, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent, and the payment of claims accrued prior to the filing (see below).

During the *concordato preventivo*, the payment of receivables accrued prior to the filing of the petition (preliminary and simplified petition pursuant to Article 44 of the Italian Insolvency Code) is prohibited. However, under Article 100 of the Italian Insolvency Code, in the event of a *concordato preventivo* on a going concern basis:

- the entrepreneur may request the court to be authorized to pay pre-existing receivables relating to the purchase of goods or services and the remunerations due to workers employed in the business whose

continuation is envisaged under the plan, if an independent expert certifies that they are essential for business continuity and to ensure the best satisfaction of creditors (such expert's certificate is not necessary if the payment if made with funds made available to the entrepreneur on a non-refundable basis or subordinated to the prior satisfaction of the creditors)

- the entrepreneur may repay, in accordance with the relevant contractual terms, the instalments due under a loan agreement which is secured by way of a security interest over the assets used in the business, provided that: (a) at the date of the filing of the petition, the entrepreneur has fulfilled its obligations or the court authorizes the payment of the debt for principal and interest due at that date; and (b) an expert meeting the requirements set forth in Article 52, paragraph 3, of the Italian Insolvency Code certifies (i) that such payments are essential for the continuation of the business activity and functional to ensuring the best satisfaction of the creditors (as already required by Article 100 of the Italian Insolvency Code) and, (ii) that the secured claims can be fully satisfied with the proceeds of the liquidation of the asset carried out at market value and that the repayment of the instalments due does not prejudice the rights of the other creditors.

Furthermore, the going concern-based arrangements with creditors can provide for, among others, the winding up of those assets that are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

In addition, pursuant to Article 99 of the Italian Insolvency Code, new super senior indebtedness authorized by the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 57 of the Italian Insolvency Code or after the filing of the moratorium application pursuant to 54 of the Italian Insolvency Code or after the filing of the *concordato preventivo* petition (including preliminary petition) pursuant to Article 87 of the Italian Insolvency Code, aimed at supporting urgent financial needs related to the company's business (*finanza d'urgenza*), are treated as super-senior (*crediti prededucibili*) pursuant to Article 222 of the Italian Insolvency Code and the related acts, payments, guarantees and security interests granted are exempted from the claw-back action provided under Article 166 of the Italian Insolvency Code. The company shall properly document: (i) the purpose of the financing; (ii) that the funds cannot be obtained otherwise and; (iii) that the lack of such funds would damage the going concern of the debtor's business. In the same respect, Article 101, paragraph 2 of the Italian Insolvency Code provides that, in the event of the debtor's subsequent admission to the judicial liquidation procedure, the aforementioned super senior financings are not to be considered as "predeductible" (*prededucibili*) when the composition with creditors' plan or the relevant debt restructuring agreement appears, based on an assessment to be referred to at the time of the relevant filing, to be based on false data or the omission of relevant information or that the debtor has performed acts in fraud of creditors and the liquidator proves that the subject who made available the facilities, at the date of disbursement, had previous knowledge of those circumstances.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and schedules a specific period of time during which creditors can express their vote. During the implementation of the proposal, the company generally continues to be managed by its corporate bodies (usually its board of directors), but is supervised by the appointed judicial officers and judge (who will authorize all transactions that exceed the ordinary course of business).

Pursuant to Article 90 of the Italian Insolvency Code provides for the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the entrepreneur) holding at least 10% of the aggregate claims against an entrepreneur to present an alternative plan (*proposta concorrente*) to the entrepreneur's plan - within 30 days prior from the related creditors' vote on the entrepreneur's plan - in a court supervised composition with creditors proceedings (concordato preventivo) subject to certain conditions being met, including, in particular, that the proposal of the entrepreneur does not ensure satisfaction of at least 30% of the unsecured claims (which percentage is reduced to 20% in case the entrepreneur has filed for a Negotiated Composition prior to entering into the *concordato preventivo*).

The *concordato preventivo* is voted on within the period of time scheduled by the court (which, pursuant to Article 104, paragraph 5 of the Italian Insolvency Code is doubled in the presence of noteholders) and must be approved with the favorable vote of (a) the creditors representing the majority of the receivables admitted to vote and, also in the event that the plan provides for more classes of creditors, or (b) the majority of the

receivables admitted to vote is reached the majority of the classes (in case of *concordato preventivo* for liquidation purposes) or all the classes (in case of *concordato preventivo* on a going concern basis). Pursuant to Article 109, paragraph 1, of the Italian Insolvency Code, in case one creditor holds more than the majority of receivables admitted to voting, it is also necessary to reach majority by headcount. The *concordato preventivo* is approved only if the required majorities of creditors expressly voted in favor of the proposal. Creditors who did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. In relation to voting by the holders of the Notes in the *concordato preventivo*, the interactions between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies are largely untested in the Italian courts (past case law has however affirmed the right of noteholders whose vote may be tainted by conflict of interest as could be the case of disenfranchised noteholders to be computed for the purposes of relevant *quorum* and be admitted to vote, albeit in a specific class). Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or if the *concordato preventivo* provides that they will not receive full satisfaction of their claims (in cash) within 180 days from the homologation (*omologazione*) (reduced to 30 days in case creditors secured pursuant to Article 2751-bis, paragraph 1 of the Italian Civil Code (*i.e.* employees receivables secured by a general privilege over the movable assets of the entrepreneur etc.)). Among others, (i) the companies controlling the entrepreneur, controlled by the entrepreneur and those under the control of the entity controlling the entrepreneur, (ii) the assignees of the claims of the entities under point (i), if the assignment has been perfected during the year preceding the *concordato preventivo* and (iii) creditors in conflict of interest are excluded from voting.

Pursuant to Article 109, paragraph 5, and differently from the general rules set out above, pursuant to Article 109 paragraph 5 of the Italian Insolvency Code, the *concordato preventivo* on a going-concern basis (*concordato con continuità aziendale*), is approved if all the creditors' classes vote in favor. In each class, the relevant composition with creditors' proposal is approved if the majority of the claims allowed to vote is reached or, failing that, if two-thirds of the claims of the voting creditors have voted favorably, provided that the creditors holding at least half of the total claims of the same class have voted. However, if one or more classes voted against, the court may still homologate (*omologare*) the *concordato preventivo* if:

- the majority of classes has approved it;
- the liquidation value of the entrepreneur is distributed in accordance with the statutory priority rules;
- the value generated by the proceedings exceeding the liquidation value is distributed in such a way that the claims included in the dissenting classes receive overall treatment at least equal to that of the classes of the same rank and more favorable than that of the classes of a lower rank
- no creditor receives more than the amount of its claim;
- the proposal is approved by a majority of the classes, provided that at least one of them consists of secured creditors rights, or, failing that, the proposal is approved by at least one class of creditors who would be at least partially satisfied respecting the statutory priority rules on the value exceeding the liquidation value.

If an objection on the convenience of the *concordato preventivo* is filed by the creditors so entitled (in case of *concordato preventivo* for liquidation purposes, by 20% of the creditors or in case there are different classes of creditors by a creditor belonging to a non-adhering class, and in case of *concordato preventivo* on a going concern basis, any dissenting creditor), the court may nevertheless homologate (*omologare*) the *concordato preventivo* if it deems that the relevant creditors' claims will get in the *concordato preventivo* a higher recovery ratio compared to the recovery ratio in the contest of a judicial liquidation proceedings.

The court homologates (*omologa*) the *concordato preventivo* even in the absence of a vote by the tax authority or by the social contribution entities (*enti gestori di forme di previdenza o assistenza obbligatorie*) when their positive vote is decisive for the purposes of achieving the majorities referred to in Article 109, paragraph 1 of the Italian Insolvency Code, also on the basis of the result of the report of the independent expert referred to in Article 88 of the Italian Insolvency Code, the proposal to satisfy the aforesaid authorities and entities is convenient or not detrimental compared to a judicial liquidation scenario.

Secured creditors shall not vote if their claims are satisfied in cash, in full, within 180 days from the sanctioning (omologa) of the concordato con continuità and provided that the security interests supporting the related claims remains firm until the winding-up, functional to their satisfaction. In case of claims of employees or other claims secured under Article 2751-bis of the Italian Civil Code, the delay is reduced to 30 days from the approval by the court.

Pursuant to Article 112, paragraph 5 of the Italian Insolvency Code, after the approval of the *concordato preventivo* proposal, non-adhering creditors (or creditors belonging to a non-adhering class) representing 20% or more of the liabilities may file an opposition (*opposizione*), challenging the economic convenience of the plan. In such case, the court has the authority to "cram-down" non-adhering creditors, compelling their acceptance of the plan, if it deems that the proposed treatment of their claims is equivalent to what they would recover in a judicial winding-up scenario.

After the obtainment of the approval by the required majority of creditors, the court homologates (*omologa*) the composition with creditors and appoints one or more liquidators in order to execute the approved plan if it has to be realized by way of a transfer of assets. The court may grant special powers to the judicial commissioner to implement the plan if the entrepreneur does not cooperate, including by taking all corporate actions required.

Pursuant to Article 111 of the Italian Insolvency Code, if the creditors do not approve the *concordato preventivo*, the delegated judge (*giudice delegato*) shall promptly inform the court which, having decided that the appropriate conditions apply, shall declare the opening of the judicial winding-up proceeding.

Pursuant to Articles 119 and 120 of the Italian Insolvency Code, in the event of a breach of the composition with creditors plan or fraud, provided that the relevant requirements are met, the *concordato preventivo* can be terminated or annulled, as the case may be, upon petition of one or more of the creditors and the judicial winding-up may follow, at the behest of the relevant court. if the composition with creditors is implemented, terms and conditions of payments are amended as per the *concordato preventivo* proposal, and the entrepreneur may return to its usual operations (if the assets of the company are still in his possession). *Concordato preventivo* is compulsory for all creditors prior to the publication of the application in the companies' register. However, creditors retain without prejudice their rights against co-debtors and guarantors of the entrepreneur. In case of non-minor breaches, the *concordato preventivo* may be terminated by each of the creditors or the judicial commissioner (in case of petition by one or more of the creditors). The relevant lawsuit must be brought within one year from the deadline originally scheduled for the last activity to be carried out under the *concordato preventivo* itself. The *concordato preventivo* may also be annulled upon request of the judicial commissioner or of one or more creditors in case a portion of the assets of the entrepreneur has been concealed or the liabilities have been willfully exaggerated. The relevant lawsuit must be brought within six months from the discovery of the concealment/exaggeration and, in any event, within two years from the deadline originally scheduled for the last activity to be carried out under the *concordato preventivo* itself.

Common rules for pre-judicial liquidation restructuring frameworks (strumenti di regolazione della crisi e dell'insolvenza della società) and special provisions applicable in case of group of companies

In order to facilitate access and filing of restructuring procedures by the Italian companies, Articles 120-bis and ff. of the Italian Insolvency Code have been enacted, introducing a set of rules applicable to all pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*). Among other things, pursuant to Article 120-bis, paragraph 2 of the Italian Insolvency Code and the purposes of a successful restructuring, the plan may provide for "any modification of the articles of association of the company, including capital increases and reductions, including with limitation or exclusion of the option right and other modifications that directly affect the shareholders' participation rights, as well as for mergers, demergers and transformations." Shareholders, who may no longer have an interest in the company, are prevented from hindering the restructuring or even one of its stages. For this reason, pursuant to Article 120-bis, paragraphs 3 and 4 of the Italian Insolvency Code, the shareholders, while retaining a right to information in relation to both the initiation and the progress of the restructuring process, may not remove the directors without just cause, as is the case for the statutory auditors of joint stock companies, also in light of the fact that under the provisions of the Italian Insolvency Code it is not considered as being just cause for directors' removal, the filing for access to the pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) when the related legal conditions and requirements are met. However, pursuant to Article 120-bis, paragraph 5, shareholders representing at least 10% of the filing company's corporate capital may make a competing proposal within a *concordato preventivo*.

Pursuant to Article 120-ter of the Italian Insolvency Code The plan may provide for the formation of one class of shareholders or several classes if there are shareholders to whom different rights are granted by the by-laws, including as a result of the changes provided for in the plan. The formation of classes is, however, mandatory if the plan provides for changes that directly affect the shareholders' participation rights and, in any case, for large companies and companies with widespread capital. In this context, special conditions for approval of the *concordato preventivo* are set out pursuant to Article 120-quater of the Italian Insolvency Code when and if the plan provides for shareholder attributions. Specific rules are then provided to ensure that creditors' interests are protected in all cases in which the restructuring tool envisages shareholders to retain a participation in the company with a certain value.

Article 120-quinquies of the Italian Insolvency Code, regulates the execution phase of such measure. In order to avoid any obstructive attitude of the shareholders towards the approval of the restructuring tool, this provision expressly excludes the necessity for their approval and/or resolution on the implementation of such restructuring tool, by generally attributing the relevant powers to the directors or more specifically to the competent court, in relation to any amendment to the company's by-laws which - being specifically provided for by the plan - do not require any discretionary resolution. Finally, it is stipulated that changes in the corporate structure resulting from the implementation of a pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) shall not be considered as and constitute cause for the termination or amendment of any agreement entered into by the entrepreneur with third parties.

Pursuant to Article 284 and ff. of the Italian Insolvency Code, multiple companies in crisis or insolvency belonging to the same group (each having its center of main interest in Italy) can utilize the Composition with Creditors or a Debt Restructuring Agreement by filing a single petition and on the basis of a single plan for all the group companies or different plans mutually linked if this results in a better recovery for the creditors of each company, in comparison with the recovery that they would theoretically get if each company proposes a separate plan. This requirement shall be assessed taking into account the individual interests of the creditors of each company, in compliance with the principle of separation of assets and liabilities, which prevents the creditors of a company to be satisfied with the assets of another company.

However, the Insolvency Code contemplates few exceptions to the principle of separation of assets and liabilities: the plan underlying the Composition with Creditors or the Debt Restructuring Agreement may envisage contractual and reorganization transactions, including intra-group transfers of resources, provided that an independent expert certifies that such transactions are necessary ***(i)*** for the continuation of the business of the companies pursuant to the plan and ***(ii)*** are consistent with the aim of optimizing recovery for the creditors of all group companies.

Dissenting creditors and shareholders may challenge such intra-group transfers of resources. However, in spite of such a challenge being made, the court can rule to homologate (*omologare*) the Composition with Creditors or the Debt Restructuring Agreement it if the following additional conditions are met:

- in case of a challenge by creditors, the court considers, on the basis of an overall assessment of the plan or linked plans, that the creditors can obtain a recovery of their receivables equal or better than what they would obtain in a judicial liquidation proceedings of the company; and
- in case of challenge by shareholders, if the court – on the basis of the group plan – excludes the occurrence of an impairment of the value and profitability of their shareholdings in light of the countervailing benefits arising to the individual companies involved.

Super-senior financing under the Italian Insolvency Code

The main features of the provisions concerning different available financings under the Italian Insolvency Code are set out below.

Interim financing - Article 99, paragraphs 1 to 4 of the Italian Insolvency Code

Pursuant to Article 99, paragraphs 1 and 2, of the Italian Insolvency Code, in the context of restructuring transactions on a going concern basis, also in cases in which business continuity is maintained exclusively in a view of liquidation, the Court, also prior to the filing of the documentation required for the homologation (*omologazione*) of a Debt Restructuring Agreement or the admission to a *concordato preventivo*, may authorize

the entrepreneur, if so expressly requested, to incur in new super senior indebtedness to be utilized to operate its business until the homologation (*omologa*) and to secure such indebtedness with in rem security (*garanzie reali*), or by assigning claims, provided that: (i) the petition specifies (A) the purpose of the financing; (B) that the entrepreneur is unable to otherwise obtain the required funds and (C) that the absence of such financing will entail an imminent and irreparable prejudice to the going concern or to the proceedings; and (ii) the expert appointed by the entrepreneur, having verified the overall financial needs of the entrepreneur until the homologation (*omologazione*), declares that the new financing are functional to the continuity of the business activities until the homologation (*omologa*) of the relevant insolvency proceedings or to the opening of the proceedings or to conduct them and, in any case, are aimed at providing a better satisfaction of the rights of the creditors. The expert report is not necessary in case the court recognizes that there is the urgent need to avoid an imminent and irreparable prejudice to the going concern. In the event of the subsequent admission of the entrepreneur to the judicial liquidation proceeding (*liquidazione giudiziale*), the aforementioned financings do not enjoy the super senior priority status (*prededucibilità*) in case the petition or the expert report contain false data or omit important information or in case the entrepreneur performed acts in fraud of the creditors (*atti in frode ai creditori*) and the judicial receiver proves that who made available such financings to the entrepreneur, had knowledge of such circumstances at the date of the disbursement.

Bridge Financings - Article 99 Paragraph 5 Italian Insolvency Code

Pursuant to Article 99, paragraph 5, of the Italian Insolvency Code, financings (together with the related claims) granted, in any form, in view of (*i.e.*, before) presentation of a petition for the homologation (*omologazione*) of a Debt Restructuring Agreement or a *concordato preventivo* (so called "bridge-financing (*finanza ponte*)"), may be granted such priority status provided that (i) they meet the requirements of Article 99, paragraphs 1 and 2 (described above), and (ii) it is envisaged by the relevant plan or agreement and that such priority status is expressly provided for by the court in the decree for homologation (*omologazione*) of the Debt Restructuring Agreement or the admission to the *concordato preventivo*. The indebtedness under such financing option may be secured, subject to the court's authorization, with in rem security (*garanzie reali*), or by assigning claims.

Implementation financing - Article 101 Italian Insolvency Code

In restructuring transactions on a going concern basis, pursuant to Article 101 of the Italian Insolvency Code, any financing granted to the entrepreneur in performance of a Debt Restructuring Agreement (*concordato preventive*) homologated (*omologato*) by the competent court and expressly provided for in the relevant plan, enjoy super senior priority status (*prededucibilità*) in case of subsequent judicial liquidation, save for the below (such status also applies to financing granted by shareholders, but only up to 80% of such financing, unless the lender has become a shareholder of the entrepreneur as implementation of the Debt Restructuring Agreement or of the *concordato preventivo*, as in such case the priority status is afforded to 100% of the financing) according with the provisions set forth in Article 221 of Italian Insolvency Code. In the event of the subsequent admission of the entrepreneur to the judicial winding-up proceeding (*liquidazione giudiziale*), the aforementioned financings do not enjoy the super senior priority status (*prededucibilità*) in case the composition plan or the debt restructuring agreement, on the basis of an assessment to be made at the time of the relevant filing, results to be based upon false data or omission of relevant information or in case the entrepreneur performed acts in fraud of the creditors (*atti in frode ai creditori*) and the judicial receiver proves that who made available such financings to the entrepreneur, had knowledge of such circumstances at the date of the disbursement.

The shareholders' financing – Article 102 of the Italian Insolvency Code

Pursuant to Art. 102, Paragraph 1 of the Italian Insolvency Code super senior ranking status (*prededuzione*) also applies to any financings made available by shareholders in any form (including any guarantee facility or granting counterindemnities) up to 80% of their amount.

Paragraph 2 of Article 102 of the Italian Insolvency Code clarifies that, to the extent the financing is made available by an entity becoming a shareholder in the context of and by way of implementation of a composition with creditors or debt restructuring agreement, all the claims deriving from such financings benefit of super senior ranking status and the 80% threshold limitation set out in Paragraph 1 does not apply.

Restructuring plan subject to homologation (piano di ristrutturazione soggetto ad omologazione)

The Italian Insolvency Code has introduced a new restructuring tool named "restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*)" (the "**Restructuring Plan**"), the rules of which are set out in the new Articles 64-bis and 64-ter of the Italian Insolvency Code).

This new tool takes the form of a restructuring framework that may disregard the distribution rules of regular insolvency proceedings but can be enacted provided that strict requirements are met. In this regard, it should be noted that recourse to this instrument will be reserved for an entrepreneur in crisis or insolvent that plans to satisfy its creditors by dividing them into classes according to homogeneous legal positions and economic interests. This instrument allows the plan's proceeds to be distributed even in derogation of the principle of "*par condicio creditorum*" (*i.e.* the equal treatment of creditors) and statutory priority rules, provided that the proposal is voted in favor by all creditors' classes (where the rules on voting are the same as those provide for the *concordato preventivo*). A judgement of admissibility is provided for by the court, which is called upon to assess the proposal's timeliness and to verify the correctness of the class formation criteria.

Application for the approval by the court of a restructuring plan must follow the steps of the common framework applicable to all restructuring tools and frameworks (*i.e. concordato preventivo*, Debt Restructuring Agreement and also to judicial liquidation).

The entrepreneur maintains the ordinary and extraordinary management of the entrepreneur in the prevailing interest of the creditors under the supervision of the court commissioner. The entrepreneur is, in any case, allowed to amend the application at any time, formulating a proposal for a *concordato preventivo*. In that case, the time limit for approval is shortened. Similarly, the entrepreneur that has filed an application for *concordato preventivo* may amend the application by applying for approval of the Restructuring Plan provided that the application is made before voting commences. In each class, the proposal is approved if a majority of the claims allowed to vote is reached or, failing that, if two-thirds of the claims of the voting creditors have voted in favor, provided that creditors holding at least half of the total claims of the same class have voted. The court will approve the restructuring plan in the event of approval by all classes. If a dissenting creditor objects to the proposal, the court will approve and homologate (*omologa*) the restructuring plan if the proposal satisfies the claim to a not lesser extent than the one resulting from a judicial liquidation. A creditor that has not objected to the lack of convenience in its observations may not file an objection referred before, unless it proves such the lack of objection was due to a cause not attributable to it. In summary the restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*) thus represents for the entrepreneur an opportunity instrument which minimizes the admissibility phase, providing greater freedom of action, but requiring the approval of all classes of creditors in order to be effectively approved.

Against the judgment of the court ruling on the approval of the Restructuring Plan, the parties may file an appeal to the competent court of appeal within the term of 30 days from the notification of the relevant judgement of the court.

Judicial winding-up (liquidazione giudiziale)

The judicial liquidation (*liquidazione giudiziale*) is a court-supervised procedure for the liquidation of an insolvent entrepreneur's assets and for the distribution of the related proceeds. It results in the entrepreneur's liquidation. Insolvency, as defined under Article 2 of the Italian Insolvency Code, also evidenced by defaults and/or external elements, occurs when an entrepreneur is no longer able to regularly meet its obligations as they come due.

The judicial winding-up is declared by the competent court and is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met: the entrepreneur (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness (including debts not yet due) in excess of €0.5 million. Pursuant to Article 37 of the Italian Insolvency Code, the request to commence the judicial liquidation of the entrepreneur's assets can be filed by (i) the entrepreneur itself, (ii) the administrative bodies and authorities that have control and supervisory functions over the entrepreneur, (iii) by one or more of the entrepreneur's creditors and (iv) in certain cases, by the public prosecutor.

Upon the commencement of judicial winding-up proceedings, amongst other things:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances, secured creditors may enforce against the secured property as soon as their claims are admitted as secured claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the entrepreneur's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorization from the delegated judge (*giudice delegato*). After hearing the judicial receiver and the creditors' committee, the delegated judge (*giudice delegato*) decides whether to authorize the sale, and sets forth the timing in its decision;

- under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of liquidation of the secured assets, together with the applicable interest and subject to any relevant expenses. In case the sale price is not high enough to determine a full satisfaction of their credits, any outstanding balance will be considered unsecured and rank pari passu with all of the entrepreneur's other unsecured debt. Secured creditors may sell the secured asset only with the court authorization. After hearing the judicial receiver (*curatore*) and the creditors' committee, the court decides whether to authorize the sale, and sets forth the relevant timing in his or her decision;

- the payments of all debts and liabilities of the entrepreneur and all the acts, transactions, payments made or received by the insolvent entrepreneur, and formalities with third parties that have been carried out after the declaration of insolvency are not effective towards creditors of the entrepreneur (Articles 144 and 145 of the Italian Insolvency Code);

- the entrepreneur is dispossessed, and the administration of the entrepreneur and the management of its assets are transferred to the judicial receiver (*curatore*). The entrepreneur may no longer validly act in court as claimant or defendant in relation to the assets (Article 142 of the Italian Insolvency Code). The judicial receiver is vested with such powers upon the authorization of the delegated judge. However, all pending proceedings in which the entrepreneur is involved are automatically stayed from the date the adjudication is issued and need to be re-initiated by or against the judicial receiver;

- the beginning of the judicial winding-up involves the cessation of all the activities of the entrepreneur with a view to a sale of all assets. However, continuation of business may be authorized by the court if the continuation of the entrepreneur's business does not cause damage to creditors. If the competent court authorizes the continuation of the business (*esercizio provvisorio dell'impresa*), the management of the business is entrusted to the judicial receiver (who may in turn avail himself of qualified third parties for this purpose);

- certain payments made, security interests given or transactions entered into by the entrepreneur in a certain period before the entrepreneur's submission to a judicial winding-up procedure (varying from six months to two years) can be set aside and clawed back if certain conditions are met (provided for pursuant to Article 166 of the Italian Insolvency Code);

- any act (including payments, pledges, and issuance of guarantees) made by the entrepreneur after (and in certain cases even before for a limited period of time) the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors; and

- the performance of certain contracts and/or transactions pending as of the date of the insolvency declaration are suspended until the receiver decides whether to take them over. Although the general rule is that the judicial receiver is allowed to either continue or terminate contracts where some or all of the obligations have not been performed by both parties, certain contracts are subject to specific rules expressly provided for the Italian Insolvency Code.

In order to overcome the uncertainty that may predictably arise, the contractual counterparty may file a written petition requiring the Court to give the judicial receiver (*curatore*) a deadline of no more than 60 days; within such deadline, the receiver must decide to enter into the agreement or withdraw from it. Upon expiration of the deadline without the judicial receiver having replied to the counterparty's request, the pending agreement is deemed terminated. Although the general rule is that the judicial receiver is allowed to terminate contracts where

some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by the Italian Insolvency Code.

The judicial liquidation proceedings are carried out and supervised by a court-appointed judicial receiver, a deputy judge (*giudice delegato*) and a creditors' committee (*comitato dei creditori*). The judicial receiver (*curator*) is not a representative of the creditors, and is responsible for the liquidation of the assets of the entrepreneur to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority rights. The liquidation of an entrepreneur can take a considerable amount of time, particularly in cases where the entrepreneur's assets include real estate property.

Furthermore, the parties of a judicial liquidation proceeding as well as any interested party, may file an appeal (*opposizione*) to the decree closing the judicial winding-up proceeding within 30 days after having been notified of the same.

Composition with creditors in the judicial liquidation (concordato nella liquidazione giudiziale).

Pursuant to Article 240 of the Italian Insolvency Code, judicial liquidation proceedings can terminate prior to the actual judicial liquidation of the entrepreneur, through a proposal for a composition with creditors in judicial liquidation (the so called "composition with creditors in the judicial liquidation" (*concordato nella liquidazione giudiziale*) (the "**Judicial Liquidation Composition**"). The Judicial Liquidation Composition should be kept distinct from the composition with creditors proceedings (*concordato preventivo*) under Articles 84 and ff. of the Italian Insolvency Code, which is an independent insolvency proceeding.

The creditor, a third-party or the entrepreneur files a composition proposal having as its object a "plan" to satisfy creditors, including secured creditors, in full or in part. In case the Judicial Liquidation Composition is proposed by the entrepreneur, such proposal, *inter alia*, (i) shall be filed after 1 year from the opening of the judicial liquidation proceeding and (ii) shall provide for the contribution by the entrepreneur of resources that increase the value of the entrepreneur's assets by at least 10%.

The relevant proposal shall be submitted to the competent judge, shall then be approved by the creditors and finally by the court. In case the court's decree approving the Judicial Liquidation Composition becomes final (*definitivo*), the court declares the judicial liquidation to be closed and terminated, initiating the enactment phase of the Judicial Liquidation Composition. In the context of a Judicial Liquidation Composition, the competent court supervises both the proposal and execution phases while the judicial receiver (*curatore*), once the liquidation is closed, loses his management functions and retains only supervisory duties over the fulfillment of the terms and the conditions of the arrangement obligations arising from or in connection with the aforementioned Judicial Liquidation Composition.

Pursuant to Article 240, paragraph 2 of the Italian Insolvency Code, the proposal may provide for:

- the division of creditors into classes, according to homogeneous legal position and economic interests;
- different treatment between creditors belonging to different classes, indicating the reasons of such differences;
- the restructuring of the financial indebtedness of the entrepreneur as well as the satisfaction of claims in any form possible, by way of example: by transfer of assets; by assumption (*accollo*); by means of other extraordinary transactions, including the assignment to creditors (as well as to companies in which they have an interest), of shares, quotas or bonds, including those convertible into shares or other financial instruments and debt securities.

It should be noted that a special feature of the Judicial Liquidation Composition is the option to provide that secured creditors may not be satisfied in full. However, it is necessary for the plan to provide for their satisfaction to a non-lesser extent than that the one which can be realized, by reason of the relevant statutory priority rules, from the relevant proceeds in the event of a judicial liquidation, having regard to the market value attributable to the assets or rights over which the cause of pre-emption exists.

The Judicial Liquidation Composition proposal must be approved by the creditors' committee and the creditors holding the simple majority (by value) of claims (and, if classes are formed, by a majority (by value) of the claims in the majority of the classes). However, in the event of dissent by more than one creditor's class, a cram-down

may occur (*i.e.* in case the court decides to approve the Judicial Liquidation Composition - despite a creditor belonging to a dissenting class contests the appropriateness of the proposal - if it finds that the claims can be satisfied by the Judicial Liquidation Composition to a non-lesser extent than the practicable alternatives. Final court confirmation and homologation (*omologazione*) is also required.

Finally, once approved and homologated (*omologato*) by the court the Judicial Liquidation Composition is mandatory for all creditors which claims accrued prior to the opening of the judicial liquidation proceeding (including for those creditors who have not applied for the admission to the judicial liquidation estate, but such creditors will not benefit from the guarantees or the security interests granted for the implementation of the Judicial Liquidation Composition).

Statutory Priorities

The statutory priority given to creditors under the Italian Insolvency Code may be different from that established under the laws of the United States, the United Kingdom and certain Member States. Neither the entrepreneur nor the court can deviate from the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor agreements may not be enforceable against an entrepreneur undergoing an insolvency proceedings and the relevant estate to the extent they are inconsistent with the priorities provided by law). The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire entrepreneur's estate or part thereof or from a single asset.

The proceeds of liquidation shall be allocated according to the following order: (i) for payments of super-senior ("*prededucibili*") claims (*i.e.*, claims originated in the insolvency proceeding, such as costs related to the procedure or to which such priority is given pursuant to other provisions of the Italian Insolvency Code) as better identified in Article 6 of the Italian Insolvency Code; (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including, *inter alia*, a claim whose priority is legally acquired (*i.e.*, repayment of rescue or interim financing) the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priorities of claims are, in order of priority, those related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgagees (*creditori ipotecari*), pledgees (*creditori prignoratizi*) and, lastly, unsecured creditors (*crediti chirografari*). Under Italian law, the proceeds from the sale of the debtor's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian judicial liquidation estate to the extent they are inconsistent with the priorities provided by law). The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire debtor's estate or part thereof, or from a single asset.

In particular, pursuant to Article 6 of the Italian Insolvency Code, in addition to claims expressly qualified as "*prededucibili*" under Italian law, among others, the following claims are "*prededucibile*":

(i) claims relating to expenses and fees for services rendered by the business crisis settlement body;

(ii) professional claims arising from or in connection with the filing for the approval of a restructuring plan subject to homologation, the debt restructuring agreements and for the application for protective measures, to the extent of 75% of the assessed claim and provided that the abovementioned plan or agreements are approved and homologated;

(iii) professional claims arising from or in connection with the filing of for a court supervised composition with creditors procedure as well as the filing of the related proposal and the plan accompanying it, within the limits of 75% of the ascertained claims and provided that the proceedings are opened pursuant to Article 47 of the Italian Insolvency Code; and

(iv) claims legally arisen in connection with insolvency proceedings for the management of the debtor's assets and the continuation of the business of the company as well as arising from the professional services required by the related bodies.

Avoidance Powers in Insolvency

Under Italian law, there are so-called "clawback" or avoidance provisions that may lead to, *inter alia*, the revocation of payments made or security interests granted by the entrepreneur prior to the opening of a judicial liquidation proceedings. The key avoidance provisions include, but are not limited to, transactions made below market value, preferential transactions and transactions made with a view to defrauding creditors or to the advantage of one creditor. Clawback rules under Italian law are normally considered to be particularly favorable to the judicial liquidation estate, compared to the rules applicable in other jurisdictions.

In the context of the judicial liquidation proceedings, depending on the circumstances, the Italian Insolvency Code provides for a claw-back period of up to two years (six months in certain circumstances) and a two-year ineffectiveness period for certain payments and other transactions. In the context of extraordinary administration procedures (as described below), the claw-back period may last up to three or five years in certain circumstances. The Italian Insolvency Code distinguishes between payment and other transactions which are ineffective by operation of law and payment and transactions which are voidable as a consequence of the upholding of a clawback claim filed within the relevant insolvency proceedings by the competent bodies.

Payments and other transactions ineffective by operation of law.

Pursuant to:

- Article 163 of the Italian Insolvency Code, subject to certain limited exception, all transactions entered into for no consideration are ineffective vis-à-vis creditors if entered into by the entrepreneur after the filing to the relevant court followed by the opening of the judicial liquidation or within the two years preceding the opening of such insolvency proceedings. Any asset subject to a transaction which is ineffective pursuant to Article 163 of the Italian Insolvency Code becomes part of the liquidation estate by operation of law upon registration (*trascrizione*) of the court's decision opening the insolvency proceeding, without needing to wait for the ineffectiveness of the transaction to be sanctioned by a court. Any interested person may challenge the registration before the delegated judge as a violation of law; and

- Article 164 of the Italian Insolvency Code, (A) payments of receivables falling due on the day of the of the judicial declaration of opening of the judicial liquidation or later, if they were made by the entrepreneur after the filing of the application followed by the opening of the judicial liquidation or in the prior two-year period; and (B) payments made by the entrepreneur with respect to any intercompany loans within one year prior to a judicial winding-up declaration (or after the filing of the application followed by the opening of the winding-up proceeding), are ineffective vis-à-vis creditors.

Payments and other transactions that can be declared ineffective at the request of the proceedings' competent bodies.

The following payments and other transactions, if made or carried out during the period specified below, may be clawed back (*revocati*) vis-à-vis the entrepreneur as provided for by Article 166 of the Italian Insolvency Code and be declared ineffective, unless the non-insolvent party proves that it had no knowledge of the entrepreneur's insolvency at the time when the payment was made or the transaction carried out:

- transactions for consideration carried out after the filing of the petition for the opening of the judicial liquidation or in the previous year (or two years if the counterparty was a company belonging to the same group), where the value of the debt or the obligations undertaken by the entrepreneur exceeds 25% of the value of the consideration received by and/or promised to the entrepreneur;

- payments of monetary debts, due and payable, made by the entrepreneur which were not paid in cash or by other customary means of payment which were carried out after the filing of the petition for the opening of the judicial liquidation or in the previous year or two years if the counterparty was a company belonging to the same group);

- granting of pledges and mortgages by the entrepreneur after the filing of the petition for the opening of the judicial liquidation or in the previous year in order to secure pre-existing debts which were not yet due at the time the new security was granted; and

- granting of pledges and mortgages by the entrepreneur after the filing of the petition for the opening of the judicial liquidation or in the in the prior six months (one year if the counterparty was a company belonging to the same group) in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

Furthermore, payments of debts that are immediately due and payable and any transactions for consideration and/or granting of priority rights/security interests for debts simultaneously created (event those of third-parties) may be clawed back (*revocati*) and declared ineffective, if the judicial liquidation receiver proves that the other party had knowledge of the entrepreneur's insolvency and if they were made or carried out by the entrepreneur after the filing of the petition for the opening of the judicial liquidation or in the in the prior six months.

Pursuant to Article 166, paragraph 2 of the Italian Insolvency Code, the following payments and other transactions are exempted from claw-back actions:

- payments for goods or services made in the ordinary course of business according to market practice;

- a remittance on a bank account; provided that it does not materially and permanently reduce the entity's debt towards the bank;

- the sale, including an agreement for sale registered pursuant to Article 2645-bis of the Italian Civil Code (provided that the effectiveness of the relevant registration has not ceased), made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser; provided that, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;

- transactions entered into, payments made or guarantees or security interests granted over assets of the entrepreneur in performance of a Certified Recovery Plan pursuant to Articles 56 or 284 of the Italian Insolvency Code;

- transactions entered into, payments made or guarantees or security interests granted over assets of the entrepreneur in performance of a homologated (*omologato*) *concordato preventivo*, Debt Restructuring Agreement or Restructuring Plan and indicated therein, transactions entered into, payments made or guarantees or security interests granted over assets of the entrepreneur legally made or carried out after the filing of a petition for a *concordato preventivo* or a Debt Restructuring Agreement;

- remuneration payments to the entrepreneur's employees and consultants concerning work carried out by them; and

- payments of debts due and payable made on the relevant due date for services necessary for access to a pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) or to other insolvency proceedings provided under the Italian Insolvency Code.

Pursuant to Article 170 of the Italian Insolvency Code, the limitation period for initiating claw-back action proceedings is three years from the opening of the judicial liquidation or, if earlier, five years from the date when the payment or other transaction was made or carried out. In case judicial liquidation is commenced after the filing of a petition for another insolvency proceedings, according to Article 170, paragraph 2 of the Italian Insolvency Code, the look-back period to be considered in respect of the relevant payment or transaction is calculated backwards from the date on which such earlier petition is filed (as opposed to backwards from the date on which the judicial liquidation was opened). In addition, in certain cases, the judicial receiver can request that certain transactions of the entrepreneur be declared ineffective within the ordinary claw-back period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. In this respect, under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the entrepreneur was

aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the entrepreneur for the purpose of prejudicing the creditors) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design). The burden of proof is entirely with the receiver.

The Italian Insolvency Code provides special regimes on preferences and avoidances of intra-group transactions. Under Article 290 of the Italian Insolvency Code the limitation period of initiating intra-group claw-back actions (referring to acts and transactions entered into by companies belonging to the same group that jeopardize the creditors' interest) is extended to five years from the filing for judicial winding-up declaration.

Law No. 132 of August 6, 2015 also introduced new Article 2929–*bis* to the Italian Civil Code, providing for a "simplified" clawback action for the creditor with respect to certain types of transactions put in place by the bankrupt entity with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a court decision clawing back or nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (*i.e.*, gratuitous transfers or creation of shield instruments such as trusts or the so called *fondo patrimoniale*—"family trust"). In the case of gratuitous transfers, the enforcement action can also be carried out by the creditor against the third-party purchaser.

Adequate organizational, administrative and accounting corporate structures

One of the main novelties included in the Italian Insolvency Code concerns the definition of the organizational, administrative and accounting structures of a company which are deemed to be adequate under Article 2086 of the Italian Civil Code, required by the applicable regulations for the purpose of timely detection of the state of crisis and the undertaking of suitable initiatives by the debtor. Article 3 of the Italian Insolvency Code requires the entrepreneur to adopt an appropriate organizational structure in accordance with Article 2086 of the Italian Civil Code, for the purpose of timely detection of the crisis of the company as well as the timely undertaking of suitable initiatives to overcome the crisis and recover business continuity. However, neither the aforementioned Article 3, in its current wording, nor Article 2086 of the Italian Civil Code, as amended by the Italian Insolvency Code, contains a precise description of the parameters, conditions and characteristics that are deemed to be necessary/needed for the definition and especially for the identification of "adequate structures".

In this regard, Article 3 of the Italian Insolvency Code precisely enunciates, on the one hand, the purposes to which the measures and structures must aim in order to be considered as adequate for the timely detection of the crisis and, on the other hand, the relevant warning signs in relation to the same. In this respect, it is stipulated that, for the purpose of the timely detection of the company's state of crisis, the measures and structures deemed to be adequate should make it possible to:

(i) detect any imbalances of an equity or economic-financial nature, related to the specific characteristics of the company as well as to the business activity carried out by the debtor;

(ii) verify the non-sustainability of debts and the absence of prospects for business continuity for the next twelve months as well as the warning signs identified by Article 3, paragraph 4 of the Italian Insolvency Code; and

(iii) derive the information necessary to follow the detailed checklist and conduct the practical test for the reasonable pursuit of the debtor's financial recovery.

For the sake of completeness and as set out above, it should also be noted that Article 3, paragraph 4 of the Italian Insolvency Code` provides an exact indication of the warning signs, identified, *inter alia*, as follows:

(i) the existence of payroll debts overdue for at least 30 days equal to more than half of the total monthly payroll amount;

(ii) the existence of receivables owed to suppliers that are at least 90 days past due in an amount greater than the amount of receivables that are not past due;

(iii) the existence of exposures to banks and other financial intermediaries that have been past due for more than 60 days or have exceeded the limit of credit facilities obtained in any form for at least 60 days provided that they represent in the aggregate at least 5% of the total exposures; and

(iv) the existence of one or more exposures to certain public institutions listed under Article 25-novies of the Italian Insolvency Code.

Extraordinary Administration for Large Insolvent Companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

An extraordinary administration procedure applies under Italian law for large industrial and commercial enterprises (the "***Prodi-bis* procedure**"). The entrepreneur must be insolvent but demonstrate serious recovery prospects. To qualify for this procedure, the entrepreneur must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. Any of the creditors, the entrepreneur, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings.

There are two main phases: a "judicial phase" and an "administrative phase."

Judicial Phase

In the judicial phase, the court determines whether the entrepreneur meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissiario giudiziale*) to investigate whether the entrepreneur has serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within ten days from such filing, the Italian Economic Development Ministry (the "**Ministry**") may make an opinion on the admission of the entrepreneur to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the entrepreneur to the procedure or to place it into bankruptcy.

Administrative Phase

Assuming that the entrepreneur is admitted to the extraordinary administration procedure, the administrative phase begins and an extraordinary commissioner (or commissioners) is appointed by the Ministry. The extraordinary commissioner(s) prepare(s) a plan which can provide for either the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the entrepreneur's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). The plan may also include an arrangement with creditors (*i.e.*, a debt for equity swap, an issue of shares in a new company to whom the assets of the entrepreneur have been transferred, etc.) (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner.

In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the entrepreneur and sends it to the Ministry.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan, failing which the entrepreneur is declared bankrupt.

The declaration of the state of insolvency produces certain immediate effects, such as the automatic stay of all legal actions by creditors against the entrepreneur's assets and the freezing of the accrual of interest.

The effects of the admission to the Prodi bis Procedure (Administrative Phase) are that the stay of actions continues and clawback actions become possible. Debts incurred in the continuation of the business generally will have super priority over any other secured and unsecured claim (*prededuzione*) pursuant to Article 111 of the Italian Bankruptcy Law.

The unsecured creditors are exclusively represented by one or two members of the surveillance committee, which has consulting duties. Creditors can file their proofs of claim and have a right to the distribution of proceeds. Creditors can also oppose the declaration of the state of insolvency as well as the admission to the

second phase. Under Article 53 of Prodi bis Decree, the rules established by the Italian Bankruptcy Law regarding the creditors' proofs of claim also apply to the Prodi bis Procedure.

The Prodi bis Procedure can at any time be converted into bankruptcy upon request by the extraordinary commissioner, or even ex officio, if the procedure cannot be positively continued. At the end of the procedure, upon request of the extraordinary commissioner or even ex officio, the bankruptcy court will declare the conversion of the procedure into bankruptcy when either the sale of the assets has been not performed within the term stipulated in the program, or the business has not recovered its ability to regularly perform its obligations.

Bankruptcy rules concerning criminal bankruptcy law and bankruptcy clawback law applies to the Prodi bis Procedure. The clawback "avoidance period" is extended up to three to five years for Intra Group transactions.

The intragroup clawback action (*revocatoria intragruppo*) governed by Article 91 of Prodi bis Decree refers to acts and transactions entered into by companies belonging to the same group if carried out during the period between the execution of the relevant transaction and the date of insolvency declaration (the "suspect period") preceding the insolvency declaration as follows:

(i) five years, with respect to:

- transactions at an undervalue (transactions are deemed to be at undervalue when the asset or obligation given or undertaken exceeds by 25 per cent. or more the value of the consideration received by the entrepreneur);
- transaction extinguishing of financial debts which have fallen due and are outstanding, involving unusual means of payment (*e.g.*, payment in kind; settlement agreements, etc.);
- pledges, anthicresis rights and voluntary mortgages granted or set up for pre-existing debts which had not yet fallen due;

unless the creditor proves that it was not aware of the state of insolvency of the entrepreneur;

(ii) three years, with respect to securities (pledges, anthicresis rights and judicial or voluntary mortgages) created as collateral for debts which had fallen due, unless the creditor proves his lack of knowledge of the state of insolvency of the entrepreneur in order to rebut any claw back action; and

(iii) three years, with respect to payment of due and outstanding debts, transactions for consideration and those granting a preferential right for debts (including third party's debt) simultaneously created, provided that the extraordinary commissioner proves that the other party was aware of the state of insolvency of the entrepreneur.

The extraordinary commissioner is only entitled to initiate the intragroup claw back action after the approval of the execution of the liquidation program (unless the Prodi bis Procedure is converted into *fallimento*) and without the need of the authorization of the supervisory authority (*i.e.*, Ministry of Economic Development).

Industrial Restructuring of Large Insolvent Companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003, the industrial restructuring of large insolvent companies is also known as the Marzano procedure. It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the *Prodi-bis* procedure. For example, although an entrepreneur must be insolvent, the application to the Ministry is made together with the filing to the court for the declaration of the insolvency of the entrepreneur.

The Marzano procedure only applies to large insolvent companies that, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300,000,000 of debt (including those from outstanding guarantees). The decision of whether to open a Marzano procedure is taken by the Ministry following the entrepreneur's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the entrepreneur. The court also decides on the entrepreneur's insolvency.

This procedure restructures the company's debts and sells those assets that are not strategic or do not form part of the company's core business.

The entrepreneur must apply to the Minister of Economic Development for immediate admission to the procedure, while at the same time filing a petition with the bankruptcy court in order to confirm its insolvency status. It is the Minister, rather than the bankruptcy court, that has primary responsibility for supervising the procedure; the bankruptcy court is requested only to confirm the company's insolvency status and verify the lawfulness of the proceeding with respect to the verification of claims.

If the entrepreneur is admitted to the procedure, other insolvent companies in the same corporate group may also participate, even if they do not satisfy the relevant requirements.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or a Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal Plan or Recovery Plan is approved by the Ministry, the court will declare the entrepreneur bankrupt and open bankruptcy proceedings.

Compulsory Administrative Winding-Up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*), provided for pursuant to Article 293 and ff. of the Italian Insolvency Code, is only available for certain entities, such public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be made subject to judicial liquidation proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is special insolvency proceedings where the entity is liquidated not by the court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (*i.e.*, in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company by the relevant governmental authority (*i.e.*, the Bank of Italy or the Ministry of Economic Development, which are competent for the filing of an application for a declaration of insolvency with the subsequent opening of the compulsory administrative winding-up proceeding).

The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative winding-up on creditors is largely the same as under the judicial liquidation proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for the judicial liquidation proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative winding-up.

Certain Italian Law Considerations in Relation to Guarantees and Security Interests

Certain limitation on granting of guarantees and security interests under Italian law

Italian Law No. 108 of 7 March 1996, as amended, implemented or supplemented from time to time (the "**Italian Usury Law**"), prevents lenders from applying interests higher than certain rates, as set forth in accordance with the Italian Usury Law (the "**Usury Rates**"). In addition, even where the Usury Rates are not exceeded, the interest rate applicable may be held usurious if: (i) it is considered to be disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate applicable to similar transactions in the market) and (ii) the debtor is deemed to have been in financial and economic difficulties at the time the indebtedness was incurred.

In order to comply with (i) the Italian Usury Law and Article 1815 of the Italian Civil Code and (ii) the mandatory provisions of Italian law in relation to capitalization of interests (including Article 1283 of the Italian Civil Code), the obligations of any Italian Guarantor under a guarantee shall not include and shall not extend to (x) Usury Rates and (y) any interest on overdue amounts compounded in violation of the provisions set forth by Article 1283 of the Italian Civil Code, respectively.

Upon certain conditions, the granting of guarantees may be considered as a restricted financial activity within the meaning of Article 106 of Italian Legislative Decree No. 385 of September 1, 1993 (the "Italian Banking Act"), whose exercise is exclusively limited to banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, *inter alia*, entail the relevant guarantees being considered null and void. In this respect, Decree No. 53 of April 2, 2015 issued by the Italian Ministry for Economic Affairs and Finance (*Ministero dell'Economia e delle Finanze*), implementing Article 106, paragraph 3, of the Italian Banking Act, states that the granting of guarantees or security by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby "group" includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies which are under the control of the same entity. As a result of the above described rules, subject to any Italian Guarantors and the guaranteed entity being part of the same group of companies, the provision of the guarantees would not amount to a restricted financial activity.

Corporate Benefit and Financial Assistance Issues under Italian Law

Under Italian law, the entry into of a transaction (including the creation of a security interest or the granting of a guarantee) by an Italian company must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization, refinancing or restructuring, financial assistance issues may also be triggered.

Corporate Benefit

An Italian company entering into a transaction (including granting a security interest or a guarantee) must receive a real and adequate benefit in exchange for the security interest or the guarantee being provided by such company (the so called "corporate benefit"). The concept of real and adequate benefit is not defined in the applicable legislation, is assessed and determined by a factual analysis on a case-by-case basis and its existence is a business decision of the directors and the statutory auditors, if any, of the company. As a general rule, corporate benefit is to be assessed at the level of the Italian company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such Italian company belongs may also be taken into consideration.

As a general rule, absence of a real and adequate corporate benefit could render the transaction (including granting a security interest or a guarantee) by an Italian company ultra vires and potentially affected by conflict of interest or both and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities also may be imposed on the directors of an Italian company if it is assessed by a court that they did not act in the best interest of such company and that the acts carried out do not fall within the corporate purpose of such company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the transaction (including the security interest or guarantee granted by an Italian company) could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to upstream/cross-stream/downstream guarantees and security interests granted by Italian companies.

In relation to security interests or guarantees, while corporate benefit for a downstream security or guarantee (*i.e.*, a security interest or a guarantee granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) can usually be easily proved, the validity and effectiveness of an upstream or cross-stream guarantee or security interest (*i.e.*, a security interest or a guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by the Italian company depend on the existence of a real and adequate corporate benefit in exchange for the granted guarantees or security interests and may be challenged unless it can be proved that the Italian company may derive some benefits or advantages from the granting of such guarantees or security interest. The general rule is that the risk assumed by the Italian company granting a guarantee or security interest must not be disproportionate to the direct or indirect economic benefit to it. In particular, in case of upstream guarantees and cross-stream security interests or guarantees for the financial obligations of group companies, examples may include financial consideration

in the form of access to cash flows through intercompany loans from other members of that group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest.

Financial Assistance

In addition, the granting of a security interest or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful under Italian laws for an Italian company to provide financial assistance (whether by means of loans, security interest, guarantees or otherwise) to support the acquisition, or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls such Italian company.

Financial assistance provided by an Italian company for the refinancing of indebtedness originally incurred for the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company would also be a violation of financial assistance provisions. Any loan, security interest or guarantee given or granted in breach of these provisions would also be a violation of financial assistance provisions. In addition, directors may be personally liable for failure to act in the best interests of the company.

Article 1938 of the Italian Civil Code

Pursuant to Article 1938 of the Italian Civil Code, if a guarantee granted by a guarantor incorporated under the laws of Italy is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). In addition, as mentioned above, the guarantees granted by a guarantor incorporated under the laws of Italy must be supported by corporate benefit; in other words, the maximum guaranteed amount must be indicated in the guarantee and shall not exceed the financial capabilities of the relevant Italian guarantor. It has been held that such determination must be proportionate to the relevant Italian guarantor's assets. If such determination is deemed disproportional to the assets of the relevant Italian guarantor, there is the risk that the guarantee could be declared void.

Limitations to the Guarantees and the Collateral

To comply with the above corporate law requirements on corporate benefit and financial assistance, the maximum amount that any Italian Guarantors may be required to pay with respect to its obligations as Guarantor under the Indenture are subject to limitations. By virtue of these limitations, an Italian Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or an Italian Guarantor may effectively have no obligation under its Guarantee.

In particular, as regards to the Guarantor, given the above limitation in relation to Italian financial assistance law and corporate benefit, such amount will not exceed, at any time, an amount equal to sum, at any time, of the aggregate principal amount of any intercompany loans, or other financial support in any form (such term, for the avoidance of doubt, not including equity contributions), advanced and/or made available from time to time to the Guarantor (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) since the Issue Date (whether or not outstanding at that time), as resulting from time to time from the latest financial statements (*bilancio di esercizio*) of the Guarantor (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code) duly approved by the shareholders' meeting of the Issuer and/or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code, as the case may be, without reduction for any subsequent repayment, reduction or cancellation.

In addition, in order to comply with the provisions of Italian law in relation to the financial assistance (including Article 2358 and Article 2474, as the case may be, of the Italian Civil Code), any guarantee, indemnity, obligations and liability granted or assumed pursuant to the Notes by each Guarantor shall not include and shall not extend, directly or indirectly, to any amount lent to acquire or subscribe, directly or indirectly, shares or quotas in the Guarantor or any direct or indirect controlling entity of the Guarantor (or the refinancing of any indebtedness incurred for that purpose).

In any event, pursuant to article 1938 of the Italian Civil Code, the maximum amount that the Guarantor may be required to pay in respect of its obligations as a Guarantor under its Guarantee shall not exceed 150% of the aggregate amount of the Notes.

Certain Limitations of Enforcement

The enforcement of security interests by creditors in Italy can be complex and time consuming, especially in a liquidation scenario, given that Italian courts maintain a significant role in the enforcement process in comparison to other jurisdictions with which the holders of the Notes may be familiar. The two primary goals of the Italian law are first, to maintain employment, and second, to liquidate the debtor's assets for the satisfaction of creditors. These competing goals often have been balanced by the sale of businesses as going concerns and by ensuring that employees are transferred along with the businesses being sold.

Under Italian law, in the event that an Italian company becomes subject to insolvency proceedings, guarantees and security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the Italian company during a certain legally specified period (the "**suspect period**"). For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see "*—Certain Italian Insolvency Laws*" above.

If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any guarantees or security interest is voided, holders of Notes could lose the benefit of the guarantee or security interest and may not be able to recover any amounts under the related guarantee or security documents.

Furthermore, in the event that the limitations on the guarantee issued by an Italian guarantor apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the noteholders could have a reduced claim against the relevant guarantor.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, *inter alia*, the following:

- the enforcement of obligations may be limited by the insolvency proceedings listed above relating to or affecting the rights of creditors;
- an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the court;
- with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;
- claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni and decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;
- pursuant to Article 1241 and following of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets and are equally liquid and payable;
- where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;
- the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the fact that the relevant provisions of laws may be deemed contrary to Italian public policy principles or in case mandatory rules of necessary application (*norme di applicazione necessaria*) and by

the fact that the relevant provisions of foreign laws may be deemed contrary to Italian public policy principles and there is no case law setting out specific criteria for the application of such legal concepts under Italian law;

- there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;
- enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);
- the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;
- any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);
- an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for the Italian Civil Code are satisfied;
- an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether related or unrelated, such interest being determined by the relevant company on a case-by-case basis;
- in case of bankruptcy, a receiver in bankruptcy is appointed by the court to administer the proceeding under the supervision of the bankruptcy court and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the Italian company (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the bankruptcy court;
- Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;
- the preemption rights (*prelazione*) granted by a security interest extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in bankruptcy falls (or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*)) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the date of the forced sale occurred in the context of the relevant foreclosure proceeding/bankruptcy proceedings;
- to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant Italian company or make such Italian company to accept it by an instrument bearing an undisputable date (*data certa*); the priority of such assignment will be determined accordingly. One way of ensuring that a document has an indisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document, another way is to have each page of the document stamped by the post office;
- there could be circumstances in which Italian law would not give effect to provisions concerning advance waivers or forfeitures;
- the effectiveness of terms exculpating a party from liability or duties otherwise owed is prevented by Italian law in the event of gross negligence (*colpa grave*), willful misconduct (*dolo*) or the violation of mandatory provisions;
- penalties and liquidated damages (*penali*) may be equitably reduced by a court;

- a security interest does not prevent creditors of the relevant Italian company other than the grantee of such security interest, from continuing enforcement or enforcement proceedings on the assets secured by the relevant security interest;

- in case of bankruptcy of the grantor of the pledge over quotas or shares, the assets secured by the pledge could be freely sold to any third party in the context of the relevant bankruptcy proceeding and, as a consequence, the proceeds would be set aside for the prior satisfaction of the pledgee but the pledge would be terminated and, therefore, the latter would lose entitlement to the voting rights on the pledged quotas or shares; and

- the application of interest rates greater than or equal to the rates set under Italian legislation on usury is not allowed; likewise, in certain specific circumstances, the interest capitalization (*anatocismo*) is not allowed.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of an Italian company within five years from the date in which the latter enters into a guarantee, security, agreement and any other act by which it disposes of any of its assets, to seek a clawback action (*azione revocatoria ordinaria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit;

- that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Furthermore, under fraudulent conveyance and other provisions of Italian law, a court could void or invalidate all or a portion of the obligations of a guarantor under the relevant guarantee and, if payment had already been made under that guarantee, require the recipients of that payment to return the payment to the relevant guarantor, if the court found that, *inter alia*:

(i) the Italian company gave such guarantee with actual intent to hinder, delay or defraud its current or future creditors or with a desire to prefer some creditors over others or when the beneficiary of the guarantee was aware that the Italian company was insolvent when it gave the relevant guarantee;

(ii) the Italian company did not receive fair consideration or reasonably equivalent value for its guarantee or the relevant guarantor was insolvent at the time the guarantee was given;

(iii) the relevant guarantee was held to exceed the corporate objects of the Italian company or not to be in the best interest or for the corporate benefit of the Italian company; or

(iv) the Italian company giving such guarantee was aware, or should have been aware, that the transaction was to the detriment of its creditors.

If a court decided either that a guarantee was a fraudulent conveyance and voided such guarantee or held it unenforceable for any other reason, the beneficiary of the guarantee may cease to have any claim with respect to the Italian company. The same would also apply to any security interest.

Certain Considerations in Relation to Security Interests

Trust and Parallel Debt

Under Italian law, the beneficiary of a security interest must be clearly identified and indicated in the relevant security document. It is uncertain and untested in the Italian courts whether, under Italian law, a security interest can be created and perfected: (i) in favor of creditors (such as the holders of Notes) which are neither directly

parties to the relevant security documents or are not specifically identified therein or in the relevant share certificates and corporate documents or public registries and (ii) in favor of a "trustee," since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of a "trustee" as agent or trustee under security interests granted over Italian assets is uncertain under Italian law.

Given the above and considering that the holders of Notes are not party to the security documents governed by Italian law, there is a risk that an Italian court may determine that the holders of Notes (in relation to which the relevant perfection formalities acknowledging their status as a secured creditor are not perfected at the time of enforcement) are not secured by the security interests created under the security documents governed by Italian law or cannot enforce that security interest.

The Indenture provides for the creation of a "parallel debt." Pursuant to the parallel debt claim and subject to the terms of the Indenture and to applicable law, the Security Agent, in its individual capacity acting in its own name and not as agent or representative of the holders of Notes, shall become the holder of a claim equal to each amount payable by an obligor under the Notes.

The validity of parallel debt structures under Italian law has, to date, not been considered before the Italian courts and the security interests comprising the parallel debt claim could be held to be in conflict with mandatory provisions of Italian law. Accordingly, no assurance can be given that the enforceability of a security interest governed by Italian law securing a parallel debt obligation will be upheld by an Italian court and further, no assurance can be provided on how an Italian court would interpret an Italian law security instrument purporting to secure, *inter alia*, a "parallel debt" obligation.

Undercapitalization

Italian corporate law (Articles 2497–*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated under the laws of Italy as a *società a responsabilità limitata*, such loan will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("undercapitalization"). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower. The above rules apply to shareholders' loans "made in any form" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have, however, held that Article 2467 of the Italian Civil Code also applies to companies incorporated as *società per azioni*, hence potentially to the borrowers under the intercompany loans and notes that are incorporated as *società per azioni*.

Therefore, upon the occurrence of the circumstances provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer's relationship with Italian subsidiaries under intercompany loans. Accordingly, an Italian court may conclude that the obligations of an Italian subsidiary under an intercompany loan from the Issuer are subordinated to all of its obligations to other creditors. Should any of the obligations of any Italian subsidiary under an intercompany loan from the Issuer be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to equity, the Issuer may not be able to recover any amounts under such intercompany loan, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes. Moreover, if the obligations of an Italian subsidiary under any intercompany loan from the Issuer are subordinated by operation of law, the ability of the holders of Notes to recover under any security interest in such intercompany loan granted by the Issuer may be impaired or restricted.

However, due to the COVID-19 emergency, the Liquidity Decree according to which the provisions summarized above are temporarily frozen and therefore loans granted by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a limited liability company (*società a responsabilità limitata*) during the period between April 9, 2020 and December 31, 2020 are exempted from the application of the so-called "equitable subordination" rule.

General

The procedures for the enforcement of Italian law security and the timing for obtaining judicial decisions (including in relation to security enforcement) in the Republic of Italy are materially complex and time-consuming, especially given that the Italian courts maintain a significant role in the enforcement process, in comparison to other jurisdictions with which investors may be familiar.

Sweden

Insolvency

One of the Guarantors is incorporated under the laws of Sweden (the "**Swedish Obligor**"). To the extent that such company has its center-of-main interests in Sweden, Swedish bankruptcy law is applicable, subject to the provisions of the EU-Insolvency Regulation. As a starting point and by virtue of Article 4 of the EU Insolvency Regulation, insolvency proceedings applicable to the Swedish Obligor may be governed by Swedish insolvency law (*lex fori concursus*).

Bankruptcy Proceedings

Pursuant to chapter 1, section 2 of the Swedish Bankruptcy Act (*Sw. konkurslagen (1987:672)*), if a company is unable to pay its debts when due and such inability is not merely temporary, it is deemed insolvent and can be declared bankrupt following a bankruptcy petition filed with the court by (i) the debtor or (ii) by a creditor of the debtor.

In the event of bankruptcy, the court will appoint a receiver (*Sw. konkursförvaltare*) in bankruptcy who will work in the interest of all creditors with the objective of realizing the debtor's assets and distribute the proceeds among the creditors.

The purpose of bankruptcy proceedings is to wind up the company in such a way that the company's creditors receive as high a proportion of their claims as possible. The receiver in bankruptcy is required to safeguard the assets and can decide to continue the business or to close it down, depending on what is best for all creditors. In general, the receiver in bankruptcy is required to sell the assets of the debtor as soon as possible and to distribute the proceeds in accordance with mandatory priority rules (see below under the heading "*—Priority of Certain Creditors*"). In the interim, the receiver will take over the management and control of the company and the company's directors and/or managing director will no longer be entitled to represent the company or dispose of the company's assets.

When distributing the proceeds, the receiver must follow the mandatory provisions of the Swedish Rights of Priority Act (Sw. *förmånsrättslagen* (1970:979)), as amended from time to time, that states the order in which creditors have a right to be paid. As a general principle, in bankruptcy proceedings competing claims have equal right to payment in relation to the size of the amount claimed from the debtor's assets.

Enforcement Process

In case of enforcement outside of bankruptcy proceedings in respect of certain types of assets, such as over shares, receivables, bank accounts, trademarks and contractual rights, enforcement can be carried out by the security holder itself. A provision granting the secured party or its agent such right of enforcement is typically included in any pledge agreement between the pledgor and the secured party or its agent. The secured party is typically entitled to enforce the security through a sale of the collateral. However, certain restrictions apply to the procedure for such a sale. In general, when enforcing the security, the secured party is under a duty of care in relation to the security provider and the security granted. The security provider should, if the circumstances are not exceptional, be given prior notice of the contemplated enforcement and also of the time and location of

the sale. Furthermore, sufficient notice should be given to prospective purchasers in order to create reasonable preconditions for a market price being obtained in the sale. Where the secured party has been granted the right to enforce the security through a private sale, such sale must be made to a party unaffiliated with the secured party unless the market price of the security can be independently and objectively established and the security is sold at such price. Pledges over receivables and other claims are, if the receivable or claim has fallen due, normally enforced through the secured party collecting the payment as opposed to selling the receivable.

Enforcement of security in bankruptcy is also subject to certain restrictions. A secured party holding a possessory pledge over movable property (such as shares) may arrange for the sale of the movable property at a public auction. Such secured party must however give the receiver in bankruptcy an opportunity to arrange payment of the debtor's debt to the creditor in order to redeem the movable property to the bankruptcy estate, and the movable property may not, without the consent of the receiver in bankruptcy, be sold earlier than four weeks after the estate inventory meeting (Sw. *bouppteckningssammanträde*) held as a part of the bankruptcy proceedings. However, financial instruments, currency and, under certain circumstances, gold, are exempt from this requirement. The secured party may either sell such financial instruments, currency or gold immediately or assume ownership (against reduction of the secured debt with the market value of such assets or, if the market value of the assets exceeds the outstanding debt, against repayment to the debtor of the surplus), provided that the realization is done in a commercially viable manner. Should the security granted consist of rights over unlisted shares in a subsidiary of the debtor, the receiver in bankruptcy must still be given an opportunity to redeem the shares prior to the sale or deduction.

Limitations on enforcement measures

Enforcement of a pledge over shares in a Swedish company, or even the exercise of voting rights of a security agent ahead of such enforcement, may be subject to certain notification requirements and conditional upon certain approvals as required under the Swedish Foreign Direct Investments Act (Sw. *lag (2023:560) om granskning av utländska direktinvesteringar*). If an enforcement measure falls within the scope of the notification requirement, failure to notify the Inspectorate of Strategic Products (Sw. *Inspektionen för Strategiska Produkter*) (the "**Inspectorate**") and/or the implementation of the relevant investment before a clearance decision from the authority has been obtained may result in sanction charges. In case the Inspectorate decides that an investment shall be prohibited, any legal measures or steps (Sw. *Rättshandlingar*) implementing the investment are voidable as a matter of Swedish law.

Priority of certain creditors

In general, proceeds are distributed in the following order:

(a) fees to the receiver;

(b) debts of the estate (*Sw. massaskuld*);

(c) specific preferential rights;

(d) general preferential rights;

(e) non-prioritized debts; and

(f) subordinated debts.

Fixed charges (in specified assets) are generally prioritized in order of establishment and fixed charges are generally prioritized to floating charges. Debts with the same priority will be paid in relation to relative size.

Limitations on the value of a guarantee

A Swedish limited liability company may not provide a guarantee for the obligations of a parent or sister company, unless they belong to the same group of companies and the parent company of that group is domiciled within the European Economic Area (EEA). Furthermore, if a Swedish limited liability company provides any guarantee without receiving sufficient corporate benefit in return, such guarantee will, in whole or in part, be considered a distribution of assets, which will be lawful only to the extent (i) there is sufficient coverage for the unrestricted equity capital of the Swedish limited liability company after the distribution (in other words, at the time the guarantee is provided) (where the aggregate amount available for distribution during the period from

the annual general meeting until the following year's annual general meeting shall be calculated on the basis of the balance sheet approved by the shareholders at the first annual general meeting, taking into account changes in the restricted equity capital after such annual general meeting) and (ii) if it is considered prudent by the Swedish Obligor to undertake the value transfer after having taken into consideration the equity requirements imposed by the nature, scope and risks relating to its business or the Swedish Obligor's need to strengthen its balance sheet, liquidity or financial position. Where the Swedish limited liability company is a parent company, the latter assessment is also made on a group level. It should also be noted that laws relating to financial assistance in Sweden prohibit limited liability companies incorporated in Sweden from providing guarantees or other credit support for obligations of any person where such obligations are being incurred for the purpose of acquiring shares in the company itself or any of its group companies (with the exception of its subsidiaries) or refinancing shareholder loans in connection therewith. The guarantee and security interests granted by the Swedish Obligor are limited in accordance with the above restrictions relating to corporate benefit and are subject to limitation language limiting the liability of such entities thereunder if required by the above restrictions relating to financial assistance and in accordance with the above restrictions relating to corporate benefit.

Limitations on the validity of certain transactions

In bankruptcy and company reorganization proceedings, transactions can (in certain circumstances and subject to a time limit) be reversed and the goods or money can then be returned to the bankruptcy estate or the company subject to company reorganization. Broadly, these transactions include, among others, situations where the debtor has conveyed property fraudulently or preferentially to one creditor to the detriment of its other creditors before the initiation of the relevant insolvency proceedings, granting a Guarantee that was either not stipulated at the time when the obligation arose or not perfected without delay after such time and the delay is not considered to be ordinary, or paid a debt that is not due or that is considerable compared to the value of the debtor's assets or if the payment is made by using unusual means of payment. In the majority of situations, a claim for recovery can be made concerning actions that were made during the three months preceding the commencement of the relevant insolvency proceedings. In certain situations, longer time limits apply and in others there are no time limits. These include, among others, situations where the other party to an agreement or other arrangement is deemed to be a closely related party to the debtor such as a subsidiary or Parent.

Limitations on enforceability due to the Swedish Reorganization Act

The Swedish Reorganization Act (*Sw. lagen (2022:964) om företagsrekonstruktion*) provides companies facing difficulties in meeting their payment obligations with an opportunity to resolve these without being declared bankrupt. A petition for company reorganization may be presented by (i) the debtor or (ii) a creditor of the debtor. A petition for company reorganization submitted by a creditor may be granted only where the debtor has consented to the petition. Corporate reorganization proceedings shall, as a main rule, terminate within three months from commencement. The company may request an extension for three months at a time. A corporate reorganization may not, however, proceed for an aggregate period exceeding twelve months, unless the court has ordered plan negotiation prior thereto. In such case, the corporate reorganization shall terminate not later than fifteen months after the order regarding corporate reorganization.

An administrator (*Sw. rekonstruktör*) is appointed by the court and supervises the day-to-day activities and safeguards the interests of creditors as well as the debtor. However, the debtor remains in full possession of the business except that, for important decisions such as paying a debt that has fallen due prior to the order of reorganization, granting security for a debt that arose prior to the order, undertaking new obligations or transferring, pledging or granting rights in respect of assets of a substantial value for the business, the consent of the administrator is required. The absence of such consent can affect the validity of the transaction and the administrator may request that the transaction be reversed.

Upon the opening of corporate reorganization proceedings, the administrator must notify the creditors of the reorganization proceedings. A creditors' meeting will be held at which the creditors will be given the opportunity to express their opinions as to whether the reorganization should continue. Upon the request of any of the creditors, the court shall appoint a creditors' committee composed of a maximum of three persons. However, where special cause exists, the court may appoint additional persons to serve on the creditors' committee. The administrator shall, if possible, consult with the creditors' committee prior to taking any important decisions.

The making of an order under the Swedish Reorganization Act does not have the effect of terminating contracts with the debtor (other than long-term contracts which the debtor may terminate with the consent of the administrator) and, during the reorganization procedure, the debtor's business activities continue in the ordinary course of business. However, the procedure includes a suspension of payments to creditors and the debtor cannot pay a debt that fell due prior to the order without the consent of the administrator and such consent may only be granted should there be exceptional reasons for doing so and any petition for bankruptcy in respect of the debtor will be stayed. The debtor may decide that a contract entered into prior to the order shall be performed with the consent of the administrator (however, the consent of the administrator is not required where the contract is in the course of the day-to-day management of the business). Where the contract relates to ongoing or divisible obligations, the debtor may under certain circumstances decide that the contract shall be performed only for a certain period of time or only for a number of the obligations that remain to be performed. A moratorium also applies to execution in respect of a claim or enforcement of security during corporate reorganization proceedings. However, execution may take place in respect of a claim for which the creditor holds a chattel mortgage or right or retention (which is the case with a Swedish law pledge over the shares in a Swedish limited liability company where the share certificates of such company has been delivered to the agent) with the consent of the administrator, where it is unlikely that the company restructuring will thereby be jeopardized or where the impact on the creditor would otherwise be unreasonably burdensome. The absence of such consent from the administrator affects the validity of the transaction.

The debtor may request that the court order negotiation regarding a restructuring plan (*Sw. rekonstruktionsplan*) which contains the measures that are necessary to successfully address the debtor's financial difficulties and to ensure that the business can be continued, in whole or in part, by the debtor or by a third party. The administrator may request that the court order plan negotiation where the debtor's request for plan negotiations does not lead to a restructuring plan being confirmed. The affected parties are divided into one or more classes based on their position or interest (classes include, among others, creditors with specific preferential rights, non-prioritized debts, subordinated debt and shareholders and other parties who have an ownership interest in the debtor or the debtor's business) whereby the restructuring plan is adopted by a vote and confirmed by the court, after which the plan becomes binding on the debtor and the other parties concerned. The adoption of a restructuring plan requires at least two-third majority within each class in respect of the number of voters and the amounts of claims or rights. However, the court shall nevertheless confirm a restructuring plan under certain circumstances even if it has not been approved by all classes (such as an inter-class cramdown whereby more than half of the classes have approved the restructuring plan and at least one of these classes is comprised of creditors with preferential rights and at least two of the classes who approved the restructuring plan is comprised of creditors who can be expected to receive payment in the event of the debtor's bankruptcy).

Effect of bankruptcy on the bankruptcy debtor's contracts

The declaration of bankruptcy does not automatically terminate existing contracts and instead the receiver may in its discretion choose to have the bankruptcy estate itself become party to any such existing contracts. If the estate enters into the contract and performance by the creditor is due, the creditor may demand that the estate performs its obligations as well or, if a grace period has been granted, request that the estate, without unreasonable delay, provides acceptable security for its performance. If performance by the creditor is not due, the creditor may request security where this is necessary in order to protect against loss. If the estate does not enter into the contract within a reasonable time after the creditor's demand or if it does not comply with the creditor's request to provide security, the creditor may terminate the contract.

Limitations due to capital deficiency

Pursuant to the Swedish Companies Act (*Sw. aktiebolagslag (2005:551)*), as amended (the "Swedish Companies Act"), whenever a company's board of directors has a reason to assume that, as a result of losses or reductions in the value of the company's assets or any other event, the company's equity is less than half the registered share capital, the company's board of directors shall prepare a special balance sheet (*Sw. kontrollbalansräkning*) and have the auditors examine it. The same obligation arises if the company in connection with enforcement pursuant to Chapter 4 of the Swedish Enforcement Code (*Sw. utsökningsbalken (1981:774)*) is found to lack sizeable assets.

If the special balance sheet presented at the initial shareholders' meeting fails to show that, on the date of such meeting, the equity of the company amounts to the registered share capital and the initial shareholders' meeting has not resolved that the company shall go into liquidation, the shareholders' meeting shall, within eight months

of the initial shareholders' meeting, reconsider the issue of whether the company shall go into liquidation (second shareholders' meeting). However, if the company undergoes company restructuring during the eight-month time period, a second shareholders' meeting need not be held earlier than two months after the restructuring terminated. Prior to the second shareholders' meeting, the board of directors shall prepare a new special balance sheet and cause such to be reviewed by the company's auditors. The new special balance sheet and an auditor's report thereon shall be presented at the second shareholders' meeting.

If the special balance sheet presented at the initial shareholders' meeting fails to show that, on the date of such meeting, the equity of the company amounts to the registered share capital and the initial shareholders' meeting has not resolved that the company shall go into liquidation, the shareholders' meeting shall, within eight months of the initial shareholders' meeting, reconsider the issue of whether the company shall go into liquidation (second shareholders' meeting). Prior to the second shareholders' meeting, the board of directors shall prepare a new special balance sheet and cause such to be reviewed by the company's auditors. The new special balance sheet and an auditor's report thereon shall be presented at the second shareholders' meeting.

A shareholders' resolution on liquidation of the company shall be registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*), which shall appoint a liquidator. Should the shareholders not resolve on such voluntary liquidation where required (which is where (i) a second shareholders' meeting is not held within the period of time stated above, or (ii) the new special balance sheet which was presented at the second shareholders' meeting was not reviewed by the company's auditor or fails to show that, on the date of such meeting, the equity of the company amounts to at least the registered share capital), the court may put the company into compulsory liquidation and appoint a liquidator. The liquidator takes over management and control of the company and shall sell the company's assets and settle the company's debts with the proceeds. The liquidator shall give notice to the company's unknown creditors and creditors that have not lodged their claims with the liquidator within six months following such notice will have forfeited their rights to their claims.

Foreign currency

Swedish courts may award judgments in currencies other than Swedish kronor, but the judgment debtor has the right to pay the judgment debt, even though denominated in a foreign currency, in Swedish kronor at the rate of exchange prevailing at the date of payment.

The United States of America

Fraudulent transfer

Under the U.S. Bankruptcy Code, or comparable provisions of state fraudulent transfer or fraudulent conveyance laws, the transfer of an interest in property or the incurrence of an obligation, including the incurrence of the obligations under the Notes, the issuance of the Guarantees and the grant of security, whether now or in the future, by the Issuer and the Guarantors (together, the "**Obligors**") could be avoided, if, in each case, the relevant Obligor (i) made such transfer or incurred such obligation with an actual intent to hinder, delay or defraud any present or future creditor or (ii) received less than reasonably equivalent value or fair consideration for the transfer or obligation and:

- was insolvent (in the sense of the sum of its debts being greater than the value of its assets at fair valuation) on the date the transfer was made or obligation incurred or was rendered insolvent as a result of the transfer or obligation;
- was engaged in a business or transaction, or was about to be engaged in a business or transaction, for which the Obligor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

Under the U.S. Bankruptcy Code a fraudulent transfer can be challenged if it occurred in the two-year period before the filing of an Obligor's bankruptcy petition under federal law (or, if later, one year after the appointment of the first trustee (if any), if appointed during the two-year period) or under a longer look-back period under applicable state law. In New York state, the challenge may be brought if the relevant transfer occurred within four years after the transfer was made or the obligation was incurred or, in case of intentional fraudulent transfers, the later of (i) four years or (ii) one year of when the transfer or obligation was or could reasonably have been discovered.

Preference

Any transfer of an interest of the Obligors in property to or for the benefit of the holders of the Notes or Note Guarantees, including payments made on account thereof or the grant of any security interest, whether now or pursuant to security documents delivered after the date of the Indenture, might be avoidable in a U.S. bankruptcy case by the transferor (as debtor-in-possession) or by its bankruptcy trustee or other representative of the bankruptcy estate as a preference (subject to certain defenses and exceptions) if certain events or circumstances exist or occur, including, among others, if the transferor is insolvent at the time of the transfer, a bankruptcy case in respect of the Obligor is commenced within 90 days following the transfer (or in certain circumstances, a longer period) and the transfer permits the holders of the Notes to receive a greater recovery than if the bankruptcy case were a case under Chapter 7 of the Bankruptcy Code and the transfer had not been made.

Other actions

As a court of equity, a U.S. bankruptcy court may subordinate the claims in respect of the Notes or Note Guarantees under the principle of equitable subordination, if the U.S. bankruptcy court determines that: (i) the holder of the Notes or Note Guarantees engaged in some type of inequitable conduct; (ii) such inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holder of the Notes or Note Guarantees; and (iii) subordination is not inconsistent with the provisions of the U.S. Bankruptcy Code, and order that any lien securing such subordinated claim be transferred to the bankruptcy estate.

The automatic stay

The right of a holder of the Notes or its agents to enforce the Obligors' payment obligations under the Notes and Guarantees or its security interests and other rights against the Obligors upon the occurrence of an event of default under the Indenture governing the Notes is likely to be significantly impaired by applicable U.S. bankruptcy law if one or more of the Obligors becomes a debtor in a case under the U.S. Bankruptcy Code. Upon the filing of a petition for relief under the U.S. Bankruptcy Code by or in respect of a debtor, a creditor of the debtor, such as a holder of Notes, is prohibited by the automatic stay imposed by the U.S. Bankruptcy Code from, among other things, commencing or continuing any action or proceeding against the debtor or taking any action to obtain possession of or exercise control over property of the bankruptcy estate. The automatic stay in a bankruptcy case of one or more of the Obligors could therefore prevent the holders of the Notes and Guarantees from obtaining possession or exercising control over the Collateral or commencing any action in an attempt to obtain possession or exercise control over the Collateral or otherwise enforce their rights under the Notes, except as the U.S. Bankruptcy Code provides. The automatic stay could be lifted or modified with bankruptcy court approval for cause, but parties in interest may object to any creditor's request to lift or modify the automatic stay, and the bankruptcy court may deny such a request.

Right of debtor-in-possession to remain in control of collateral and the bankruptcy process

An entity that becomes a debtor under chapter 11 of the U.S. Bankruptcy Code generally remains in possession of its property and is authorized to operate and manage its business as a "debtor-in-possession" subject to certain limitations. "Debtor-in-possession" administration remains the case unless a chapter 11 trustee is appointed or the chapter 11 case is converted to a chapter 7 liquidation under the U.S. Bankruptcy Code, in which case a chapter 11 trustee or chapter 7 trustee takes possession of the debtor's property. Moreover, the U.S. Bankruptcy Code generally permits the debtor to continue to retain and use collateral (and, subject to satisfaction of certain legal requirements, to grant senior liens on such collateral to secure post-petition financing) even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection" of its interest in the debtor's property. The term "adequate protection" is not defined in the U.S. Bankruptcy Code, but it may include making periodic cash payments, providing an additional or replacement lien or granting other relief, in each case to the extent that the value of the secured creditor's interest in its collateral decreases during the pendency of the bankruptcy case as a result of (i) the use, sale or lease of such collateral, (ii) the incurrence of postpetition financing secured by senior or "priming" liens on the same collateral and/or (iii) the imposition of the automatic stay. The type of adequate protection provided to a secured creditor may vary according to circumstances. A U.S. bankruptcy court may determine that a secured creditor is not entitled to any additional adequate protection if, at the time of the request of adequate protection, the value of the collateral exceeds the amount of the debt that it secures by a sufficient margin.

Only the debtor in possession may propose a chapter 11 plan unless the debtor fails to file a plan within the first 120 days of the case or its plan has not been accepted within the first 180 days of the case by each class of claims or interests that is impaired under the plan (or the plan otherwise complies with certain provisions of the Bankruptcy Code). The bankruptcy court may reduce or enlarge these periods for cause upon request of a party in interest. The 120-day period could be extended for up to 18 months after a chapter 11 filing, while the 180-day period could be extended for up to 20 months after a chapter 11 filing, and the periods end if a trustee is appointed. During these "exclusive periods," other parties, such as secured creditors, would be precluded from proposing or soliciting acceptances of their own chapter 11 plans.

In view of the automatic stay, the lack of a precise definition of the term "adequate protection," the exclusive periods, and the broad discretionary power of a U.S. bankruptcy court, it is impossible to predict:

- whether or when a holder of the Notes could enforce its security interests or its guarantees;
- the changes in the value of the Collateral at the time of the bankruptcy petition or at the time a chapter 11 plan is proposed, confirmed, or becomes effective; or
- whether or to what extent holders of the Notes would be compensated for any delay in payment or loss of value of the Collateral through the requirement of "adequate protection" and similar protections regulating chapter 11 plans.

A debtor-in-possession may obtain new credit secured by a lien that is senior or equal to existing liens.

The U.S. Bankruptcy Code permits a debtor-in-possession or trustee in a chapter 11 case to obtain an extension of new credit from an existing lender or from a new lender. The bankruptcy court may, depending on the facts and circumstances, authorize the debtor-in-possession or trustee to have such new credit secured by a lien that is senior or equal to existing liens, provided that, among other things, there is adequate protection of the interests of the holders of the existing liens in the collateral. In other words, it is possible that in connection with a chapter 11 case of one or more of the Obligors, the liens securing the Notes will be "primed" by senior liens or diluted by *pari passu* liens on the same collateral.

Post-petition interest

In the event of a U.S. bankruptcy case, the holders of the Notes will be entitled to post-petition interest only to the extent that the value of their security interest in the Collateral is greater than their claim. Holders of the Notes that have a security interest in the Collateral with a value equal to or less than their pre-bankruptcy claim will generally not be entitled to post-petition interest under the U.S. Bankruptcy Code.

Any future bankruptcy trustee, the debtor-in-possession or competing creditors could possibly assert that the fair market value of the Collateral with respect to the Notes on the date of the bankruptcy filing was less than the then-current amount owing under the Notes. Upon a finding by a bankruptcy court that the Notes are undercollateralized, the claims in the bankruptcy proceeding with respect to the Notes generally would be bifurcated between a secured claim (measured by the value of the relevant collateral) and an unsecured claim that would not be entitled to the benefits of a security interest in the Collateral.

Ability to confirm a chapter of plan notwithstanding the dissenting votes of creditors

Under the U.S. Bankruptcy Code, except with respect to certain claims, a chapter 11 plan will bind a creditor (or class of creditors) whether or not it accepted the plan. A chapter 11 plan provides for the comprehensive treatment of all claims asserted against the debtor and the property of the bankruptcy estate and may provide for the adjustment or extinguishment of debt. Claims must be classified by type. Only those classes of claims that are impaired by the plan and receiving distributions under the plan may vote to accept or reject such plan. Classes of claims that are unimpaired are not entitled to vote on the plan and are deemed to accept it. Classes of claims that receive no distributions under the plan are not entitled to vote on the plan and are deemed to reject it. A class of claims is deemed to accept the plan if creditors holding at least two-thirds in amount and more than one-half in number of the claims in such class accept the plan. A plan can be confirmed by the bankruptcy court over the dissenting votes of members of a class that accepts the plan overall. Furthermore, even if one or more impaired classes reject the plan, the plan may still be confirmed in accordance with the "cram-down" provisions of the U.S. Bankruptcy Code, which require that at least one impaired class has accepted the plan and that the plan does not discriminate unfairly, and is fair and equitable with respect to, each class of claims or

interests that is impaired under, and has not accepted, the plan. This could allow the debtor or other plan proponent to confirm its plan over the objection of one or more dissenting classes.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

Italy

The Issuer is a joint stock company (*società per azioni*) organized under the laws of Italy. All of the directors and executive officers of the Issuer live outside the United States. Substantially all the assets of the directors and executive officers of the Issuer and all the assets of the Issuer are located outside the United States. As a result, although the Issuer has appointed an agent for service of process under the Indenture, it may be difficult for you to serve process on those persons or the Issuer in the United States or to enforce judgments obtained in U.S. courts against them or the Issuer based on civil liability provisions of the federal or state securities laws of the United States.

Subject to the qualifications described below, recognition and enforcement in Italy of final judgments of U.S. courts, including judgments obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws, may not require retrial on the merits and will be enforceable in Italy, *provided that* pursuant to Article 64 of Italian Law No. 218 of May 31, 1995, *inter alia*, the following conditions are met: (i) the relevant U.S. court which rendered the judgment had jurisdiction upon the matter in accordance with Italian law and have rendered a final and binding judgment, not subject to any further appeal (*passato in giudicato*); (ii) summons and complaints have been appropriately served on the defendant in accordance with applicable U.S. law and no fundamental right of the defendant has been violated during the proceedings; (iii) the parties have had an opportunity to be heard in accordance with applicable U.S. law; (iv) there is no conflicting final judgment by an Italian court or an action pending in Italy that commenced prior to the commencement of the proceedings before the U.S. court among the same parties and arising from the same facts and circumstances; and (v) the content of the U.S. judgment does not violate Italian public policy.

Furthermore, according to Article 67 of Italian Law No. 218 of May 31, 1995, if the judgment rendered by the U.S. court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted in the competent Court of Appeal to this end. The competent Court of Appeal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including that requiring that the judgment rendered by the U.S. federal or New York state court is not contrary to public policy in Italy).

In original actions brought before Italian courts, there is doubt as to the enforceability of liabilities or remedies based solely on the U.S. federal securities laws. In addition, in original actions brought before Italian courts, Italian courts may apply not only Italian rules of civil procedure, but also certain substantive provisions of Italian law that are regarded as mandatory and may refuse to apply U.S. law provisions if the relevant application violates Italian public policy.

Sweden

Pursuant to the provisions of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of December 12, 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (hereinafter the "**Recast Brussels Regulation**," which apply to proceedings instituted, and judgments issued, from January 10, 2015), a judgment issued against a company in the courts of a member state of the European Union (hereinafter a "**Member State**") which is enforceable in that Member State, will be directly enforceable in Sweden provided that the formal requirements in the Recast Brussels Regulation are satisfied. An application for refusal of enforcement may be lodged with the competent Swedish district court. Where such application is lodged the Swedish court may stay the proceedings if an ordinary appeal against the judgment has been lodged in the Member State of origin or the time for such appeal has not yet expired.

Under the 2007 Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (hereinafter the "**Lugano Convention**"), a judgment issued against a company in the courts of a member state of the European Union or the European Free Trade Association (hereinafter a "**Contracting State**") which is enforceable in that Contracting State, will be enforceable in Sweden upon the fulfilment of the following requirements: (a) that a motion for enforcement has been granted by the competent Swedish district court, and (b) that the formal requirements in the Lugano Convention have been fulfilled.

Judgments issued against a Swedish party in the courts of a state which is not a Member State or a Contracting State (hereinafter a "**Third Country**") are, as a general rule, not legally recognized or enforceable in Sweden.

Instead, a Third Country judgment will be regarded by a Swedish court, administrative tribunal or executive or other public authority merely as factual evidence of, for example, the outcome or circumstances of the dispute to which the judgment relates. The United States is a Third Country. Thus, New York law, which is the governing law of the Notes and the Indenture, falls into the foregoing category. Thus, separate legal proceedings on the same subject matter must generally be commenced in Sweden. During those proceedings the Swedish court will, as a general rule, not be bound by the outcome of the Third Country judgment and may choose to try the dispute without regard to the Third Country judgment. Under certain conditions, including where a contract under review contains an exclusive jurisdiction clause in favor of the Third Country courts, the Swedish court will not re-examine the merits of the claim. Instead, the Swedish court in that case may render a judgment based on the foreign judgment. However, it is nevertheless the Swedish, and not the Third Country, judgment that will ultimately be enforced. Following the exit of the United Kingdom from the European Union and the end of the United Kingdom's transition period, the United Kingdom is deemed a Third Country for the purposes of the Recast Brussels Regulation and the Lugano Convention. However, judgments obtained from a court in the United Kingdom in respect of an exclusive jurisdiction clause under a contract dated on, or after, January 1, 2021, may thereafter be enforced in accordance with, and subject to the fulfilment of the relevant conditions of, the 2005 Hague Convention on choice of court agreements, to which the European Union is a contracting state and the United Kingdom acceded effective from January 1, 2021. Consequently, judgments obtained from a court in the United Kingdom and which either do not fulfil the foregoing requirements or which relate to a contract dated prior to January 1, 2021, may not be enforced in accordance with the Hague Convention.

Foreign arbitral awards are enforceable in Sweden pursuant to the Swedish Arbitration Act which reflects the rules of the New York Convention (to which Sweden has acceded).

Enforcement may also be subject to the effects of any applicable bankruptcy, reorganization or moratorium and other similar mandatory laws affecting creditors' rights generally.

Any powers of attorney or mandates of agency for service of process cannot be made irrevocable under Swedish law and can therefore be revoked and will in addition terminate by operation of law and without notice at the bankruptcy or temporal demise of the party giving such powers.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by White & Case LLP as to matters of United States federal, New York State and English law, by White & Case (Europe) LLP as to matters of Italian law, by White & Case Advokat AB as to matters of Swedish law and by Bryan Cave Leighton Paisner LLP as to matters of North Carolina State law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Linklaters LLP as to matters of United States federal, New York State, English and Swedish law, and Studio Legale Associato in association with Linklaters LLP as to matters of Italian law.

INDEPENDENT AUDITORS

The Consolidated Financial Statements of the Issuer as of and for the year ended December 31, 2023, 2022 and 2021 included in this Offering Memorandum, have been audited by Deloitte & Touche S.p.A., independent auditors, as stated in their report included herein.

Deloitte & Touche S.p.A., is registered under No. 132587 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*) maintained by the Italian Ministry of the Economy and Finances in compliance with the provisions of Italian Legislative Decree No. 39 of January 27, 2010. Its registered office is at Via Tortona, 25, 20144 Milan, Italy.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum 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 the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to paragraph (1) above, no person has been authorized 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 other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the U.S. Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act, upon the written request of any such holder or beneficial owner. We are not currently subject to the periodic reporting or other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, the Issuer will furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports."*

The additional documents and information specified in "*Listing and General Information*" herein and not included in this Offering Memorandum will be available to be inspected and obtained by holders at the specified office of the listing agent in Dublin during normal business hours on any weekday.

The content available on our website does not form part of, nor is incorporated by reference into, this Offering Memorandum.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the Euro MTF Market upon their issuance in accordance with the rules and regulations of that exchange.

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. Such notices may also be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange allow.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the following documents may be inspected and obtained free of charge at the specified office of the listing agent in Dublin during normal business hours on any weekday:

- a copy of this Offering Memorandum
- the organizational documents of the Issuer and the Guarantors;
- the audited and unaudited interim consolidated financial statements of the Group included in this Offering Memorandum;
- the annual and interim financial statements required to be provided under the captions "*Description of the Notes—Certain Covenants—Reports*";
- the Indenture;
- the documents relating to the Collateral; and
- other material agreements described in this Offering Memorandum as to which we specify that copies thereof will be made available.

We have appointed Elavon Financial Services DAC as Transfer Agent and Registrar and Matheson LLP as Listing Agent, and Elavon Financial Services DAC as Paying Agent and Calculation Agent to facilitate payments on the Notes. We reserve the right to vary such appointments in accordance with the terms of the Indenture.

Litigation

Except as disclosed in this Offering Memorandum, none of the Issuer nor any of the Guarantors is involved or has been involved during the twelve months preceding the date of this Offering Memorandum, in any litigation, arbitration, governmental or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on their results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration, governmental or administrative proceedings pending or threatened.

No Material Changes

Except as disclosed in this Offering Memorandum there has not been a significant change in the financial or trading position of the Issuer or, as far as the Issuer is currently aware, the Guarantors since March 31, 2024. There has been no material adverse change in the financial position or prospects position of the Issuer or, as far as the Issuer is currently aware, the Guarantors since March 31, 2024.

Clearing Information

The Notes have been accepted for clearance through Euroclear and Clearstream under common code. The common code and international securities identification number (the "**ISIN Number**") for the Notes are set forth below:

	Common Code	ISIN Number
Rule 144A Notes	285068703	XS2850687034
Regulation S Notes	285068690	XS2850686903

Legal Information

The Issuer

Rino Mastrotto Group S.p.A., a joint stock company incorporated and existing under the laws of the Republic of Italy, having its registered office at Via dell'Artigianato 100, 36070 Trissino (Vicenza), Italy, and registered with the Companies Register of Vicenza (*Registro delle Imprese di Vicenza*) under number 01402740060 (and its telephone number at that address is 0445-969696). The Issuer was formed on March 2, 1989 and its termination date falls on December 31, 2050. The Issuer's financial year ends on December 31.

For information about the Issuer's subscribed capital, please refer to Article 5 of its articles of association. The subscribed capital of the Issuer is €39,000,000 divided into 75,215,350 shares, all of which are fully paid up. The shares are in registered form.

The Guarantors

Elmo Sweden AB, a limited liability company (*Aktiebolag*) incorporated and existing under the laws of Sweden, having its registered office at *Svenljunga*, Sweden, and registered with the *Svenljunga office* under number no. 556821-5874 and VAT number no. SE556821587401.

Mapel Textile S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated and existing under the laws of the Republic of Italy, having its registered office at Via Vajone 7, 21020 Galliate Lombardo (VA), Italy, VAT number and registration number with the Italian Companies' Register of Varese 02207500022.

Mapel Components S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated and existing under the laws of the Republic of Italy, having its registered office at Via Vajone 7, 21020 Galliate Lombardo (VA), Italy, VAT number and registration number with the Italian Companies' Register of Varese 01884090125.

RMG Leather USA LLC, a limited liability company incorporated and existing under the laws of North Carolina, its registered office at Conover, North Carolina, United States, and registered with the Secretary of State under number 2197136.

Tessitura Oreste Mariani S.p.A., a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy, having its registered office at Via Alfredo Catalani 75, 20833 Birone, Giussano (Monza Brianza), Italy, registration number with the Italian Companies' Register of Milano Monza Brianza Lodi 00686070152, VAT number 00688170968.

General

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorizations (if any) in connection with the issuance of the Notes. The Offering was authorized by the resolution of the board of directors of the Issuer passed on June 19, 2024. The Guarantees will be authorized by resolutions of the boards of directors of each of the Guarantors on or prior to the Issue Date.

ANNEX A

Summary of Certain Differences between Italian GAAP and IFRS

This Offering Memorandum contains historical financial information deriving from (i) the audited consolidated financial statements of Rino Mastrotto Group S.p.A. as of and for the years ended December 31, 2023, 2022 and 2021 and are prepared according to Italian GAAP, and (iii) the unaudited interim consolidated financial statements of Rino Mastrotto Group S.p.A. as of and for the three months ended March 31, 2024, prepared according to Italian GAAP for interim reporting. See *"Presentation of financial and other information"* for further details.

Below we provide a summary of certain differences between Italian GAAP and IFRS that may be material to the financial information included in this Offering Memorandum. We have not prepared a qualitative or quantitative reconciliation of our financial statements and related footnote disclosure between Italian GAAP and IFRS; accordingly, we cannot assure you that this summary is complete. In making an investment decision, you must rely upon your examination of the Issuer and the financial statements included elsewhere in this Offering Memorandum. You should consult your own professional advisers for an understanding of the differences between Italian GAAP and IFRS and how those differences might affect the financial information included in this Offering Memorandum.

The differences highlighted below reflect only those differences in accounting policies in force at the time of the preparation of the Italian GAAP audited financial statements. No attempt has been made to identify future differences between Italian GAAP and IFRS, as the result of prescribed changes in accounting standards, transactions or events that may occur in the future. Regulatory bodies that promulgate Italian GAAP and IFRS have significant ongoing projects that could affect future comparisons, such as this one between Italian GAAP and IFRS. Future developments or changes in Italian GAAP and IFRS may give rise to additional differences between Italian GAAP and IFRS, which could have a significant impact on the Issuer.

The following summarizes the aspects in which the two sets of financial reporting standards commented on above differ.

1. INTANGIBLE ASSETS

a) Acquisition related costs

Italian GAAP
Accounting for acquisition related costs are not specifically addressed by Italian GAAP. According to the common accounting practice, acquisition related costs can be considered part of the consideration transferred or capitalized under intangible assets.

IFRS
Acquisition related costs such as finder's fees, advisory, legal, accounting and other professional fees are not part of the consideration transferred and they are accounted for as an expense when the acquirer consumes the related services.

b) Transaction costs related to capital increase

Italian GAAP
According to Italian GAAP, costs directly attributable to the equity transaction may be directly recorded in the income statement or capitalized as intangible assets and amortized over the expected period of utilization, which cannot, however, exceed five years starting from the year in which the costs were incurred.

IFRS
Costs directly attributable to the equity transaction, such as fees paid to lawyers, accountants and investment bankers for a capital increase, are accounted for as a deduction from equity, net of any related income tax benefit.

c) Goodwill

Italian GAAP

Goodwill arising from the acquisition of a business is capitalized and amortized on a straight-line basis over its estimated useful life up to a maximum of 20 years or, if the estimated useful life cannot be estimated, over a maximum of 10 years.

IFRS
Goodwill is the excess of the fair value of the consideration transferred, the amount of any non-controlling interest recognized and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill should not be amortized but should be reviewed for impairment at least annually at the cash-generating-unit level.

d) Amortization

Italian GAAP
The amortization method used for intangible assets shall be disclosed for each class of intangible assets together with the useful life. Furthermore, under Italian GAAP, the amortization period of certain assets category (such as start-up costs, development costs) cannot exceed five years.

IFRS
The amortization method used for intangible assets with finite useful lives, shall be disclosed for each class of intangible assets.

2. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES

Italian GAAP
According to Italian GAAP, all investments in subsidiaries are consolidated except when not significant or when financial data are not available on timely manner and without significant costs.

IFRS
In accordance with IFRS, all investments in subsidiaries are consolidated.

3. INVENTORY

Italian GAAP
According to Italian GAAP, no disclosures are required about the amount of inventories recognized as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold and unallocated production overheads and abnormal amounts of production costs of inventories.

IFRS
According to IAS 2, the financial statement shall disclose the amount of inventories recognized as an expense during the period, which is often referred to as cost of sales, consisting of those costs previously included in the measurement of inventory that has now been sold and unallocated production overheads and abnormal amounts of production costs of inventories.

4. PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES (TFR)

Italian GAAP
Provisions for employee severance indemnities (*trattamento di fine rapporto*, or "**TFR**"), includes the indemnity to be paid on termination of the employees, calculated in conformity with regulations and the collective contracts in place. TFR is not discounted and it is calculated as if all the employees left the Issuer and the Group at the balance sheet date.

IFRS
According to IAS 19, Provisions for employee severance indemnities (TFR) must take into consideration the estimated provision to be paid to the employees when they effectively will leave the company. This provision needs to be discounted appropriately, based on the personnel rotation, the expected interest rate and the life expectation.

Following the implication of the Italian law No. 296 of December 27, 2006, TFR can be split into two different parts: i) TFR from January 1, 2007 onward is considered a Defined Contribution Plan and no actuarial calculation is necessary; and ii) TFR accrued since December 31, 2006 is a Defined Benefit Plan and an actuarial calculation is required.

5. DEBT ISSUANCE COSTS

Italian GAAP
According to Italian GAAP, debt issuance costs are capitalized as a reduction of the borrowing in the balance sheet. The amortization of debt issuance costs is recognized as interest expenses in the income statement.

IFRS
According to IFRS, loans are measured at amortized cost using the effective interest rate method. Debt issuance costs are included in the calculation of the effective interest rate and consequently amortized as interest expenses through income statement over the term of the loan. Obtaining a waiver from lenders with respect to a change of control would be considered a cost related to a debt modification. Under IAS 39, the company must perform the 10% test to determine if it is an extinguishment. This fee may be included or excluded from the calculation based on the company's accounting policy. Per IAS 39, "if the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability."

6. BUSINESS COMBINATIONS

Italian GAAP
According to Italian GAAP, business combination accounting criteria requires separate recognition of the acquirer's identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition. These assets and liabilities must be recognized at fair value at the date of acquisition. However, in accordance with Italian GAAP, there is no specific guidance related to the definition of a business combination. Classification of a business combination is largely dependent on the legal form of the vehicle which has been acquired.
In addition, accounting for business combinations under common control is not specifically addressed by Italian GAAP. According to the common accounting practice, assets and liabilities acquired are measured at fair value in the financial statements. Goodwill arises as the difference between the price and the fair value of the net assets acquired.

IFRS
IFRS 3 *Business Combinations* ("*IFRS 3*") outlines the accounting when an acquirer obtains control of a business, such as an acquisition or merger. Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors or other owners, members or participants (IFRS 3 Appendix A).
IFRS 3 is not applicable to the business combination under common control, where the business is ultimately controlled by the same parties both before and after the business combination. There is currently no guidance in IFRS on the accounting treatment for combinations among entities under common control. In this case, management shall develop a policy that is relevant to the decision-making needs of users and that is reliable. For these cases, according to common principles normally used, no assets and liabilities are restated to their fair values but they are incorporated at the predecessor carrying values and no new goodwill arises.

7. REVENUE RECOGNITION

a) Recognition criteria

Italian GAAP
Accounting treatment is mainly based on the legal form of the transaction. In particular, revenue recognition focuses on the concept of realization, transfer of legal right and of risk of asset ownership and on performance of services.

IFRS
The fundamental steps for the recognition of revenue according to IFRS are:

- identifying the contract with the customer;
- identifying the performance obligations contained in the contract;
- establishing the price;
- allocating the price to the performance obligations contained in the contract; and
- recognize revenue when (or as) the entity fulfils each performance obligation.

b) Other income—release of bad debt provision

Italian GAAP
Release of the provision for doubtful debt is included in the other income line item.

IFRS
Bad debt provision is accounted for net of the write-down of trade receivables line item.

8. LEASE

Italian GAAP
Rental costs, in the separate Financial Statements, are accounted for on an accrual basis. Whereas rental costs in the Consolidated Financial Statement are accounted for in accordance with the former provisions of IAS 17, thus including the accounting under the financial method for financial lease.

IFRS
On January 13, 2016 IASB published the standard IFRS 16 - Leases which replaced IAS 17 - Leases, as well as IFRIC 4 interpretations Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.
The new standard provides a new definition of lease and introduces a criterion based on control of an asset (right of use) to distinguish lease contracts from contracts for the provision of services, identifying as discriminating criteria: identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from its use and the right to direct the use of the asset underlying the contract. The standard establishes a single model for the recognition and measurement of lease contracts for the lessee, which provides for recognition under assets of the leased asset, including those under operating leases, with a financial liability as the contra-entry. On the other hand, the standard does not include significant changes for lessors.
The standard is applicable from January 1, 2019, and so for the Issuer and for the Group starting from January 1, 2019, although early adoption is permitted.
The Group should consider in the determination of the rights of use of the assets under operational leases:
a) a financial liability, corresponding to the present value of the residual future payments at the transition date, discounted using the incremental borrowing rate applicable at the transition date for each contract (IFRS 16 § C8a); and
b) a right of use corresponding to the value of the financial liability at the transition date, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet at the period-end close of these financial statements (IFRS 16 § C8b (ii)).

The Group could made use of the exemption granted by IFRS 16 § 5 (a) in relation to short-term leases and the exemption granted by IFRS 16 § 5 (b) as regards lease contracts for which the underlying asset is configured as a low-value asset (*i.e.* the assets underlying the lease contract do not exceed Euro 5,000 when new), including the contracts fall mainly into the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices; and
- Furniture and furnishings.

For these contracts, the introduction of IFRS 16 does not entail recognition of the lease's financial liability and the related right of use; instead, the rental payments are recognized in the income statement on a linear basis over the duration of the contract. It should also be noted that IFRS 16 does not apply to leases falling within the scope of application of other standards, including intellectual property licenses granted by the lessor.

9. DEFERRED TAX ASSETS

Italian GAAP
Deferred tax assets are classified within current assets.

IFRS
Deferred tax assets are classified within non-current assets.

10. PRESENTATION AND DISCLOSURE REQUIREMENTS

IFRS requires for certain elements of the financial statements to provide wider and more detailed disclosures than Italian GAAP. Major differences relate to:

- a comprehensive income statement is not required under Italian GAAP;
- a statement of comprehensive income basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity and for profit or loss attributable to the ordinary equity holders of the parent entity for each class of ordinary shares is not required under Italian GAAP;
- the disclosure requirements of IAS 39/IFRS 7/IFRS 9 in relation to Financial Instruments (including receivables, payables and loans). For example, IFRS requires the inclusion of information about ageing of receivables, while Italian GAAP does not;
- segment information which is not required under Italian GAAP; and
- critical estimates and judgments are required disclosures only under IFRS.

ANNEX B

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

This unaudited pro-forma consolidated financial information included the unaudited pro-forma consolidated income statement, together with the explanatory notes of Rino Mastrotto Group S.p.A. and its subsidiaries (the "**Group**") for the year ended December 31, 2023 (hereafter the "**Annual Unaudited Pro–Forma Consolidated Financial Information**") and for the three-month period ended March 31, 2023 (hereafter the "**Interim Unaudited Pro–Forma Consolidated Financial Information**", together with Annual Unaudited Pro-Forma Consolidated Financial information, the "**Unaudited Pro–Forma Consolidated Financial Information**"), which have been prepared to retrospectively reflect the effects of: (i) the acquisition of Mapel Group S.r.l. and (ii) the acquisition of Imatex 23 S.r.l. (jointly, the "**2023 Acquisitions**"), and (iii) drawdown of the financing necessary to complete the acquisition of Mapel Group S.r.l. (the "**Mapel Acquisition Financing**", together with the Acquisitions, the "**2023 Acquisitions and the Mapel Financing**"). The Unaudited Pro-Forma Consolidated Financial Information have been prepared for the purpose of the listing of Senior Secured Floating Rate Notes on the Luxembourg Stock Exchange Euro MTF Market (hereafter the "**Listing**").

The Unaudited Pro-Forma Consolidated Financial Information of the Group was prepared in order to illustrate the main effects of the transactions on the results of operation of the Group, according to assessment criteria, described in the explanatory notes, which are consistent with the historical data, as if such 2023 Acquisitions and the Mapel Financing were completed on January 1, 2023, with regard to the effects on the consolidated income statement of the Group. However, when calculating the Annual Unaudited Pro–Forma Consolidated Financial Information, since Imatex 23 S.r.l. ("**Imatex**") was incorporated on May 16, 2023, the Annual Unaudited Pro-Forma Consolidated Financial Information is based on, and only includes, the result of operations of Imatex for the period from May 16, 2023 to December 31, 2023.

The Annual Unaudited Pro-Forma Consolidated Financial Information have been derived from:

(i) Historical data extracted from the Group's Audited Consolidated Financial Statements for the year ended December 31, 2023;
(ii) Historical data extracted from the reporting package of Mapel Group S.r.l. for the year ended December 31, 2023;
(iii) Historical data extracted from the reporting package of Imatex 23 S.r.l. from May 16, 2023 (the date of incorporation) to December 31, 2023.

The Interim Unaudited Pro-Forma Consolidated Financial Information have been derived from:

(i) Historical data extracted from the Group's unaudited interim consolidated financial information for the three-month period ended March 31, 2023;
(ii) Historical data extracted from the reporting package of Mapel Group S.r.l. for the three-month period ended March 31, 2023.

The Unaudited Pro-Forma Consolidated Financial Information has been prepared solely for illustrative purposes, and has been obtained by making pro-forma adjustments to the abovementioned historical data to reflect retrospectively the significant effects of the 2023 Acquisitions and the Mapel Financing.

The purpose of presenting the Unaudited Pro-Forma Consolidated Financial Information, the assumptions underlying its preparation and the pro-forma adjustments are described in the following paragraphs. The Unaudited Pro-Forma Consolidated Financial Information is not by its nature able to represent the Group's outlook results, considering that it was prepared to retrospectively reflect the effects of subsequent transactions and, therefore, it does not reflect the Group's financial position or operating results to which the periods pro-forma financial information covered.

Since the Unaudited Pro-Forma Consolidated Financial Information is prepared to illustrate the potential impact of the 2023 Acquisitions and the Mapel Financing only, it is necessary to consider the following:

(i) it is built on assumptions, as if the 2023 Acquisitions and the Mapel Financing had actually taken place on January 1, 2023, and therefore it is not necessarily true that the same results as those presented in the Unaudited Pro-Forma Consolidated Financial Information would have been achieved;
(ii) the pro-forma information does not reflect forward looking results as it was prepared to illustrate the effects of the execution of the 2023 Acquisitions and the Mapel Financing which can be isolated and

objectively measured, without taking into account the potential effects of changes in our policies and operating decisions resulting from the completion of the 2023 Acquisitions and the Mapel Financing;

(iii) certain assumptions, used for the preparation of the Unaudited Pro-Forma Consolidated Financial Information, have been made based upon information available at the date of preparation. These assumptions could be different if they are prepared subsequently and during the periods covered in any subsequent interim or annual financial statements to be prepared by us.

(iv) the pro-forma financial information does not purport to represent what the Group's actual results of operations would have been if the 2023 Acquisitions and the Mapel Financing had actually occurred on the dates assumed.

Except where otherwise indicated the amounts are expressed in Euro thousands.

1. DESCRIPTION OF IMATEX 23 S.R.L. AND MAPEL GROUP S.R.L. ACQUISITIONS

Acquisition of Imatex 23 S.r.l.

On November 8, 2023, the Group completed the acquisition of 80% of Imatex 23 S.r.l. ("**Imatex**"). The purchase price of the investment was established as Euro 2.230 thousand fully paid in cash at closing and mainly financed by own funds. Imatex was consolidated starting December 31, 2023 and, therefore, the income statement of Imatex 23 S.r.l. for the year ended December 31, 2023 and for the three-month period ended March 31, 2023 are not included in the Consolidated Financial Statements for the year then ended and in the unaudited interim consolidated financial information for the period then ended, respectively.

Please note that Imatex 23 S.r.l. was incorporated on May 16, 2023 and therefore the historical data the Annual Unaudited Pro-Forma Consolidated Financial Information is based on, includes the result of operations of Imatex for the period from May 16, 2023 to December 31, 2023.

Acquisition of Mapel Group S.r.l.

On December 14, 2023, the Group finalized the acquisition of 60% of Mapel Group S.r.l. ("**Mapel Group**") and the net assets acquired have been reflected in the Group's 2023 Consolidated Financial Statements taking into account the value as of December 31, 2023, which substantially correspond to the values as of the acquisition date. Therefore, the income statement of Mapel Group for the year ended December 31, 2023 and for the three-month period ended March 31, 2023 are not included in the Consolidated Financial Statements for the year then ended and in the unaudited interim consolidated financial information for the period then ended, respectively.

The purchase price was set at Euro 42.000 thousand fully paid in cash at closing, and financed by the credit lines described below.

2023 Acquisition Financing

In connection with the acquisition of Mapel Group S.r.l., in December 2023, the Group subscribed with a pool of bank institutions a loan agreement, in which the lenders granted two credit lines in favor of the Group for total amount of Euro 30.000 thousand, comprised of:

- a non-current credit line totaling Euro 12.000 thousand called "Facility A4" repayable through semi-annual installments by March 31, 2026 (the "**Maturity Date**") based on a plan outlined in the loan contract;
- a non-current credit line totaling Euro 18.000 thousand called "Facility B4" repayable in one single payment at the Maturity Date.

Both facilities were drawn down on December 14, 2023 and utilized for the payment of the Mapel Group S.r.l. acquisition price.

For the purposes of preparing the Unaudited Pro-Forma Consolidated Financial Information we assumed that the 2023 Acquisitions and the Mapel Financing had occurred on January 1, 2023 and therefore the same criterion was applied to the following connected transactions:

- the early subscription of the loan agreement. In particular, it was assumed that the facilities had been drawn down on January 1, 2023 and therefore the related pro-forma interest expenses were recorded in relation to these credit lines;

- the recognition of a full year of amortization expenses related to the Goodwill recorded for the purchase price allocation of Mapel Group, as if the acquisition happened on January 1, 2023 and the recognition of seven and a half months of amortization expenses related to the Goodwill recorded for the purchase price allocation of Imatex, as if the acquisition happened on May 16, 2023 (the date of incorporation of Imatex). With reference to the Interim Unaudited Pro-Forma Financial Information, the recognition of three months of amortization expenses, from January 1, 2023 to March 31, 2023, related to the Goodwill recorded for the purchase price allocation of Mapel Group.

2. UNAUDITED PRO-FORMA FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED DECEMBER 31, 2023 AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

Annual Unaudited Pro-Forma consolidated income statement for the year ended December 31, 2023

(in € thousand)	Rino Mastrotto Group historical figures	Mapel Group Reporting Package	Imatex Reporting Package	Aggregated figures	Goodwill amortization	Financial expenses	Pro-Forma consolidated figures
	A	**B**	**C**	**A+B+C**	**D**	**E**	**F=A+B+C+D+E**
Revenue	331.553	14.291	2.471	348.315	-	-	348. 315
Other income	33.695	89	54	33.838	-	-	33.838
Total revenue and other income	**365.248**	**14.381**	**2.524**	**382.154**	**-**	**-**	**382.154**
Purchase of goods and changes in inventory	182.132	486	988	183.606	-	-	183.606
Cost of services	64.424	3.001	564	67.988	-	-	67.988
Costs for leases and rentals	635	78	178	891	-	-	891
Personnel costs	57.578	2.860	691	61.129	-	-	61.129
Other operating costs	1.581	47	9	1.636	-	-	1.636
Depreciation and Amortization	25.483	853	212	26.548	1.771	-	28.318
Impairment of trade receivables	170	20	-	189	-	-	189
Total operating costs	**332.001**	**7.344**	**2.642**	**341.987**	**1.771**	**-**	**343.758**
Operating profit	**33.247**	**7.037**	**(117)**	**40.167**	**(1.771)**	**-**	**38.396**
Financial income	1.180	-	-	1.180	-	-	1.180
Financial expenses	(14.576)	(6)	(6)	(14.589)	-	(2.107)	(16.696)
Net exchange rate (losses)/gains	(941)	(2)	(1)	(944)	-	-	(944)
Result from investments accounted for using the equity method	(1.273)	-	-	(1.273)	-	-	(1.273)
Profit before tax	**17.637**	**7.028**	**(124)**	**24.541**	**(1.771)**	**(2.107)**	**20.663**
Income taxes	(6.592)	(2.059)	22	(8.629)	-	506	(8.124)
Profit for the year	**11.045**	**4.969**	**(102)**	**15.912**	**(1.771)**	**(1.601)**	**12.540**
ATTRIBUTABLE TO:							
Shareholders of the parent company	10.060	2.981	(81)	12.960	(1.771)	(1.601)	9.588
Non-controlling interests	984	1.988	(20)	2.952	-	-	2.952

Interim Unaudited Pro-Forma consolidated income statement for the three-month period ended March 31, 2023

(in € thousand)	Rino Mastrotto Group historical figures	Mapel Group Reporting Package	Aggregated figures	Goodwill amortization	Financial expenses	Pro-Forma consolidated figures
	A	**B**	**A+B**	**C**	**D**	**E=A+B+C+D**
Revenue	91.426	4.190	95.616	-	-	95.616
Other income	7.480	5	7.485	-	-	7.485
Total revenue and other income	**98.906**	**4.195**	**103.101**	**-**	**-**	**103.101**
Purchase of goods and changes in inventory	52.346	667	53.013	-	-	53.013
Cost of services	16.880	638	17.518	-	-	17.518
Costs for leases and rentals	175	53	228	-	-	228
Personnel costs	14.331	676	15.007	-	-	15.007
Other operating costs	395	8	403	-	-	403

Depreciation and Amortization	7.065	179	7.244	443	-	7.687
Impairment of trade receivables	8	-	8	-	-	8
Total operating costs	**91.201**	**2.221**	**93.421**	**443**	**-**	**93.864**
Operating profit	**7.706**	**1.974**	**9.680**	**(443)**	**-**	**9.237**
Financial income	192	-	192	-	-	192
Financial expenses	(2.423)	-	(2.423)	-	(527)	(2.950)
Net exchange rate (losses)/gains	(367)	-	(367)	-	-	(367)
Result from investments accounted for using the equity method	(653)	-	(653)	-	-	(653)
Profit before tax	**4.455**	**1.974**	**6.429**	**(443)**	**(527)**	**5.460**
Income taxes	(1.810)	(581)	(2.392)	-	127	(2.265)
Profit for the period	**2.645**	**1.393**	**4.037**	**(443)**	**(400)**	**3.194**
ATTRIBUTABLE TO:						
Shareholders of the parent company	2.230	836	3.066	(443)	(400)	2.223
Non-controlling interests	415	557	971	-	-	971

3. EXPLANATORY NOTES TO THE UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION

The explanatory notes include information relating to the preparation of the Unaudited Pro-Forma Consolidated Financial Information of the Group and must be read together with the Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements of the Group, for a better understanding of the Unaudited Pro-Forma Consolidated Financial Information.

The purpose of the preparation of the Unaudited Pro-Forma Consolidated Financial Information is to illustrate retrospectively the effects of the 2023 Acquisitions and the Mapel Financing as if they had taken place with reference to the income statement on January 1, 2023.

3.1 BASE ASSUMPTIONS, ACCOUNTING STANDARDS AND UNDERLYING ASSUMPTIONS FOR THE PREPARATION OF THE UNAUDITED PRO-FORMA FINANCIAL INFORMATION

The Unaudited Pro-Forma Consolidated Financial Information of the Group was prepared based upon annual and interim consolidated financial statements of the Group and reporting packages of Imatex and Mapel Group prepared under the relevant legislation and accounting standards issued by the Italian Accounting Organization (Organismo Italiano di Contabilità, "O.I.C.") ("Italian GAAP") and do not constitute a complete set of financial statements and the disclosure provided in the explanatory notes do not include the minimum disclosure required by the relevant legislation and accounting standards.

The Annual Unaudited Pro-Forma Consolidated Financial Information of the Group therefore includes:

(i) the historical figures taken from the consolidated financial statements of the Group for the year ended December 31, 2023 (Column A);
(ii) the historical figures of Mapel Group S.r.l. taken from the reporting package for the year ended December 31, 2023 (Column B);
(iii) the historical figures of Imatex 23 S.r.l. taken from the reporting package for the period between the date when Company was established (May 16, 2023) and December 31, 2023 (Column C);
(iv) the pro-forma adjustments applied to reflect retrospectively the effects of the Credit Lines (Column E) and of the amortization of Goodwill generated from the acquisitions (Column D);
(v) the pro-forma consolidated figures of the Group (Column F).

The Interim Unaudited Pro-Forma Consolidated Financial Information of the Group therefore includes:

(i) The historical figures taken from the unaudited interim consolidated financial information of the Group for the three-month period ended March 31, 2023 (Column A);
(ii) the historical figures of Mapel Group S.r.l. taken from the reporting package for the three-month period ended March 31, 2023 (Column B);
(iii) the pro-forma adjustments applied to reflect retrospectively the effects of the Credit Lines (Column C) and of the amortization of Goodwill generated from the acquisitions (Column D);
(iv) the pro-forma consolidated figures of the Group (Column E).

3.2 HISTORICAL FINANCIAL INFORMATION CONTAINED IN THE ANNUAL UNAUDITED PRO-FORMA CONSOLIDATED INFORMATION

Historical figures of Rino Mastrotto Group (column A)

Column A includes the figures of the consolidated financial statements of the Group for the year ended December 31, 2023 prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Consolidated Financial Statements have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

Historical figures of Mapel Group S.r.l. (column B)

Column B includes the historical consolidated figures of Mapel Group S.r.l., resulting from its unaudited reporting package that includes the results for the year ended December 31, 2023 and prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Reporting Package have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

Historical figures of Imatex 23 S.r.l. (column C)

Column C includes the historical figures of Mapel Group S.r.l., resulting from its unaudited reporting package that includes the results for the period between May 16, 2023 and December 31, 2023, prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Reporting Package have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

3.3 DESCRIPTION OF THE PRO-FORMA ADJUSTMENTS ON THE ANNUAL UNAUDITED PRO-FORMA CONSOLIDATED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023

Recognition Credit Lines (Column E)

Column E shows the pro-forma adjustment relating to the early draw-down of the credit lines, used to finance the acquisition of Mapel Group S.r.l.

(€ thousands)	**Total Column "E"**
Financial expenses	(2.107)
Profit before tax	**(2.107)**
Income taxes	506
Profit for the year	**(1.601)**
Shareholders of the parent company	(1.601)
Non-controlling interests	-

Column E includes the effects deriving from the recognition of the financial expenses relating to the loan granted through the agreement subscribed with the bank institutions, which funded the acquisition of Mapel Group, recognized using the amortized cost criterion. The recognition reflects the effects which would have arisen if the credit lines had been granted on January 1, 2023, instead of on December 14, 2023, in accordance with the assumption to reflect retrospectively the Mapel Acquisition at January 1, 2023.

The loan agreement provides for the application of an interest rate equal to Euribor 6 months increased by a spread of 2.75% for Credit Line A4 and a spread of 3.25% for Credit Line B4.

In particular the pro-forma adjustments recorded in the Pro-forma Income Statement related to the following accounts:

- "Financial Expenses" account: recognition of the amount of financial expenses for an amount equal to Euro 2.107 thousand calculated by applying the interest rates described above on the two credit lines. Specifically for facility A4 interest expenses were calculated after considering two repayments, in line with the terms of the related agreement, of Euro 2.500 thousand each, on March 31, 2023 and on September 31, 2023, whereas for facility B4 no repayments have been considered in the calculation, consistently with the amortization plan;

- "Income taxes" account: recognition of the tax effect for an amount equal to Euro 506 thousand, calculated on the basis of the tax rate in force in Italy for the year 2023, equal to 24%, applied to the abovementioned financial expenses.

Recognition of Amortization on Goodwill (Column D)

The column shows the pro-forma adjustments to reflect retrospectively the recognition of the amortization of the Goodwill recognized following the Purchase Price Allocation carried out for the Acquisitions.

In particular the composition of these pro-forma adjustments is shown in the following table:

(€ thousands)	**Total Column "D"**
Depreciation and Amortization	1.771
Profit before tax	**(1.771)**
Income taxes	-
Profit for the year	**(1.771)**
Shareholders of the parent company	(1.771)
Non-controlling interests	-

Column D includes the amortization of the values allocated to Intangible Assets, which consist of Goodwill, following the purchase price allocation related to the acquisition of Mapel Group and Imatex, equal to total Euro 35.415 thousand, depreciated over a useful life equal to twenty years, for a total adjustment on the unaudited pro-forma income statement of 1.771 thousand. Specifically for Mapel Group the difference between the 60% of the Net Asset Acquired, equal to Euro 7.816 thousand, and the consideration paid of Euro 42.000 thousand plus additional fees, led to the recognition of Euro 34.976 of Goodwill, to be amortized over a useful life of 20 years, for an annual amortization of 1.749 thousand, reflected in the amount presented in the table above. In relation to the acquisition of Imatex the difference between the 80% of the Net Assets acquired, equal to Euro 1.916, and the consideration paid of Euro 2.230 thousand plus additional fees, led to the recognition of Goodwill for total Euro 438 thousand, to be amortized over a useful life of 20 year, for an amortization of Euro 22 thousand for the period between May 16, 2023 and December 31, 2023, also included in the caption above.

No tax effect was calculated since the amortization on Goodwill is tax-neutral.

3.4 HISTORICAL FINANCIAL INFORMATION CONTAINED IN THE INTERIM UNAUDITED PRO-FORMA CONSOLIDATED INFORMATION

Historical figures of Rino Mastrotto Group (column A)

Column A includes the figures of the unaudited interim consolidated financial information of the Group for the three-month period ended March 31, 2023 prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the Unaudited Interim Consolidated Financial Statements have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

Historical figures of Mapel Group S.r.l. (column B)

Column B includes the historical consolidated figures of Mapel Group S.r.l., resulting from its unaudited reporting package that includes the results for the three-month period ended March 31, 2023 and prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards Italian GAAP, wherein certain Italian GAAP line items in the reporting package have been reclassified and renamed in a manner that makes it more comparable to the financial information of businesses that apply IFRS.

3.5 DESCRIPTION OF THE PRO-FORMA ADJUSTMENTS ON THE INTERIM UNAUDITED PRO-FORMA INCOME STATEMENT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

Recognition Credit Lines (Column D)

Column D shows the pro-forma adjustment relating to the early draw-down of the credit lines, used to finance the acquisition of Mapel Group S.r.l.

(€ thousands)	**Total Column "D"**
Financial expenses	(527)
Profit before tax	**(527)**
Income taxes	127
Profit for the period	**(400)**
Shareholders of the parent company	(400)
Non-controlling interests	-

Column D includes the effects deriving from the recognition of the financial expenses relating to the loan granted through the agreement subscribed with the bank institutions, which funded the acquisition of Mapel Group, recognized using the amortized cost criterion. The recognition reflects the effects which would have arisen if the credit lines had been granted on January 1, 2023, instead of on December 14, 2023, in accordance with the assumption to reflect retrospectively the Mapel Acquisition at January 1, 2023.

The loan agreement provides for the application of an interest rate equal to Euribor 6 months increased by a spread of 2.75% for Credit Line A4 and a spread of 3.25% for Credit Line B4.

In particular the pro-forma adjustments recorded in the Pro-forma Income Statement related to the following accounts:

- "Financial Expenses" account: recognition of the amount of financial expenses for an amount equal to Euro 527 thousand calculated by applying the interest rates described above on the two credit lines. Specifically for facility A4 interest expenses were calculated after considering one repayment, in line with the terms of the related agreement, of Euro 2.500 thousand on March 31, 2023, whereas for facility B4 no repayments have been considered in the calculation, consistently with the amortization plan;
- "Income taxes" account: recognition of the tax effect for an amount equal to Euro 127 thousand, calculated on the basis of the tax rate in force in Italy for the year 2023, equal to 24%, applied to the abovementioned financial expenses.

Recognition of Amortization on Goodwill (Column C)

The column shows the pro-forma adjustments to reflect retrospectively the recognition of the amortization of the Goodwill recognized following the Purchase Price Allocation carried out for the Acquisitions.

In particular the composition of these pro-forma adjustments is shown in the following table:

(€ thousands)	**Total Column "C"**
Depreciation and Amortization	443
Profit before tax	**(443)**
Income taxes	-
Profit for the period	**(443)**
Shareholders of the parent company	(443)
Non-controlling interests	-

Column C includes the amortization of the values allocated to Intangible Assets, which consist of Goodwill, following the purchase price allocation related to the acquisition of Mapel Group and Imatex, equal to total Euro 35.415 thousand, depreciated over a useful life equal to twenty years, for a total adjustment on the unaudited pro-forma income statement of 443 thousand. Specifically for Mapel Group the difference between the 60% of the Net Asset Acquired, equal to Euro 7.816 thousand, and the consideration paid of Euro 42.000 thousand plus additional fees, led to the recognition of Euro 34.976 of Goodwill, to be amortized over a useful life of 20 years, for an amortization of 443 thousand for the three months period ended March 31, 2023, reflected in the amount presented in the table above. In relation to the acquisition of Imatex the difference between the 80% of the Net Assets acquired, equal to Euro 1.916, and the consideration paid of Euro 2.230 thousand plus additional fees, led to the recognition of Goodwill for total Euro 438 thousand, to be amortized over a useful life of 20 year. Considering that the Company was established on May 16, 2023, no effects have been presented for the three-month period ended March 31, 2023.

No tax effect was calculated since the amortization on Goodwill is tax-neutral.

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Unaudited Interim Consolidated Financial Statements
of Rino Mastrotto Group S.p.A.
as of and for the three-month period ended March 31, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the three-month period ended March 31, 2024

€ thousand	Notes	As of March 31, 2024	As of December 31, 2023	As of March 31, 2023
Goodwill	6	167.271	170.362	132.525
Intangible assets	7	57.687	59.070	62.855
Property, plant and equipment	8	106.458	105.722	86.198
Investment in subsidiaries and other companies	9	1.930	1.748	1.887
Non-current tax receivables	13	7.585	7.561	7.403
Other non-current financial assets	10	3.172	3.897	3.799
Non-current Assets		344.104	348.360	294.668
Inventories	11	113.687	107.053	92.130
Trade receivables	12	45.781	39.173	41.915
Other current financial assets	10	500	1.065	1.493
Current tax receivables	13	9.831	9.254	10.399
Deferred tax assets	14	1.158	1.184	806
Other receivables	15	1.273	1.173	1.620
Prepaid expenses and accrued income	16	1.171	940	870
Cash and cash equivalents	17	34.773	46.631	59.199
Current Assets		208.174	206.473	208.431
Total Assets		552.278	554.833	503.099
Equity				
Share capital	18	39.000	39.000	39.000
Reserves	18	175.000	175.467	174.742
Retained earnings	18	28.164	18.184	18.185
Profit for the period	18	2.040	10.060	2.230
Equity attributable to shareholders of the parent company	18	244.204	242.711	234.157
Equity attributable to non-controlling interests	19	15.738	15.033	9.081
Total Equity		259.942	257.744	243.238
Non-Current Liabilities				
Deferred tax liabilities	20	18.594	18.659	20.097
Employee benefits	21	3.188	3.789	2.556
Provision for risks and charges	22	4.554	5.221	4.316
Non-current borrowings	23	170.056	157.934	150.675
Non-current other financial liabilities	24	1.530	1.569	1.577
Other non-current liabilities	28	450	450	-
Non-current Liabilities		198.372	187.622	179.220
Current Liabilities				
Current borrowings	23	18.464	28.153	8.752
Current other financial liabilities	24	983	689	1.000
Trade payables	25	45.667	52.295	44.972
Tax liabilities	26	3.000	2.822	3.985
Social security payables	27	2.541	3.875	2.069
Other liabilities	28	20.894	19.422	18.486
Accrued expenses	29	2.413	2.210	1.376
Current Liabilities		93.963	109.466	80.640
Total Equity and Liabilities		552.278	554.833	503.098

CONSOLIDATED INCOME STATEMENT

For the three-month period ended March 31, 2024

€ thousand	Notes	3 month at March 31, 2024	3 month at March 31, 2023
Revenue	30	88.085	91.426
Other income	31	7.620	7.480
Total revenue and other income		**95.705**	**98.906**
Purchase of goods and changes in inventory	32	46.915	52.346
Cost of services	33	17.780	16.880
Costs for leases and rentals	34	266	175
Personnel costs	35	16.257	14.331
Other operating costs	36	342	395
Depreciation and amortization	6,7,8	8.324	7.065
Impairment of trade receivables	12	8	8
Total operating costs		**89.891**	**91.201**
Operating profit		**5.814**	**7.706**
Financial income	37	317	192
Financial expenses	38	(4.361)	(2.423)
Net exchange rate gains/(losses)	39	700	(367)
Result from investments accounted for using the equity method	40	1.318	(653)
Profit before tax		**3.788**	**4.455**
Income taxes	41	(1.052)	(1.810)
Profit for the period		**2.736**	**2.645**
ATTRIBUTABLE TO:			
Shareholders of the parent company		2.040	2.230
Non-controlling interests		696	414

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended March 31, 2024

		Other reserves								
€ thousand	**Share Capital**	**Legal Reserve**	**Share Premium Reserve**	**Revaluation Reserve**	**Translation Reserve**	**Extraordinary Reserve**	**Other Reserve**	**Cash Flow Hedge Reserve**	**Retained Earnings**	**Profit the ye**
Balance as of December 31, 2022	**39.000**	**7.361**	**60.740**	**12.081**	**(329)**	**64.101**	**21.104**	**453**	**14.253**	**13.5**
Allocation of profit for the year	-	439	-	-	-	9.208	-	-	3.932	(13.5
Other movements	-	-	-	-	37	-	-	(453)	-	
Profit for the period	-	-	-	-	-	-	-	-	-	2.2
Balance as of March 31, 2023	**39.000**	**7.800**	**60.740**	**12.081**	**(292)**	**73.309**	**21.104**	**-**	**18.185**	**2.2**

		Other reserves								
€ thousand	**Share Capital**	**Legal Reserve**	**Share Premium Reserve**	**Revaluation Reserve**	**Translation Reserve**	**Extraordinary Reserve**	**Other Reserve**	**Cash Flow Hedge Reserve**	**Retained Earnings**	**Profit the ye**
Balance as of December 31, 2023	**39.000**	**7.800**	**60.740**	**12.081**	**432**	**73.309**	**21.104**	**-**	**18.185**	**10.0**
Allocation of profit for the year	-	-	-	-	-	-	-	-	10.060	(10.0
Other movements	-	-	-	-	(467)	-	-	-	(80)	
Dividends paid										
Profit for the period	-	-	-	-	-	-	-	-	-	2.0
Balance as of March 31, 2024	**39.000**	**7.800**	**60.740**	**12.081**	**(35)**	**73.309**	**21.104**	**-**	**28.165**	**2.0**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended March 31, 2024

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Profit for the year	**2.736**	**2.645**
Income taxes	1.052	1.810
Financial expenses	4.361	2.423
Financial income	(317)	(192)
Result from investments accounted for using the equity method	(1.318)	653
Depreciation and amortization	8.324	7.065
Non-monetary adjustments that have not had a counterpart in working capital	(826)	(16)
Increase/(decrease) in provisions and employee benefits	(133)	(356)
Decrease (increase) of inventories	(6.634)	(913)
Decrease (increase) of trade receivables	(6.608)	(10.046)
(Decrease) increase in trade payables	(6.627)	(2.385)
Other working capital items	169	1.483
(Interests paid)	(2.816)	(2.265)
Net cash flow (used in) operating activities (A)	**(8.637)**	**(94)**
(Payments) for Property, plant and equipment	(4.044)	(4.118)
Proceeds on disposal of Property, plant and equipment	115	387
(Payments) for intangible assets	(351)	(924)
Proceeds on disposal of intangible assets	-	692
Net cash flow (used in) investing activities (B)	**(4.280)**	**(3.963)**
Proceeds / (repayment) from credit lines	(5.612)	(3.017)
Proceeds / (repayment) of other financial liabilities	255	303
Proceeds from borrowings	18.000	-
Repayment of borrowings	(11.500)	(5.100)
Dividends paid to non-controlling interests	(84)	-
Net cash flow from / (used in) financing activities (C)	**1.059**	**(7.814)**
(Decrease)/increase of cash and cash equivalents (A ± B ± C)	**(11.858)**	**(11.870)**
Cash and cash equivalents at beginning of the year	**46.631**	**71.069**
Cash and cash equivalents at the end of the year	**34.773**	**59.199**

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As of and for the three-month period ended March 31, 2024

as of and for the three-month period ended March 31, 2024

Note 1. General information

Rino Mastrotto Group S.p.A. (hereinafter also the "Company" or the "Parent Company" and together with its consolidated subsidiaries, or any one or more of them, as the context may require, the "Rino Mastrotto Group" or the "Group"), established in Italy at the Register of Companies of Vincenza with registered office in Trissino (VI) – Via dell'Artigianato 100, operates in the high-quality leather market, overseeing the entire production cycle until its distribution, from raw leather to high-end finished products, including cutting activities and tailor-made services.
The Group represents a leading player in the luxury-fashion market, automotive and interior design, both for the domestic and foreign market.

Note 2. Basis of presentation

The interim consolidated financial statements include the consolidated statement of financial position, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the explanatory notes (collectively, the "Interim Consolidated Financial Statements"), which have been approved by the Board of Directors on June 14, 2024. The Interim Consolidated Financial Statements have been prepared in accordance with the accounting standards issued by the Italian Accounting Organization (Organismo Italiano di Contabilità, "O.I.C.") ("Italian GAAP"), and do not constitute the Company's statutory consolidated financial statements for the period ended March 31, 2024.
In preparing the Interim Consolidated Financial Statements, however, Rino Mastrotto Group reclassified and renamed certain Italian GAAP line items in a manner that makes them more easily comparable to the financial information of businesses that apply IFRS.

The items reported in the Interim Consolidated Financial Statements are stated in accordance with the general principles of prudence and accruals, taking into consideration the economic function of the assets and liabilities.

The Interim Consolidated Financial Statements are shown in Euro, which is the functional currency of the Group and its subsidiaries. All amounts shown in this document are expressed in thousands of Euro, unless otherwise specified.

Going concern

The Directors have confirmed the capability of the Group to fulfil its obligations in the foreseeable future and they are not aware of any material uncertainties or other conditions or events that raised substantial doubt about the entity's ability to continue as a going concern. Therefore the Interim Consolidated Financial Statements have been prepared on a going concern basis.

The Consolidated Financial Statements consist of the financial statements of the Parent Company Rino Mastrotto Group S.p.A., and its Italian and foreign subsidiaries, in which the Parent Company directly and indirectly holds the majority of voting rights and over whose activities it exercises control.
Investments that have been excluded from the full consolidation method or investments in associates are consolidated using the equity method. The associates are the entities in which the Group does not exercise control and in which Rino Mastrotto Group S.p.A. holds directly or indirectly at least 20% of the voting rights.

The following table presents the Group's scope of consolidation as of March 31, 2024 and March 31, 2023:

	Location	Share Capital (Eur)	% 2024	% 2023
Parent Company:				
Rino Mastrotto Group Spa	Trissino (VI) - Italia	39.000.000		
Subsidiaries:				
Bermas Maracanaú Indústria e Comércio de Couro Ltda	Maracanaú - Brasile	8.031.068	100%	100%
Elmo Sweden AB	Svenljunga - Sweden	4.496	100%	100%
Ngozi AB	Svenljunga - Sweden	4.496	100%	100%
Rmg of America, LLC	Raleigh – NC - USA	24.189.012	100%	100%
Rmg Leather, LLC	Conove – NC – USA	26.038.936	90%	90%
Nuova Osba Srl	Trissino (VI) - Italia	50.000	100%	100%
Morellino Srl	Santa Croce sull'Arno (PI) - Italia	90.000	70%	70%
Tessitura Oreste Mariani Spa	Giussano (MB) – Italia	206.400	76%	76%
Imatex23 Srl	Nibionno (LC) – Italia	100.000	80%	-
Mapel Group Srl	Galliate Lombardo (VA) – Italia	600.000	60%	-
Subsidiaries:				
Brusarosco de Mexico SA	Leon – Messico	10.752	99,99%	99,99%
Associates and joint arrangements:				
RMG Australia Pty Ltd	Perth – Australia	184	33,33%	33,33%
AFX/Brus, L.L.C			50%	50%

No changes occurred in the scope of consolidation of the Group during the three-month period ended March 31, 2024.

Note 3. Consolidation Accounting Principles

The Interim Consolidated Financial Statements are prepared in accordance with the provisions of the Italian Legislative Decree and those of the accounting standard OIC 17 (Italian GAAP principle N.17).
The subsidiaries are included in the Interim Consolidated Financial Statements from the date in which the Parent Company acquired control or the first available date of consolidation. The subsidiaries will be deconsolidated on the date in which the Parent Company is no longer the controlling entity.
The Interim Consolidated Financial Statements are consolidated on a line-by line basis. The main consolidation criteria, which has been consistently applied year over year described herein are as follows:

- the separate financial statements of the Parent Company and its subsidiaries are used in the preparation of the Interim Consolidated Financial Statements. Such financial statements are adjusted, as necessary, to comply with the accounting standards applied by the Group;
- all intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in preparing the Interim Consolidated Financial Statements.;
- the carrying amount of the investments in consolidated entities are eliminated against the corresponding portion of the related equity; whether the investments exceeds the related equity, the difference is allocated to the assets and liabilities included in the Interim Consolidated Financial Statements when attributable to an incremental value of assets and/or a decremental value of the liabilities. Any residual amount, if positive, is recognized as goodwill and amortised based on its useful life, if negative, it is recognized in an equity reserve;
- dividends distributed by the consolidated companies and impairment of investments are eliminated from the Consolidated Income Statement;
  The Group recognizes any non-controlling interests in the acquiree on an acquisition-by-acquisition basis at the non-controlling interests' share of the acquiree's identifiable net assets. Net profit or loss are attributed to the owners of the parent and to the non-controlling interests;
- property, plant and equipment subject to finance lease are accounted for using the financial method, based on the provisions of accounting standard OIC 17.

The table below presents a reconciliation of Total equity and Profit for the period as reported in the separate financial statements of Rino Mastrotto Group S.p.A. and those reported in the Interim Consolidated Financial Statements as of and for the three-month period ended March 31, 2024 and in the Consolidated Financial Statements as of and for the year ended December 31, 2023:

€ thousand	Total Equity as of March 31, 2024	Profit for the period ended March 31, 2024	Total Equity as of December 31, 2023	Profit for the year ended December 31, 2023
Rino Mastrotto Group S.p.A.	**218.920**	**(1.629)**	**220.550**	**4.027**
Elimination of the book value of consolidated entities (difference between book value and relevant equity)	4.043	4.378	152	12.347
Investments accounted for using the equity method recorded in the consolidated financial statements at cost method	(1.956)	1.318	(3.274)	(2.073)
Consolidation differences allocated to goodwill	153.472	(2.526)	155.998	(8.333)
Derecognition of merger surplus	(104.659)	1.903	(106.562)	7.612
Derecognition of merger deficit allocated to land (net of taxes)	(5.747)	-	(5.767)	-
Net exchange rate (losses)/gains on intercompany transactions	(246)	166	(252)	(240)
Derecognition of intercompany margins	(335)	91	(426)	(75)
Impact of leases accounted for using the financial method	1.680	(68)	1.715	(194)
Derecognition of dividends	-	-	-	(836)
Other consolidation entries	(5.230)	(897)	(4.391)	(1.191)
Consolidated Rino Mastrotto Group S.p.A.	**259.942**	**2.736**	**257.743**	**11.044**
Equity attributable to non-controlling interests	(15.738)	(696)	(15.033)	(984)
Equity attributable to shareholders of the Parent Company	**244.204**	**2.040**	**242.710**	**10.060**

Note 4. Significant accounting policies

The Interim Consolidated Financial Statements have been prepared in accordance with the OIC 30 - Interim Financial Statements; therefore the Interim Consolidated Financial Statements do not include all the information required in the annual Financial Statements and must be read in conjunction with the Financial Statements prepared for the years ended December 31, 2023, 2022 and 2021.

Other information

Waivers
It should be noted that there were no exceptional cases that required waivers from the provisions of the law relating to financial statements pursuant to Article 2423 of the Italian Civil Code. 4 of the Italian Civil Code.

There were no exceptional events that made it necessary to resort to the waivers provided for in art. 2423- bis para. 2 of the Civil Code.

There was no grouping of items in the consolidated statement of financial position or consolidated income statement.

There are no asset or liability items that fall under more than one item of the scheme referred to in Article 2424 of the Italian Civil Code.

Consolidated statement of financial position

Note 5. Goodwill

The following table provides a breakdown for goodwill:

€ thousand	Rino Mastrotto	RMG Leather	Nuova Osba	Morellino	Tessitura Oreste Mariani	Imatex	Mapel Group	Total
As of January 1, 2024	**104.519**	**13.540**	**191**	**5.274**	**10.150**	**1.711**	**34.976**	**170.362**
Amortisation	(2.231)	(451)	(3)	(73)	(134)	(21)	(438)	(3.351)
Additions	-	-	-	-	-	-	-	-
Other movements	-	260	-	-	-	-	-	260
As of March 31, 2024	**102.288**	**13.349**	**188**	**5.201**	**10.016**	**1.690**	**34.538**	**167.271**

Other movements include positive exchange rate differences for Euro 260 thousand as of March 31, 2024.

Note 6. Intangible assets

The following table provides a breakdown for intangible assets:

€ thousand	As of January 1, 2024	Additions	(Amortisation)	Other Movements	As of March 31, 2024
Start-up and expansion costs	64	-	(10)	2	56
Patents, concessions and licenses	58.573	91	(1.810)	65	56.919
Advances and assets under construction	115	10	-	3	127
Other intangible assets	318	250	(72)	88	584
Total intangible assets	**59.070**	**351**	**(1.891)**	**157**	**57.687**

Intangible assets mainly include Rino Mastrotto trademark and know-how, both included under Patents, concessions and licenses, equal to Euro 59.919 thousand and Euro 58.573 thousand respectively as of March 31, 2024 and December 31, 2023.
Other intangible assets are related to leasehold improvements.

The main additions in intangible assets are related to the costs for leasehold improvements.

Other movements include positive exchange rate differences for Euro 157 thousand as of March 31, 2024.

Note 7. Property, plant and equipment

The following table provides a breakdown for property, plant and equipment:

€ thousand	Land and building	Plants and machinery	Industrial and commercial equipment	Other tangible assets	Construction in progress	Total
Historical cost						
As of January 1, 2024	88.173	151.276	11.179	9.974	5.530	266.132
Additions	168	1.567	101	749	1.460	4.044
(Disposals)	-	(60)	(97)	-	-	(157)
Other Movements	94	(151)	25	(114)	35	(111)
As of March 31, 2024	**88.435**	**152.631**	**11.208**	**10.609**	**7.025**	**269.908**

€ thousand	Land and building	Plants and machinery	Industrial and commercial equipment	Other tangible assets	Construction in progress	Total
Accumulated Depreciation						
As of January 1, 2024	**32.899**	**111.097**	**8.647**	**7.767**	**-**	**160.410**
(Disposals)	-	(14)	(28)	-	-	(42)
Depreciation	819	1.981	156	126	-	3.082
As of March 31, 2024	**33.718**	**113.064**	**8.774**	**7.893**	**-**	**163.450**
Carrying amount as of:						
January 1, 2024	**55.274**	**40.179**	**2.533**	**2.207**	**5.530**	**105.722**
March 31, 2024	**54.717**	**39.567**	**2.434**	**2.716**	**7.025**	**106.458**

Land and and building refers to the properties owned by the Group, mainly related to the Parent Company for both industrial and civil buildings.
Plant and machinery includes the investments carried out throughout the years for the machineries used in the production process,

Industrial and commercial equipment includes the cost of purchase of various equipment for the warehouse (trestles, platforms, tanks, etc.) and laboratory.

Other tangible assets are mainly related to vehicles and office equipment.

Note 8. Investment in subsidiaries and other companies

The relevant information referring to the subsidiaries and other companies is set forth below:

€ thousand	As of March 31, 2024	As of December 31, 2023
Investments accounted for using the equity method	1.372	1.190
Other investments	558	558
Total investment in subsidiaries and other companies	**1.930**	**1.748**

The value of investments accounted for using the equity method is detailed below:

€ thousand	Location	Share Capital	Equity	Profit for the period	Amounts as of	Ownership	Carrying amounts
RMG Australia Pty Ltd	Perth - Australia	-	105	-	30/06/2023	33,3%	34
AFX/Brus, L.L.C:		-	2.962	335	31/03/2024	50%	1.338
As of March 31, 2024							**1.372**
RMG Australia Pty Ltd	Perth - Australia	-	105	4	30/06/2022	33,3%	35
AFX/Brus, L.L.C:		-	2.377	1.643	31/12/2023	50%	1.155
As of December 31, 2023							**1.190**

The breakdown of investments at cost is detailed below:

€ thousand	As of March 31, 2024	As of December 31, 2023
UTIAC Spa	104	104
Consorzio depuratore Santa croce sull'Arno	439	439
Other investments	15	15
Total other investments	**558**	**558**

Note 9. Other financial assets

The relevant information referring to other financial assets is set forth below:

€ thousand	As of March 31, 2024	As of December 31, 2023
Receivables from subsidiaries	2.843	3.583
Other financial assets	183	200
Other securities	114	114
Total other non-current financial assets	**3.172**	**3.897**
Other current financial assets	500	1.065
Total other financial assets	**3.672**	**4.963**

Other financial assets mainly include Receivables from subsidiaries, related to the loan granted to the subsidiary Brusarosco De Mexico SA and Other current financial assets, that include the Group's investments in securities.

Note 10. Inventories

Inventories are detailed as follow:

€ thousand	As of March 31, 2024	As of December 31, 2023
Raw Materials	33.517	32.063
Work in progress and semi-finished products	48.352	45.934
Finished products	31.139	29.528
Advances	998	28
(Provisions for slow moving and obsolete inventories)	(500)	(500)
Total inventories	**113.687**	**107.053**

Inventories are presented net of obsolete and slow-moving provisions, in order to report their estimated realisable value. These provisions both reflect the economic and physical obsolescence of inventories. No movements in provisions occurred in the period ended March 31, 2024.

Note 11. Trade receivables

Trade receivables are detailed below:

€ thousand	As of March 31, 2024	As of December 31, 2023
Trade receivables	46.173	39.557
Bad debt provision	(392)	(384)
Total trade receivables	**45.781**	**39.173**

In addition to the Trade receivables from customers, the caption also include receivables from the associates RMG Australia Pty and AFX BRUS LLC for Euro 752 thousand and Euro 872 thousand respectively as of March 31, 2024 and December 31, 2023.

Trade receivables related to the subsidiary Elmo Sweden AB are covered by insurance policy, while the Parent Company has established pro-soluto factoring agreements for receivables related to several major customers, with underlying insurance policy. The receivables transferred following pro-soluto factoring and eliminated from the Consolidated Statement of Financial Position amounted to Euro 39.613 thousand and Euro 33.648 thousand respectively as of March 31, 2024 and December 31, 2023.

The bad debt provision reflects management's estimate based on the expected losses, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions, with the information known at the reporting date.
The annual provision is included under "Impairment of trade receivables".

The movements of the "Bad debt provision" for trade receivables throughout the period are detailed as follows:

	€ thousand
Balance of bad debt provision receivables as of January 1, 2023	**384**
Use of provision	-
Accrual	8
Balance of bad debt provision receivables as of March 31, 2024	**392**

Note 12. Tax receivables

Tax Receivables are detailed below:

€ thousand	As of March 31, 2024	As of December 31, 2023
VAT and ICMS receivables from the tax authorities	6.980	6.688
Direct tax receivables	2.626	2.445
PROAPI receivables	228	121
Tax receivables within 12 months	**9.831**	**9.254**
PROAPI receivables	-	166
ICMS and IPI receivables	7.585	7.395
Tax receivables beyond 12 months	**7.585**	**7.561**
Total tax receivables	**17.416**	**16.815**

Tax receivables mainly related to VAT receivables, that derive from the periodic settlement of VAT in the various Group companies. IPI and ICMS represent the value-added taxes due in Brazil.

Direct tax receivables include the tax advances paid, net of the related tax liabilities, resulting from the tax calculation made at year-end.

PROAPI receivables refer to receivables relating to government grant, calculated as a percentage of exports made by the Brazilian subsidiary Bermas Ltda. These receivables are towards respectively the Ceara local state and the Federal State. In the past, the difficult national and economic context of Brazil, has made the recovery time for the above receivables particularly slow and uncertain. For this reason, the Group has booked a bad debt provision of Euro 7.612 thousand and Euro 7.553 thousand as of March 31, 2024 and as of December 31, 2023 respectively. It should be noted that during 2023 the Brazilian authorities began a review of the mechanisms for imposing and recovering any tax credits that should bring greater certainty and indication of the timing for the collection of such receivables.

Note 13. Deferred tax assets

The following table provides a breakdown for Deferred tax assets:

€ thousand	As of March 31, 2024	As of December 31, 2023
Rino Mastrotto Group S.p.A.	512	512
Rmg of America LLC	429	420
Tessitura Oreste Mariani S.p.A.	87	87
Total deferred tax assets	**1.028**	**1.019**
Consolidation entries	130	165
Total deferred tax assets	**1.158**	**1.184**

Deferred tax assets presented in the table above, reflect the net tax effect of temporary differences between the book value and the taxable value of assets and liabilities.

Deferred taxes assets booked by the Group are considered recoverable based on the forecasts of future profits made by managements of their respective companies. Deferred taxes assets have been calculated on the basis of the tax rates for the financial years in accordance with the legislation in force at the time of the preparation of these financial statements.

Note 14. Other receivables

Other receivables are composed as follows:

€ thousand	As of March 31, 2024	As of December 31, 2023
Advance payment to suppliers	320	570
Other receivables	954	603
Total other receivables	**1.273**	**1.173**

Other receivables mainly include advance payment to employees, receivables from the sellers of Imatex 23 S.r.l. and receivables for an export contribution.

Note 15. Prepaid expenses and accrued income

The following table provides a breakdown for Prepaid expenses and accrued income:

€ thousand	As of March 31, 2024	As of December 31, 2023
Prepaid expenses and accrued income	1.171	940

Prepaid expenses and accrued income mainly refer to prepayments made in relation to maintenance, marketing and advertising costs.

Note 16. Cash and cash equivalent

The following table provides a breakdown for Cash and cash equivalent:

€ thousand	As of March 31, 2024	As of December 31, 2023
Bank accounts	34.758	46.615
Cash on hand	15	16
Total Cash and cash equivalent	**34.773**	**46.631**

EQUITY AND LIABILITIES

Note 17. Equity

Share capital
The share capital subscribed to and paid-in amount to Euro 39.000 thousand as of March 31, 2024 and December 31, 2023.

Reserves are composed as follows:

€ thousand	As of March 31, 2024	As of December 31, 2023
Legal reserve	7.800	7.800
Share premium reserve	60.740	60.740
Revaluation reserve	12.081	12.081
Translation reserve	(35)	432
Extraordinary reserve	73.309	73.309
Other reserves	21.104	21.104
Total Reserves	**175.000**	**175.467**

The Translation reserve includes exchange rate differences arising from the translation of the opening equity of foreign companies included in the consolidation scope at the exchange rates prevailing at the end of the period and from the translation of their net income at the average exchange rates for the period.

The extraordinary reserve amount to Euro 73.309 thousand as of March 31, 2024 and December 31, 2023.

Retained earnings
Retained earnings amount to Euro 28.165 as of March 31, 2024 and amount to Euro 18.185 thousand as of December 31, 2023.

Note 18. Equity attributable to non-controlling interests

Equity attributable to non-controlling interests is detailed below:

€ thousand	As of March 31, 2024	As of December 31, 2023
Equity attributable to non-controlling interests	15.738	15.033

Equity attributable to non-controlling interests includes the minority interests in the subsidiaries Rmg of America LLC (10%) since fiscal year 2021, Morellino S.r.l. (30%) and Tessitura Oreste Mariani S.p.A. (24%) since fiscal year 2022 and Imatex23 S.r.l. (20%) and Mapel Group S.r.l. (40%) since fiscal year 2023.

Note 19. Deferred tax liabilities

Deferred tax liabilities are as follows:

	€ thousand
Balance of Deferred tax liabilities as of December 31, 2023	**18.659**
Use	-
Accrual	-
Other movements	(65)
Balance of Deferred tax liabilities as of March 31, 2024	**18.594**

Deferred tax liabilities mainly include the tax effects on unrealised foreign exchange gains and the tax impact of certain transactions occurred before fiscal year 2021.

Note 20. Employee benefits

Provisions for employee severance indemnities has changed as follows:

	€ thousand
Balance of employee benefits as of December 31, 2022	**3.789**
Uses	(601)
Provision	-
Balance of employee benefits as of March 31, 2024	**3.188**

The amount is calculated in relation to contractual obligations and applicable law. Other movements are related to business combinations.

Note 21. Provisions for risks and charges

Provisions for risks and charges are as follows:

€ thousand	As of March 31, 2024	As of December 31, 2023
Provision for agents' termination benefits	1.235	767

Other provision	3.319	4.454
Total provision for risks and charges	**4.554**	**5.221**

The movements of the provisions for risks and charges throughout the period are set forth below:

	€ thousand
As of December 31, 2023	**5.221**
Decrease	(1.135)
Provision	468
As of March 31, 2024	**4.554**

Provisions for risks and charges mainly include:

- the provision for agents' termination indemnity, that represents the estimated liability resulting from the application of current legislation and contractual clauses regarding the termination of agency relationships. This provision amounts to Euro 1.235 thousand and Euro 767 thousand as of March 31, 2024 and December 31, 2023 respectively;
- the provision related to the negative amount resulting from the investment in Brusarosco de Mexico SA, when applying the equity method. This provision amounts to Euro 3.319 thousand and Euro 4.454 thousand as of March 31, 2024 and December 31, 2023 respectively.

Note 22. Borrowings

Borrowings are analysed in the following table:

€ thousand	**As of March 31, 2024**	**As of December 31, 2023**
Borrowings		
- of which current	18.464	28.153
- of which non-current	170.056	157.934
Total borrowings	**188.520**	**186.087**

The following tables set forth the residual value and additional details of the Group's borrowings for the periods ended March 31, 2024 and December 31, 2023:

€ thousand	**Interest rate**	**Due date**	**Initial amount**	**As of March 31, 2024**	**As of December 31, 2023**
Term Loan A1 - 09/19	2,75%+Euribor6M	09/25/2025	48.800.000	17.866	23.580
Term Loan A2 - 09/19	2,75%+Euribor6M	09/25/2025	19.200.000	7.137	9.420
Term Loan A3 - 06/21	2,75%+Euribor6M	09/25/2025	8.000.000	3.203	4.204
Term Loan A4 - 12/23	2,75%+Euribor6M	03/31/2026	12.000.000	9.325	11.784
Term Loan B1 - 09/19	3,25%+Euribor6M	09/25/2026	73.200.000	72.586	72.519
Term Loan B2 - 09/19	3,25%+Euribor6M	09/25/2026	28.800.000	29.185	29.216
Term Loan B3 - 06/21	3,25%+Euribor6M	09/25/2026	12.000.000	12.071	12.076
Term Loan B4 - 12/23	3,25%+Euribor6M	09/25/2026	18.000.000	17.963	17.669
BPER Banca	1,90%+Euribor6M	06/19/2026	3.000.000	3.000	-
Cassa Depositi e Prestiti	1%+Euribor3M	09/25/2026	15.000.000	15.000	-
Credit Lines				1.184	6.619
Total borrowings			**187.769.507**	**188.520**	**186.087**

The bank borrowings require compliance of some financial parameters (covenants) calculated on the consolidated figures. The covenants have been respected in each financial period.

Note 23. Other financial liabilities

Other financial liabilities are as follows:

€ thousand	**As of March 31, 2024**	**As of December 31, 2023**
Other financial liabilities		
- of which current	983	689
- of which non-current	1.530	1.569
Total other financial liabilities	**2.513**	**2.258**

Other financial liabilities for the period ended March 31, 2024 and December 31, 2023 mainly include the amount of lease liabilities related to machinery and equipment, accounted for using the financial method.

Note 24. Trade payables

The following table shows the breakdown trade payables:

€ thousand	**As of March 31, 2024**	**As of December 31, 2023**
Trade payables		
- of which current	45.667	52.295

Trade payables mainly include payables to suppliers of raw materials.

Note 25. Tax liabilities

Tax liabilities are detailed below:

€ thousand	As of March 31, 2024	As of December 31, 2023
Income tax liabilities for the period	1.287	912
VAT liabilities	422	14
Liabilities for withholding tax	807	1.594
Other tax liabilities	485	302
Tax liabilities within 12 months	**3.000**	**2.822**

Payables for withholding tax mainly refer to the amount of taxes to be paid by the Group on employees' compensations. Income tax liabilities for the period mainly refers to the balance due to tax authorities, net of advances paid.

Note 26. Social Security payables

The accrued expenses for social security payables amount to Euro 2.541 thousand as of March 31, 2024, to Euro 3.875 thousand as of December 31, 2023.

€ thousand	As of March 31, 2024	As of December 31, 2023
Rino Mastrotto Group S.p.A.	1.577	2.963
Nuova Osba S.r.l.	111	149
Elmo Sweden AB	362	295
Morellino S.r.l.	260	85
Tessitura Oreste Mariani S.p.A	96	162
Imatex 23 S.r.l.	28	66
Mapel Group S.r.l.	107	155
Total social security payables	**2.541**	**3.875**

Note 27. Other liabilities

Other liabilities are detailed below:

€ thousand	As of March 31, 2024	As of December 31, 2023
Payables to employees and contractors for remuneration accrued but not yet paid	9.734	8.063
PROAPI liabilities	30	24
Payables to Board of Directors	346	127
Payables to Board of Statutory Auditors	2	57
Miscellaneous other payables	10.163	10.718
Advances from customers	619	433
Other liabilities within 12 months	**20.894**	**19.422**
Miscellaneous other payables	450	450
Other liabilities beyond 12 months	**450**	**450**
Total other liabilities	**21.344**	**19.872**

Payables to employees and contractors, to Board of Directors and to Board of Statutory Auditors include remuneration accrued but not yet paid at year end.
PROAPI liabilities include the reimbursement due to the Brazilian State for the government grant on exports accrued by the Brazilian subsidiary and recorded among "Tax Receivables".

Note 28. Accrued expenses

The accrued expenses amount to Euro 2.413 thousand as of March 31, 2024 and Euro 2.210 thousand as of December 31, 2023. They mainly include Italian Government incentives received by the Group in relation to the purchase of new machineries.

Consolidated Income Statement

Note 29. Revenue

Revenue are detailed in the following table:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Revenues from the sale of goods	86.513	90.069
Revenues for services	1.572	1.357
Total Revenue	**88.085**	**91.426**

The following tables set forth a breakdown of revenues by geographical area:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Europe	70.488	71.531
of which Italy	*37.296*	*37.090*
of which France	*16.955*	*16.955*
North America	16.009	18.444
of which U.S.A.	*15.870*	*18.217*
Other	1.588	1.451
Total Revenue	**88.085**	**91.426**

Note 30. Other Income

Other income is detailed in the following table:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Capital Gains	43	37
Government grants	86	78
Scrap and semi-finished products	7.266	7.330
Other revenue	225	35
Total other revenue	**7.620**	**7.480**

Other revenue mainly includes scrap and semi-finished products income, generated from the sale of residual outcomes of the production process. The remainder is related to government grants, gains from the sale of assets and other reimbursements.

Note 31. Purchase of goods and changes in inventory

Purchase of goods and changes in inventory comprise costs of raw materials, supplies and consumables as explicated below:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Raw Materials	48.027	46.237
Finished goods	6.334	6.304
Discounts on purchases	(132)	(27)
Other purchases	1.462	1.500
Purchase of raw materials, components and finished goods	**55.691**	**54.014**
Change in inventories of finished goods and semi-finished products	(9.165)	(4.093)
Change in inventories of raw materials and goods	390	2.425
Total Purchase of goods and change in inventory	**46.915**	**52.346**

Note 32. Costs for leases and rentals

Costs for leases and rentals amount to Euro 266 thousand and Euro 175 thousand for the three-month period ended March 31, 2024 and 2023, respectively.
Cost for leases and rental include the expenses related to rented equipment, machines or other assets not accounted for using the financial method.

Note 33. Costs of services

Costs of services consist of the following:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Outsourced processing	4.469	5.065
Utilities	1.566	1.567
Consulting, Board Compensation and Statutory Auditors	2.255	1.147
Maintenance costs	1.576	1.488
Transportation	1.137	994
Insurance	319	308
Travel expenses	144	104
Agents	842	903
Advertising, marketing and sales services	636	553
Cleaning and ecology	1.912	1.887
Industrial Services	1.869	1.941
Other cost of services	1.055	924

Total cost of services	**17.780**	**16.880**

Cost of services mainly includes:

- Outsourced processing costs are related to the expenses incurred by the Group for the phases of the production cycle that are outsourced to third parties;
- Cleaning and ecology costs relate to the expenses incurred by the Group after the ordinary production cycle;
- Consulting, Board Compensation and Statutory Auditors include fees to the Statutory Auditors and to the Independent Auditing Firm ("auditors' fees") and fees to the Directors;
- Transportation costs are incurred by the Group on both purchases and sales, from and to countries where the Group operates;
- Maintenance costs are related to the expanses that the Group sustains to maintain its assets (especially machinery and equipment) in a good working condition.

Note 34. Personnel costs

Personnel costs are broken down as follows:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Salaries and wages	11.902	10.513
Social security contribution	1.676	2.264
Employee benefits	456	412
Other personnel costs	1.223	1.142
Total personnel costs	**16.257**	**14.331**

Personnel Costs include expenses for employees including unused vacation time and provisions required by law.

Note 35. Other operating costs

Other operating costs consist of:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Indirect taxes	72	157
Membership fees	25	37
Contingent liabilities	56	7
Capital losses	17	-
Other costs	172	194
Total other operating costs	**342**	**395**

Other costs mainly include postal charges, penalties and stationeries.

Note 36. Financial Income

Financial Income amount to Euro 317 thousand and Euro 192 thousand for the three-month period ended March 31, 2024 and 2023, respectively. Financial income derives from the interests on the loan granted to the subsidiary Brusarosco De Mexico SA. The loan was granted by the Parent Company to the subsidiary for 67 million MXN. The applicable interest rate is the 5,5%. The loan is due in 2026.

Note 37. Financial expenses

Financial expenses are broken down as follows:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Financial Expenses		
-Finance expenses on borrowing	3.666	1.937
-Other financing fees	695	486
Total financial expenses	**4.361**	**2.423**

Financial expenses refer – throughout the periods presented – mainly to interests on bank loans.

Note 38. Net exchange rate gains/(losses)

Net exchange rate gains/(losses) are broken down as follows:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Net exchange rate gains/(losses)		
- Gains on exchange rates	228	2.227
- Losses on exchange rates	472	(2.594)

Total Net exchange rate gains/(losses)	**700**	**(367)**

Note 39. Results from investments accounted for using the equity method

Results from investments accounted for using the equity method amount to Euro 1.318 thousand and Euro (653) thousand for the three-month period ended March 31, 2024 and 2023, respectively. Result from investments accounted for using the equity method mainly refers to the investments in Brusarosco de Mexico SA and AFX/BRUS L.L.C.

Note 40. Income Taxes

The allocation for each year income taxes for the consolidated companies was made on the basis of the presumable tax profit according to applicable law.
Income taxes are broken down as follows:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Current Taxes	1.021	1.865
Deferred Taxes	31	(55)
Total Income taxes	**1.052**	**1.810**

Note 41. Remuneration of Directors and Statutory Auditors

Remuneration of Directors, Statutory Auditors are detailed below:

€ thousand	3 month at March 31, 2024	3 month at March 31, 2023
Board of Directors	699	699
Board of Statutory Auditors	23	23

Remuneration of Independent Audit Firm is equal to Euro 27 thousand and Euro 27 thousand for the year ended March 31, 2024 and 2023 respectively.

Note 42. Related parties transactions

In addition to the remuneration of Directors, revenue, costs, payables and receivables with related parties as of and for the year ended December 31, 2023, and as of and for the three-month period ended March 31, 2024, involve transactions that refer to the sale of goods or services, which are part of normal operations of the Group. These transactions, that involve certain entities owned by some of the Group's shareholders, are carried out at normal market values.

The table below presents the of such transactions for the periods:

€ thousand	Revenue and Other income	Operating costs	Receivables	Payables
INDUSTRIA CONCIARIA EUROPA S.R.L.	20	4.451	10	124
MIPEL S.R.L.	64	-	-	-
RM HOLDING S.R.L.	1	91	1	-
NEXUS S.R.L.	-	431	-	391
As of and for the year ended December 31, 2023	**85**	**4.973**	**11**	**515**
INDUSTRIA CONCIARIA EUROPA S.R.L.	5	1.227	6	11
MIPEL S.R.L.	-	-	-	-
RM HOLDING S.R.L.	-	23	-	-
NEXUS S.R.L.	-	60	-	200
As of and for the three-month period ended March 31, 2024	**5**	**1.310**	**6**	**211**

Note 43. Subsequent events

After the end of the period, no significant events occurred that would have required adjustments to the Interim Consolidated Financial Statements.

RINO MASTROTTO GROUP

Consolidated Financial Statements
as of and for the years ended
December 31, 2023, 2022 and 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2023, 2022 and 2021

		As of December 31,		
€ thousand	**Notes**	**2023**	**2022**	**2021**
Goodwill	6	170.362	135.610	136.349
Intangible assets	7	59.070	64.553	70.210
Property, plant and equipment	8	105.722	83.556	70.438
Investment in subsidiaries and other companies	9	1.748	2.022	1.522
Non-current tax receivables	13	7.561	7.259	7.707
Other non-current financial assets	10	3.897	3.212	2.566
Non-current Assets		**348.360**	**296.212**	**288.793**
Inventories	11	107.053	91.217	86.526
Trade receivables	12	39.173	31.869	31.783
Other current financial assets	10	1.065	2.402	-
Current tax receivables	13	9.254	10.164	3.670
Deferred tax assets	14	1.184	1.044	1.299
Other receivables	15	1.173	1.291	2.264
Prepaid expenses and accrued income	16	940	677	290
Cash and cash equivalents	17	46.631	71.069	74.161
Current Assets		**206.474**	**209.733**	**199.993**
Total Assets		**554.833**	**505.946**	**488.786**
Equity				
Share capital	18	39.000	39.000	39.000
Reserves	18	175.467	165.512	147.059
Retained earnings	18	18.184	14.253	14.072
Profit for the year	18	10.060	13.579	15.524
Equity attributable to shareholders of the parent company	18	**242.711**	**232.343**	**215.655**
Equity attributable to non-controlling interests	19	15.033	8.723	2.558
Total Equity		**257.744**	**241.066**	**218.212**
Non-Current Liabilities				
Deferred tax liabilities	20	18.659	20.072	22.002
Employee benefits	21	3.789	2.932	2.298
Provision for risks and charges	22	5.221	3.331	1.862
Non-current borrowings	23	157.934	150.470	164.248
Non-current other financial liabilities	24	1.569	870	-
Other non-current liabilities	28	450	-	-
Non-current tax liabilities	26	-	218	218
Non-current Liabilities		**187.623**	**177.892**	**190.628**
Current Liabilities				
Current borrowings	23	28.153	16.698	13.759
Current other financial liabilities	24	689	459	358
Trade payables	25	52.295	47.357	41.008
Tax liabilities	26	2.822	2.422	4.168
Social security payables	27	3.875	3.474	3.079
Other liabilities	28	19.422	15.285	16.912
Accrued expenses	29	2.210	1.293	662
Current Liabilities		**109.466**	**86.987**	**79.946**
Total Equity and Liabilities		**554.833**	**505.946**	**488.786**

CONSOLIDATED INCOME STATEMENT

for the years ended December 31, 2023, 2022 and 2021

		For the year ended December 31,		
€ thousand	**Notes**	**2023**	**2022**	**2021**
Revenue	30	331.553	318.554	290.251
Other income	31	33.695	32.192	27.784
Total revenue and other income		**365.248**	**350.746**	**318.035**
Purchase of goods and changes in inventory	32	182.132	184.188	163.114
Cost of services	33	64.424	61.614	55.112
Costs for leases and rentals	34	635	483	429
Personnel costs	35	57.578	50.285	45.884
Other operating costs	36	1.581	1.999	1.444
Depreciation and amortization	6,7,8	25.483	23.523	21.434
Impairment of trade receivables	12	170	161	141
Total operating costs		**332.001**	**322.253**	**287.557**
Operating profit		**33.247**	**28.493**	**30.477**
Financial income	37	1.180	254	82
Financial expenses	38	(14.576)	(10.486)	(9.523)
Net exchange rate (losses)/gains	39	(941)	1.438	1.979
Result from investments accounted for using the equity method	40	(1.273)	(286)	(544)
Profit before tax		**17.637**	**19.414**	**22.470**
Income taxes	41	(6.592)	(5.441)	(6.843)
Profit for the year		**11.045**	**13.973**	**15.627**
ATTRIBUTABLE TO:				
Shareholders of the parent company		10.060	13.579	15.524
Non-controlling interests		984	395	103

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of December 31, 2023, 2022 and 2021

		Other reserves								
€ thousand	**Share Capital**	**Legal Reserve**	**Share Premium Reserve**	**Revaluation Reserve**	**Translation Reserve**	**Extraordinary Reserve**	**Other Reserve**	**Cash Flow Hedge Reserve**	**Retained Earnings**	**Profit the ye**
Balance as of January 1, 2021	**39.000**	**5.790**	**60.411**	**12.081**	**(3.851)**	**60.888**	**-**	**(429)**	**5.561**	**19.0**
Allocation of profit for the year	-	789	-	-	-	9.756	-	-	8.511	(19.0
Other movements	-	-	329	-	1.098	(21.104)	21.104	196	-	
Profit for the year	-	-	-	-	-	-	-	-	-	15.5
Balance as of December 31, 2021	**39.000**	**6.579**	**60.740**	**12.081**	**(2.753)**	**49.540**	**21.104**	**(233)**	**14.072**	**15.5**
Allocation of profit for the year	-	782	-	-	-	14.561	-	-	181	(15.5
Other movements	-	-	-	-	2.424	-	-	686	-	
Profit for the year	-	-	-	-	-	-	-	-	-	13.5
Balance as of December 31, 2022	**39.000**	**7.361**	**60.740**	**12.081**	**(329)**	**64.101**	**21.104**	**453**	**14.253**	**13.5**
Allocation of profit for the year	-	439	-	-	-	9.208	-	-	3.932	(13.5
Other movements	-	-	-	-	761	-	-	(453)	-	
Profit for the year	-	-	-	-	-	-	-	-	-	10.0
Balance as of December 31, 2023	**39.000**	**7.800**	**60.740**	**12.081**	**432**	**73.309**	**21.104**	**-**	**18.185**	**10.0**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2023, 2022 and 2021

	For the years ended December 31,		
€ thousand	**2023**	**2022**	**2021**
Profit for the year	**11.045**	**13.973**	**15.627**
Income taxes	6.592	5.441	6.843
Financial expenses	14.576	10.486	9.523
Financial income	(1.180)	(254)	(82)
Result from investments accounted for using the equity method	1.273	286	544
(Gains) from disposal of assets, net	(187)	(74)	(109)
Depreciation and amortization	25.483	23.523	21.434
Non-monetary adjustments that have not had a counterpart in working capital	1.155	3.381	379
Increase/(decrease) in provisions and employee benefits	482	(614)	(1.351)
Decrease (Increase) of inventories	(13.165)	(4.691)	(16.597)
Decrease (Increase) of trade receivables	(3.892)	(84)	8.325
(Decrease) Increase in trade payables	3.236	6.117	5.838
Other working capital items	(2.096)	(1.896)	22.086
(Income tax paid)	(1.051)	(10.412)	(5.878)
(Interests paid)	(11.816)	(8.706)	(6.035)
Dividends received from joint venture	798	854	-
Net cash flow from operating activities (A)	**31.254**	**37.331**	**60.546**
(Payments) for Property, plant and equipment	(25.175)	(11.144)	(6.554)
Proceeds on disposal of Property, plant and equipment	673	285	576
(Payments) for intangible assets	(605)	(487)	(501)
Proceeds on disposal of intangibles assets	765	122	276
(Investment in financial assets)	(388)	(25)	(1.720)
Proceeds from the disposal of financial assets	318	-	221
Business combinations, net of cash acquired	(48.339)	(13.061)	(19.537)
Net cash flow (used in) investing activities (B)	**(72.751)**	**(24.310)**	**(27.239)**
Proceeds / (repayment) from credit lines	1.402	661	(406)
Proceeds / (repayment) of other financial liabilities	479	(497)	125
Proceeds from borrowings	30.000	-	20.000
Repayment of borrowings	(14.558)	(16.277)	(7.669)
Capital increase	-	-	329
Dividends paid to non-controlling interests	(264)	-	-
Net cash flow from / (used in) financing activities (C)	**17.059**	**(16.113)**	**12.380**
(Decrease)/increase of cash and cash equivalents (A ± B ± C)	**(24.438)**	**(3.092)**	**45.687**
Cash and cash equivalents at beginning of the year	**71.069**	**74.161**	**28.474**
Cash and cash equivalents at the end of the year	**46.631**	**71.069**	**74.161**

RINO MASTROTTO GROUP

Explanatory Notes
to the Consolidated Financial Statements
as of and for the years ended
December 31, 2023, 2022 and 2021

Note 1. General information

Rino Mastrotto Group S.p.A. (hereinafter also the "Company" or the "Parent Company" and together with its consolidated subsidiaries, or any one or more of them, as the context may require, the "Rino Mastrotto Group" or the "Group"), established in Italy at the Register of Companies of Vincenza with registered office in Trissino (VI) – Via dell'Artigianato 100, operates in the high-quality leather market, overseeing the entire production cycle until its distribution, from raw leather to high-end finished products, including cutting activities and tailor-made services.
The Group represents a leading player in the luxury-fashion market, automotive and interior design, both for the domestic and foreign market.

Note 2. Basis of presentation

The consolidated financial statements include the consolidated statement of financial position, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the explanatory notes (collectively referred to as the "Consolidated Financial Statements"), which have been approved by the Board of Directors on June 14, 2024. These Consolidated Financial Statements have been prepared in accordance with the relevant legislation (Civil Code and Italian Legislative Decree 127/1991) and the accounting standards issued by the Italian Accounting
Organization (Organismo Italiano di Contabilità, "O.I.C.") ("Italian GAAP"), and do not constitute the Company's statutory consolidated financial statements for the years ended December 31, 2023, 2022, or 2021.
In preparing the Consolidated Financial Statements, however, Rino Mastrotto Group reclassified and renamed certain Italian GAAP line items in a manner that makes them more easily comparable to the financial information of businesses that apply IFRS.

The items reported in the Consolidated Financial Statements are stated in accordance with the general principles of prudence and accruals, taking into consideration the economic function of the assets and liabilities.
The Consolidated Financial Statements are shown in Euro, which is the functional currency of the Group and its subsidiaries. All amounts shown in this document are expressed in thousands of Euro, unless otherwise specified.

At the end of the period the assets and liabilities measured in foreign currencies, with the exception of non-current non-monetary assets (which maintain the carrying value of the transaction date) are recorded at the exchange rates at the reporting date and the relative gains or losses on exchange are recorded in the income statement.

Upon consolidation, all assets and liabilities of Group entities with a functional currency other than the Euro are translated using the closing rates at the date of the consolidated statement of financial position. Income and expenses are translated into Euro at the average foreign currency exchange rate for the period. Translation differences resulting from the application of this method are recognized within equity and accumulated in the currency translation reserve until the disposal of the investment, at which date the accumulated amount is reclassified to profit/(loss).

The exchange rates used to translate the reporting packages in currencies other than the euro for the years ended December 31, 2023, 2022 and 2021, are presented below:

Currency	Average Rate			Closing Rate		
	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2021	December 31, 2022	December 31, 2023
Euro/US Dollar	1,1612(*)	1,05	1,08	1,13	1,07	1,11
Euro/Real	6,38	5,44	5,40	6,31	5,64	5,36
Euro/Swedish Krona	10,15	10,63	11,48	10,25	11,12	11,10
Swedish Krona/US Dollar	8,58	10,10	10,62	1,16	1,34	10,04

(*) The average exchange rate Euro/USD used for the income statement of the new U.S. subsidiaries is the average exchange rate from July 1, 2021 (date of establishment) to December 31, 2021.

Going concern

The Directors have confirmed the capability of the Group to fulfil its obligations in the foreseeable future and they are not aware of any material uncertainties or other conditions or events that raised substantial doubt about the entity's ability to continue as a going concern. Therefore the Consolidated Financial Statements for the years ended December 31, 2021, 2022 and 2023 have been prepared on a going concern basis.

Note 3. Scope of consolidation and presentation of the consolidated Financial Statements

The Consolidated Financial Statements consist of the financial statements of the Parent Company Rino Mastrotto Group S.p.A., and its Italian and foreign subsidiaries, in which the Parent Company directly and indirectly holds the majority of voting rights and over whose activities it exercises control.
Investments that have been excluded from the full consolidation method or investments in associates are consolidated using the equity method. The associates are the entities in which the Group does not exercise control and in which Rino Mastrotto Group S.p.A. holds directly or indirectly at least 20% of the voting rights.

The following table presents the Group's scope of consolidation at December 31, 2023, 2022 and 2021:

	Location	Share Capital (Eur)	% 2023	% 2022	% 2021
Companies consolidated on a line-by-line basis					
Parent Company:					
Rino Mastrotto Group Spa	Trissino (VI) - Italia	39.000.000			
Subsidiaries:					
Bermas Maracanaú Indústria e Comércio de Couro Ltda	Maracanaú - Brasile	8.031.068	100%	100%	100%
Elmo Sweden AB	Svenljunga - Sweden	4.496	100%	100%	100%
Ngozi AB	Svenljunga - Sweden	4.496	100%	100%	100%
Rmg of America, LLC	Raleigh – NC - USA	24.189.012	100%	100%	100%
Rmg Leather, LLC	Conove – NC – USA	26.038.936	90%	90%	0%
Nuova Osba Srl	Trissino (VI) - Italia	50.000	100%	100%	100%
Morellino Srl	Santa Croce sull'Arno (PI) - Italia	90.000	70%	70%	0%
Tessitura Oreste Mariani Spa	Giussano (MB) – Italia	206.400	76%	76%	0%
Imatex23 Srl	Nibionno (LC) – Italia	100.000	80%	0%	0%
Mapel Group Srl	Galliate Lombardo (VA) – Italia	600.000	60%	0%	0%
Companies accounted for using the equity method					
Subsidiaries:					
Brusarosco de Mexico SA	Leon – Messico	10.752	99,99%	99,99%	99,99%
Associates and joint arrangements:					
RMG Australia Pty Ltd	Perth – Australia	184	33,33%	33,33%	33,33%
AFX/Brus, L.L.C			50%	50%	50%

The following changes in the scope of consolidation of the Group occurred during the year ended December 31, 2023, 2022 and 2021:

Acquisition of a business from Carroll Leather USA
On June 30, 2021 the Group finalised the acquisition from Carroll Leather USA of the business specialised in the distribution of leather for the interior design market, incorporated into the newco RMG Leather USA LLC, owned (90%) by the vehicle RMG of America LLC, fully owned by the Group. The following table shows the overall fair values of the assets and liabilities acquired and goodwill resulting from the acquisition:

(€ thousand)	Final fair value
Net assets acquired	
Intangible assets	17.250
Property, plant and equipment	5
Non-current Assets	**17.255**
Inventory	7.732
Other receivables	44
Cash and cash equivalent	1.504
Current Assets	**9.280**
Total Assets	**26.535**

Liabilities

Current Liabilities	
Trade payables	3.165
Current Liabilities	**3.165**
Total Liabilities	**3.165**

Fair value of net assets acquired (90%)	**21.033**
Consideration paid	**21.041**
Additional fees	**-**
Total amount paid	**21.041**
Goodwill	**8**
Cash and cash equivalents acquired	**1.504**
Net cash from the acquisition	**(19.537)**

Liquidation of Staguard Limited HK

During August 2021, the dormant Company Staguard Limited HK was liquidated.

Acquisition of Morellino S.r.l.

On February 28, 2022 the Group finalised the acquisition of 70% of Morellino S.r.l., leading player in tanning leather and fabrics. The Group consolidated Morellino S.r.l. starting from January 1, 2022. The following table shows the overall fair values of the assets and liabilities acquired and goodwill resulting from the acquisition of Morellino S.r.l.:

(€ thousand)	**Final fair value**
Net assets acquired	
Intangible assets	5
Property, plant and equipment	2.481
Non-current Assets	**2.486**
Trade receivables	1.405
Other current financial assets	942
Current tax receivables	169
Other receivables	2.354
Prepaid expenses and accrued income	103
Cash and cash equivalent	964
Current Assets	**5.937**
Total Assets	**8.424**
Liabilities	
Non-Current Liabilities	
Employee benefits	895
Non-current borrowings	856
Non-current Liabilities	**1.751**
Current Liabilities	
Current borrowings	226
Trade payables	377
Tax liabilities	259
Social security payables	89
Other liabilities	77
Accrued expenses	363
Current Liabilities	**1.391**
Total Liabilities	**3.142**

Fair value of net assets acquired (70%)	**3.697**
Consideration paid	**9.415**
Additional fees	**142**
Total amount paid	**9.557**
Goodwill	**5.860**
Cash and cash equivalents acquired	**964**
Net cash from the acquisition	**(8.593)**

Acquisition of Tessitura Oreste Mariani S.p.A.

On October 11, 2022 the Group finalised the acquisition of 76% of the shares of Tessitura Oreste Mariani S.p.A., operating in the field of fabrics and linings for high-end fashion. The Group consolidated Tessitura Oreste Mariani S.p.A. starting

from December 31, 2022. The following table shows the overall fair values of the assets and liabilities acquired and goodwill resulting from the acquisition of Tessitura Oreste Mariani S.p.A.:

(€ thousand)	**Final fair value**
Net assets acquired	
Intangible assets	14
Property, plant and equipment	4.320
Other non-current financial assets	69
Deferred tax assets	155
Non-current Assets	**4.558**
Inventories	881
Trade receivables	3.870
Other current financial assets	487
Current tax receivables	268
Other receivables	18
Prepaid expenses and accrued income	70
Cash and cash equivalent	9.862
Current Assets	**15.456**
Total Assets	**20.014**
Liabilities	
Non-Current Liabilities	
Employee benefits	166
Provision for risks and charges	139
Non-current Liabilities	**305**
Current Liabilities	
Trade payables	2.053
Tax liabilities	721
Social security payables	166
Other liabilities	462
Accrued expenses	93
Current Liabilities	**3.495**
Total Liabilities	**3.800**
Fair value of net assets acquired (76%)	**12.323**
Consideration paid	**22.782**
Additional fees	**225**
Total amount paid	**23.007**
Goodwill	**10.685**
Cash and cash equivalents acquired	**9.862**
Net cash from the acquisition December 31, 2022	**(4.468)**
Net cash from the acquisition December 31, 2023	**(8.677)**

Please note that the total amount paid of Euro 23.007 includes Euro 8.677 related to the earn-out that the Group recognized to the seller in 2023. The cash disbursement for fiscal-year 2022, in relation to this transaction, is equal to Euro 14.330.

Acquisition of Imatex 23 S.r.l.

On November 8, 2023 the Group finalised the acquisition of 80% of Imatex 23 S.r.l., historic brand and leader in the field of high-end fabrics for the interior design market. The entity was consolidated starting from December 31, 2023. The following table shows the overall fair values of the assets and liabilities acquired and goodwill resulting from the acquisition of Imatex 23 S.r.l.:

(€ thousand)	**Final fair value**
Net assets acquired	
Intangible assets	1.714
Property, plant and equipment	1.274
Non-current Assets	**2.988**
Inventories	794
Trade receivables	550
Current tax receivables	86
Other receivables	125

Prepaid expenses and accrued income	62
Cash and cash equivalent	285
Current Assets	**1.902**
Total Assets	**4.890**
Liabilities	
Non-Current Liabilities	
Employee benefits	255
Provisions for risks and charges	4
Non-current borrowings	59
Non-current Liabilities	**318**
Current Liabilities	
Current borrowings	31
Trade payables	551
Tax liabilities	50
Social security payables	66
Other liabilities	1.480
Current Liabilities	**2.178**
Total Liabilities	**2.496**
Fair value of net assets acquired (80%)	**1.916**
Consideration paid	**2.230**
Additional fees	**124**
Total amount paid	**2.354**
Goodwill	**438**
Cash and cash equivalents acquired	**285**
Net cash from the acquisition	**(2.069)**

Acquisition of Mapel Group S.r.l.

On December 14, 2023 60% of Mapel Group S.r.l. was acquired. The entity operates in the luxury market, supplying to most fashion companies ribbons and other accessories for leathergoods, footwear clothing. The entity was consolidated starting from December 31, 2023. The following table shows the overall fair values of the assets and liabilities acquired and goodwill resulting from the acquisition of Mapel Group S.r.l.:

(€ thousand)	**Final fair value**
Net assets acquired	
Intangible assets	189
Property, plant and equipment	5.235
Other non-current financial assets	1.879
Deferred tax assets	27
Non-current Assets	**7.330**
Trade receivables	2.862
Current tax receivables	516
Other receivables	4
Prepaid expenses and accrued income	67
Cash and cash equivalent	5.200
Current Assets	**8.649**
Total Assets	**15.979**
Liabilities	
Non-Current Liabilities	
Employee benefits	553
Provisions for risks and charges	19
Non-current borrowings	285
Non-current Liabilities	**857**
Current Liabilities	
Current borrowings	105
Trade payables	1.186
Tax liabilities	102
Social security payables	155
Other liabilities	291
Accrued expenses	220
Current Liabilities	**2.059**

Total Liabilities	**2.916**
Fair value of net assets acquired (60%)	**7.816**
Consideration paid	**42.000**
Additional fees	**793**
Total amount paid	**42.793**
Goodwill	**34.976**
Cash and cash equivalents acquired	**5.200**
Net cash from the acquisition	**(37.593)**

Moreover, during 2023, the Group acquired the business and the building where Nuova Osba S.r.l. operates, leased out during 2020 as part of the project to move part of the Group's production process to Santa Croce, an important tanning district in Tuscany.

Note 4. Consolidation Accounting Principles

The Consolidated Financial Statements are prepared in accordance with the provisions of the Italian Legislative Decree and those of the accounting standard OIC 17 (Italian GAAP principle N.17).
The subsidiaries are included in the Consolidated Financial Statements from the date in which the Parent Company acquired control or the first available date of consolidation. The subsidiaries will be deconsolidated on the date in which the Parent Company is no longer the controlling entity.
The Consolidated Financial Statements are consolidated on a line-by line basis. The main consolidation criteria, which has been consistently applied year over year described herein are as follows:

- the separate financial statements of the Parent Company and its subsidiaries are used in the preparation of the Consolidated Financial Statements. Such financial statements are adjusted, as necessary, to comply with the accounting standards applied by the Group;
- all intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.;
- the carrying amount of the investments in consolidated entities are eliminated against the corresponding portion of the related equity; whether the investments exceeds the related equity, the difference is allocated to the assets and liabilities included in the Consolidated Financial Statements when attributable to an incremental value of assets and/or a decremental value of the liabilities. Any residual amount, if positive, is recognized as goodwill and amortised based on its useful life, if negative, it is recognized in an equity reserve;
- dividends distributed by the consolidated companies and impairment of investments are eliminated from the Consolidated Income Statement;
  The Group recognizes any non-controlling interests in the acquiree on an acquisition-by-acquisition basis at the non-controlling interests' share of the acquiree's identifiable net assets. Net profit or loss are attributed to the owners of the parent and to the non-controlling interests;
- property, plant and equipment subject to finance lease are accounted for using the financial method, based on the provisions of accounting standard OIC 17.

The table below presents a reconciliation of Total equity and Profit for the year as reported in the separate financial statements of Rino Mastrotto Group S.p.A. and those reported in the Consolidated Financial Statements as of and for the years ended December 31, 2023, 2022 and 2021:

€ thousand	Total Equity as of December 31, 2023	Result for the fiscal year ended December 31, 2023	Total Equity as of December 31, 2022	Result for the fiscal year ended December 31, 2022	Total Equity as of December 31, 2021	Result for the fiscal year ended December 31, 2021
Rino Mastrotto Group S.p.A.	**220.550**	**4.027**	**216.975**	**9.100**	**207.189**	**15.640**
Elimination of the book value of consolidated entities (difference between book value and relevant equity)	152	12.347	27.654	9.045	20.119	8.659
Investments accounted for using the equity method recorded in the consolidated financial statements at cost method	(3.274)	(2.073)	(1.203)	(1.133)	(70)	(1.243)
Consolidation differences allocated to goodwill	155.998	(8.333)	120.238	(7.799)	120.170	(7.506)
Derecognition of merger surplus	(106.562)	7.612	(114.174)	7.612	(121.785)	7.612
Derecognition of merger deficit allocated to land (net of taxes)	(5.767)	-	(5.767)	-	(5.767)	-
Net exchange rate (losses)/gains on intercompany transactions	(252)	(240)	(274)	38	113	38
Derecognition of intercompany margins	(426)	(75)	(351)	(97)	(254)	(175)
Impact of leases accounted for using the financial method	1.715	(194)	1.167	(210)	724	(306)
Derecognition of dividends	-	(836)	-	(1.610)	-	(4.847)

Other consolidation entries	(4.391)	(1.191)	(3.200)	(972)	(2.229)	(2.245)
Consolidated Rino Mastrotto Group S.p.A.	**257.743**	**11.044**	**241.065**	**13.974**	**218.210**	**15.627**
Equity attributable to non-controlling interests	(15.033)	(984)	(8.723)	(395)	(2.557)	(103)
Equity attributable to shareholders of the Parent Company	**242.710**	**10.060**	**232.342**	**13.579**	**215.653**	**15.524**

Note 5. Significant accounting policies

The main significant accounting policies adopted in the preparation of the Consolidated Financial Statements, in accordance with legislative requirements, are presented below.

Goodwill

Goodwill is related to business combinations and is determined as the excess of the sum of the consideration transferred in the business combination, the value of equity attributable to non-controlling interests and the fair value of any previously held interest in the acquired company over the fair value of the net assets acquired and liabilities assumed at the acquisition date. The share of equity attributable to non-controlling interests, at the acquisition date, is in proportion to the equity of the acquired entity.

Goodwill is recognised with the approval of the Board of Statutory Auditors and is systematically amortised for the period of its useful life. When it is not possible to reliably estimate the useful life, is amortised within a period not exceeding ten years.

In accordance with OIC 9, Directors perform impairment test every time there is an indicator of impairment. Whether the carrying value of goodwill, net of the amortisation previously recorded, is less than the recoverable amount, an impairment loss is recognized in the Consolidated Income Statement.

Intangible assets

Intangible assets are recorded at the cost of purchase, including acquisition costs, and amortised over their expected useful life.

Intangible assets are systematically amortised for the period of their expected future utility. Intangible assets are recognised with the approval of the Board of Statutory Auditors in the cases foreseen under the law.

Advertising and research costs are recognised in the Consolidated Income Statement when occurred. Patents, licenses, concessions and trademarks are amortised at an annual rate of 20%.
Leasehold improvements are capitalised and recognized among “other intangible assets” if they cannot be separated from the assets themselves (otherwise, they are recognized among “property, plant and equipment” in the relative asset sub-class). They are amortised in a systematic manner considering the lower between the period of future utility and the lease period, including any renewal option, only when reasonably certain.

In accordance with OIC 9, Directors perform impairment test every time there is an indicator of impairment. Whether the carrying value of intangible assets, net of the amortisation already recorded, is less than the recoverable amount, an impairment loss is recognized in the Consolidated Income Statement.

In accordance with OIC 17 and OIC 12, financial leasing transactions are accounted for in accordance with IAS 17.

Property, plant and equipment

Property, plant and equipment is recognized at cost, inclusive of directly attributable acquisition costs, and cost occurred for improvements of the asset. Property, plant and equipment under construction and advances are recognized at cost of purchase and are not depreciated until their construction has been completed. The values of property, plant and equipment are depreciated on a straight-line basis.
Purchases of assets with a value of less than €516.46 are expensed in the Consolidated Income Statement.

The annual rates used for depreciation are indicated in the following table:

Asset	Depreciation Rate
Building	4%
Plants and machinery	10%
Industrial and commercial equipment	25%
Other tangible assets	12%-25%

Land is not subject to depreciation.

In accordance with OIC 9, Directors perform impairment test every time there is an indicator of impairment. Whether the carrying value of property, plant and equipment, net of the depreciation already recorded, is less than the recoverable amount, an impairment loss is recognized in the Consolidated Income Statement.

In accordance with OIC 17 and OIC 12, financial leasing transactions were accounted for in accordance with IAS 17.

Impairment of goodwill, intangibles assets and property, plant and equipment

At the end of each reporting period, intangibles assets and property, plant and equipment are analysed in order to determine whether there are any indicators of impairment. If such indicators are found, an impairment test is performed allocating any impairment loss to the Consolidated Income Statement. The recoverable value of an asset is the greater or its fair value or its value in use, when the latter is the current value of the estimated future financial cash flows for such asset. In calculating the value in use, the forecast future cash flows are discounted using a discount rate that reflects the current market value of the cost of money, the period when the investment was made and the specific risks related to the asset.

A reduction of value is recognized in the Consolidated Income Statement when the carrying value of the asset is greater than the recoverable value. If the reason for an impairment loss previously recognized no longer applies, the carrying value of the asset, with the exception of Goodwill, is restored and allocated to the Consolidated Income Statement, up to the amount of the net carrying value that the asset would have had if the impairment loss had not been made and if it had been amortised.

Investments in associates, subsidiaries not consolidated and other companies

Investments in associates or in subsidiaries not consolidated are accounted for using the equity method, which implies the value of the investment is adjusted by the share of loss / profit of the investee (which is accounted for in the line item “Result from investments accounted for using the equity method”) and/or other movement in the equity such as capital contribution or dividends distribution.

Investments in other companies are accounted for at cost.

Inventories

Inventories are recognized at the lower of cost (acquisition or production) and net realizable value. Cost includes direct production costs and indirect costs that have been incurred in bringing the inventories to the location and condition necessary to be capable for their use in the production process. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs for sale and distribution.

Inventories are presented net of provisions for slow moving and obsolete inventories.

Trade receivables

Receivables are recognized initially at fair value and subsequently measured at amortised cost, less any bad debt provision. The amortised cost criteria is not applied where the effects are insignificant or where the settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity is insignificant or where the receivables are short-term (i.e. with maturity of less than 12 months).
The value of receivables is adjusted where necessary by a bad debt provision. The provision is equal to the difference between the carrying value and the value of estimated future cash flows, less amounts which are not expected to be received. The impairment of trade receivables is recognized in the Consolidated Income Statement.

A trade receivable is derecognized from the financial statements when: the right to receive the cash flows of the asset terminate; the entity retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party; the entity has transferred its right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the trade receivable or (ii) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control. Where the entity has transferred all the contractual rights to receive the cash flows from a receivable and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the receivable is recorded in the financial statements of the entity up to the amount of its residual holding in the receivable.

Cash and cash equivalent

Cash and cash equivalent is measured at nominal value.

Accruals and deferrals

Accrued income is related to the portion of revenue or income already earned, but not invoiced yet.

Prepaid expenses are related to the portion of costs related to future periods for which invoices and the related payables have been already received/paid.

Accrued expenses are related to the portion of costs already occurred, but for which the invoice has not been received.

Deferred income is related to the portion of revenue or income related to future years for which invoices and the related receivables have been already received/paid.

Provisions for risks and charges

Provisions for risks and charges are recorded based on the principles of prudence, on an accrual basis and include provisions made to cover losses and debts of a certain nature and of a certain and probable existence, with uncertain amount and occurrence date. The valuation of risks and charges which are dependent on future events also considers the information that became available after the end of the reporting period. The provisions are estimated based on the available information. Potential liabilities which are only considered possible are disclosed in the notes.

Employee benefits

The provision reflects the amounts accrued at the reporting date in favour of employees, in accordance with contractual and legislative requirements. This liability is subject to indexation. It shall be noted that starting January 1, 2007, significant changes were introduced in the regulation of provisions for employment termination benefits, including the employee's choice concerning the allocation of severance indemnities accruing (to the supplementary pension funds or the "Treasury Fund" managed by INPS - national social welfare institution). The amount recorded in the Consolidated Financial Statements is therefore net of payments to the funds mentioned.

Borrowings, trade payables and other liabilities

Borrowings, trade payables and other liabilities are initially recognized at fair value and subsequently measures at amortised cost. The amortised cost criteria is not applied to borrowings and payables where the effects are insignificant. Effects are considered insignificant for short-term borrowings and trade payables (i.e. with maturity of less than 12 months).

Derivative contracts

Derivative financial instruments are financial assets and liabilities measured at fair value.

Derivatives are classified as hedges only when, at the start of the hedge there is a close and documented correlation between the characteristics of the element being hedge and that of the hedging instrument, and said hedging relationship is formally documented and the effectiveness of the coverage, periodically checked, is high.

When hedging derivatives cover the risk of changes in the fair value of the instruments being hedged (fair value hedges), these are recognized at fair value with effects recognized in the income statement. In the same way, the items hedged are adjusted to reflect changes in fair value associated with the risk hedged.

When derivatives cover the risk of changes in future cash flows from the instruments hedged (cash flow hedge), the effective portion of profits or losses relative to the derivative is suspended in equity, whereas gains and losses related to the ineffective portion are recognized in the income statement. When a given operation is realised, cumulative gains and losses that have been previously recognized in equity are reversed to the income statement.

Therefore, changes in the relative fair value of derivatives are recognized:

- in the income statement, in the case of hedging the fair value of an asset or liability recognized in the financial statements, as well as changes in the fair value of the elements hedged (in the case the absolute value of the change in the fair value of the element changed is greater than the change of the fair value of the hedge, the difference is recognized in the income statement item pertinent to the item hedged);
- in a specific equity reserve in the case of hedges of financial flows using methods to counterbalance the effects of the flows hedged.

Derivatives classified as held for trading, even if stipulated to hedge against the risk of interest rate fluctuations, are not designated under hedge accounting; fair value changes are recognized in the balance statement and recognized in the income statement.
Derivatives incorporated into other financial instruments must also be measured at fair value. An incorporated derivative is separated from the primary contract and recognized as a derivative if, and only if:
a) the economic characteristics and risks of the incorporated derivative are not closely correlated with the economic characteristics and risks of the primary contract. A close correlation exists in cases in which a hybrid contract is stipulated based on market practices;
b) all the elements of the definition of a derivative are met, based on the definition provided in OIC 32.11.

Recognition of revenue and costs

Revenue is recognized when control over a product is transferred to a customer, which is generally upon shipment. Revenues for services are recognized at the time the service is completed.

Costs are recognized in accordance with the principles of prudence and on an accrual-basis, with recognition of the associated accrued income and prepaid expenses.

Revenue and costs are presented net of discounts and rebates, as well as taxes directly connected with the sale of goods and services.

Intra-group operations are carried out under normal market conditions.

Revenue and costs for operations in currency are determined at the exchange rate on the date that the relevant operation is completed.

Financial income and expenses

All the positive and negative components of the economic result for the year related to the Group's financial activities are recorded based upon the accruals principle.

Gains and losses arising from the conversion of foreign currency items are respectively credited and debited to the income statement under line item “Net exchange gains / (losses).

Income taxes

Taxes are provided in accordance with the accruals principle; they therefore represent the amount for taxes paid or payable for the financial year, determined in accordance with the applicable rates and regulations.

Deferred tax assets and liabilities

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends

Dividend income is recognized when the investor's right to receive payment is established, following the declaration of a dividend by the investee's shareholders in general meeting.

Other information

Waivers

It should be noted that there were no exceptional cases that required waivers from the provisions of the law relating to financial statements pursuant to Article 2423 of the Italian Civil Code. 4 of the Italian Civil Code.

There were no exceptional events that made it necessary to resort to the waivers provided for in art. 2423- bis para. 2 of the Civil Code.

There was no grouping of items in the statement of financial position or income statement.

There are no asset or liability items that fall under more than one item of the scheme referred to in Article 2424 of the Italian Civil Code.

Use of estimates

The preparation of the Consolidated Financial Statements in accordance with Italian GAAP requires the use of estimates and assumptions, and may involve the application of judgment in applying the Group’s accounting policy information, that affect the carrying amounts of assets and liabilities (as well as the assessment of contingent assets and liabilities) and the amount of income and expenses recognized. The estimates and assumptions are based on historical experience and on any other factors that are considered to be relevant. Actual results might not fully correspond to estimates.

The estimates and underlying assumptions are reviewed continuously by the Group. The effects of any changes to accounting estimates are recognized in the consolidated statement of profit and loss in the period in which the adjustment is made, or prospectively in future periods.
The main estimates are the bad debt provision, the provisions for risks and charges, and the evaluation of the recoverable value of goodwill, intangible assets and property, plant and equipment.

Regarding the provisions for risks and charges and the bad debt provision, the Consolidated Financial Statements reflect the estimate based on the best knowledge of the state of litigation, using the information provided by the legal and tax advisors, who assist the Group and of the solvency of the counterparts. The estimate of risks is subject to the risk of uncertainty of any estimate of a future event and the outcome of litigation, and it cannot be excluded that in future years, costs which cannot currently be estimated, might arise due to a worsening of the state of litigation and the level of counterparts' solvency.

In case of impairment indicators goodwill, intangible assets and property, plant and equipment are tested for impairment through the calculation of the recoverable amount of the CGU as the value in use using the discounted cash flow method applying assumptions, such as estimates of future increases in sales, operating costs, the growth rate of the terminal value, investments, changes in working capital and the weighted average cost of capital (discount rate). The value in use may change if the main estimates and assumptions made in the plan change and, hence, the impairment test. Therefore, the recoverable value of the recognized assets may also change.

Consolidated Statement of financial position

Note 6. Goodwill

The following table provides a breakdown for goodwill:

€ thousand	Rino Mastrotto	RMG Leather	Nuova Osba	Morellino	Tessitura Oreste Mariani	Imatex	Mapel Group	Total
As of January 1, 2021	**126.916**	**-**	**232**	**-**	**-**	**-**	**-**	**127.148**
Business combinations	-	-	-	-	-	-	-	-
Amortisation	(7.466)	(857)	(14)	-	-	-	-	(8.337)
Additions	-	16.759	-	-	-	-	-	16.759
Other movements	-	779	-	-	-	-	-	779
As of December 31, 2021	**119.450**	**16.681**	**218**	**-**	**-**	**-**	**-**	**136.349**
Business combinations	-	-	-	-	-	-	-	-
Amortisation	(7.466)	(1.858)	(14)	(293)	-	-	-	(9.631)
Additions	-	-	-	5.860	2.007	-	-	7.867
Other movements	-	1.025	-	-	-	-	-	1.025
As of December 31, 2022	**111.984**	**15.848**	**205**	**5.567**	**2.007**	**-**	**-**	**135.610**
Business combinations	-	-	-	-	-	1.273	-	1.273
Amortisation	(7.466)	(1.810)	(14)	(293)	(534)	-	-	(10.117)
Additions	-	-	-	-	8.677	438	34.976	44.092
Other movements	-	(497)	-	-	-	-	-	(497)
As of December 31, 2023	**104.519**	**13.540**	**191**	**5.274**	**10.150**	**1.711**	**34.976**	**170.362**

As of December 31, 2023, the additions in goodwill of Euro 44.092 thousand are related for Euro 8.677 thousand to the increase in goodwill arising during the first consolidation of the subsidiary Tessitura Oreste Mariani S.p.A. following the definition of the price adjustment during the year 2023, for Euro 438 thousand to the consolidation of the subsidiary Imatex 23 S.r.l. and for Euro 34.976 thousand to the consolidation of the subsidiary Mapel Group S.r.l.

As of December 31, 2022, the additions in goodwill of Euro 7.867 thousand are related for Euro 5.860 thousand to the consolidation of the subsidiary Morellino S.r.l. and for Euro 2.007 thousand to the consolidation of the subsidiary Tessitura Oreste Mariani S.p.A.

As of December 31, 2021, the additions in goodwill of Euro 16.759 thousand are related to the consolidation of the subsidiary RMG of America LLC.

Other movements reflect the impact of exchange rate differences.

Note 7. Intangible assets

The following table provides a breakdown for intangible assets:

€ thousand	As of January 1, 2023	Additions	(Amortisation)	(Decrease)	Reclass	Business Combinations	Other Movements	As of December 31, 2023
Start-up and expansion costs	66	46	(48)	-	-	-	-	64
Patents, concessions and licenses	63.905	147	(5.872)	-	57	338	(2)	58.573
Advances and assets under construction	83	49	-	-	(83)	66	-	115
Other intangible assets	499	363	(10)	(765)	26	226	(21)	318
Total intangible assets	**64.553**	**605**	**(5.930)**	**(765)**	**-**	**630**	**(23)**	**59.070**

€ thousand	As of January 1, 2022	Additions	(Amortisation)	(Decrease)	Reclass	Business Combinations	Other Movements	As of December 31, 2022
Start-up and expansion costs	105	-	(39)	-	-	-	-	66
Patents, concessions and licenses	69.544	204	(5.839)	(12)	-	5	3	63.905
Advances and assets under construction	76	8	-	-	-	-	(1)	83
Other intangible assets	485	275	(175)	(110)	-	14	10	499
Total intangible assets	**70.210**	**487**	**(6.053)**	**(122)**	**-**	**19**	**12**	**64.553**

€ thousand	As of January 1, 2021	Additions	(Amortisation)	(Decrease)	Reclass	Business Combinations	Other Movements	As of December 31, 2021
Start-up and expansion costs	144	-	(39)	-	-	-	-	105
Patents, concessions and licenses	75.297	107	(5.825)	(46)	-	-	11	69.544
Advances and assets under construction	256	50	-	(230)	-	-	-	76
Other intangible assets	228	344	(107)	-	-	-	20	485
Total intangible assets	**75.925**	**501**	**(5.971)**	**(276)**	**-**	**-**	**31**	**70.210**

Intangible assets mainly include Rino Mastrotto trademark (that resulted from the acquisition of the Group from NB Renaissance Partners Holding S.a.r.l.) and know-how, both included under Patents, concessions and licenses, equal to Euro 40.400 thousand and Euro 17.300 thousand respectively as of December 31, 2023.

Other intangible assets are related to leasehold improvements.

The main additions in intangible assets are related to the purchase of licences and software and the costs for leasehold improvements.

Other movements are related to exchange rate differences for negative Euro 78 thousand and positive Euro 2 thousand and 8 thousand as of December 31, 2023, 2022 and 2021 respectively and reversal to Income Statement for the remainder.

Note 8. Property, plant and equipment

The following table provides a breakdown for property, plant and equipment:

€ thousand	Land and building	Plants and machinery	Industrial and commercial equipment	Other tangible assets	Construction in progress	Total
Historical cost						
As of January 1, 2021	**67.857**	**123.946**	**8.895**	**7.990**	**1.960**	**210.647**
Additions	.1.634	3.123	384	437	977	6.554
(Disposals)	(56)	(1.136)	(33)	(151)	(5)	(1.381)
Reclass	959	141	(167)	13	(969)	(23)
Business Combinations	5	-	-	-	-	5
Other Movements	(17)	3	(28)	8	(2)	(36)
As of December 31, 2021	**70.382**	**126.077**	**9.052**	**8.296**	**1.961**	**215.768**
Additions	1.101	5.230	341	451	4.021	11.144
(Disposals)	(21)	(598)	(49)	(25)	(59)	(752)
Reclass	253	154	-	-	(407)	-
Business Combinations	2.387	2.802	1.262	95	254	6.801
Other Movements	1.407	1.837	(111)	168	14	3.313
As of December 31, 2022	**75.509**	**135.502**	**10.495**	**8.985**	**5.783**	**236.274**
Additions	6.501	9.688	616	1.205	7.164	25.175
(Disposals)	-	(1.929)	(107)	(462)	(241)	(2.739)
Reclass	3.903	3.471	109	16	(7.498)	-
Business Combinations	2.185	4.061	64	156	43	6.509
Other Movements	77	483	3	74	278	915
As of December 31, 2023	**88.174**	**151.276**	**11.180**	**9.974**	**5.529**	**266.134**

€ thousand	Land and building	Plants and machinery	Industrial and commercial equipment	Other tangible assets	Construction in progress	Total
Accumulated Depreciation						
As of January 1, 2021	**25.811**	**99.360**	**7.442**	**6.502**	**-**	**139.114**
(Disposals)	(30)	(767)	(4)	(113)	**-**	(915)
Depreciation	2.126	4.006	465	529	-	7.126
Reclass	21	-	(21)	-	-	-
Other Movements	3	10	(14)	7	-	5
As of December 31, 2021	**27.930**	**102.609**	**7.867**	**6.925**	**-**	**145.330**
(Disposals)	(15)	(450)	(52)	(24)	-	(541)
Depreciation	2.190	4.216	410	499	-	7.316
Other Movements	131	459	(62)	83	-	611
As of December 31, 2022	**30.236**	**106.834**	**8.163**	**7.484**	**-**	**152.718**
(Disposals)	-	(1.736)	(101)	(417)	-	(2.254)
Depreciation	2.566	5.639	579	652	-	9.435
Other Movements	97	361	6	48	-	512
As of December 31, 2023	**32.899**	**111.097**	**8.647**	**7.767**	**-**	**160.412**
Carrying amount as of:						
January 1, 2021	**42.046**	**24.586**	**1.453**	**1.488**	**1.960**	**71.533**
December 31, 2021	**42.451**	**23.468**	**1.185**	**1.372**	**1.961**	**70.438**
December 31, 2022	**45.272**	**28.668**	**2.331**	**1.502**	**5.784**	**83.556**
December 31, 2023	**55.274**	**40.179**	**2.533**	**2.207**	**5.530**	**105.722**

Land and and building refers to the properties owned by the Group, mainly related to the Parent Company for both industrial and civil buildings.
Plant and machinery includes the investments carried out throughout the years for the machineries used in the production process,
Industrial and commercial equipment includes the cost of purchase of various equipment for the warehouse (trestles, platforms, tanks, etc.) and laboratory.

Other tangible assets are mainly related to vehicles and office equipment.

In addition, please find below the results on Property, plant & equipment and on the Consolidated Income Statement of the recognition of the main leasing agreements according to the financial method:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Land and Buildings			
Historical cost	7.209	7.209	5.479
Accumulated depreciation	(6.353)	(6.061)	(4.914)
Carrying amount	856	1.148	565
Plant and machinery			
Historical cost	26.642	23.572	21.872
Accumulated depreciation	(23.414)	(22.166)	(21.478)
Carrying amount	3.228	1.406	394
Other tangible assets			
Historical cost	1.554	1.414	1.249
Accumulated depreciation	(1.436)	(1.367)	(1.249)
Carrying amount	118	47	-
Total impact on property, plant & equipment	**4.202**	**2.601**	**959**

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2023	For the year ended December 31, 2023
Reversal of costs for leases and rentals	(661)	(269)	
Recognition of depreciation	845	547	425
Recognition of financial expenses	36	14	
Reversal of deferred taxes	(26)	(81)	(118)
Total impact on Consolidated Income Statement	**194**	**211**	**307**

Note 9. Investment in subsidiaries and other companies

The relevant information referring to the subsidiaries and other companies is set forth below:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Investments accounted for using the equity method	1.190	1.476	995
Other investments	558	546	527
Total investment in subsidiaries and other companies	**1.748**	**2.022**	**1.522**

The value of investments accounted for using the equity method is detailed below:

€ thousand	Location	Share Capital	Equity	Profit for the year	Amounts as of	Ownership	Carrying amounts
RMG Australia Pty Ltd	Perth - Australia	-	105	4	30/06/2022	33,3%	35
AFX/Brus, L.L.C:		-	2.377	1.643	31/12/2023	50%	1.155
As of December 31, 2023							**1.190**
RMG Australia Pty Ltd	Perth - Australia	-	104	9	30/06/2021	33,3%	34
AFX/Brus, L.L.C:		-	3.019	2.708	31/12/2022	50%	1.442
As of December 31, 2022							**1.476**
RMG Australia Pty Ltd	Perth - Australia	192	104	9	30/06/2021	33,3%	34
AFX/Brus, L.L.C:		-	2.047	358	31/12/2021	50%	961
As of December 31, 2021							**995**

The breakdown of investments at cost is detailed below:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
UTIAC Spa	104	104	85
Consorzio depuratore Santa croce sull'Arno	439	428	428
Other investments	15	15	15
Total other investments	**558**	**546**	**527**

Note 10. Other financial assets

The relevant information referring to other financial assets is set forth below:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021

Receivables from subsidiaries	3.583	2.882	2.407
Other financial assets	200	261	159
Other securities	114	69	-
Total other non-current financial assets	**3.897**	**3.212**	**2.566**
Other current financial assets	1.065	2.402	-
Total other financial assets	**4.963**	**5.614**	**2.566**

Other financial assets mainly include Receivables from subsidiaries, related to the loan granted to the subsidiary Brusarosco De Mexico SA and Other current financial assets, that include the Group's investments in securities.

Note 11. Inventories

Inventories are detailed as follow:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Raw Materials	32.063	22.580	19.874
Work in progress and semi-finished products	45.934	38.621	40.149
Finished products	29.528	30.516	28.929
Advances	28	-	79
(Provisions for slow moving and obsolete inventories)	(500)	(500)	(2.505)
Total inventories	**107.053**	**91.217**	**86.526**

Inventories are presented net of obsolete and slow-moving provisions, in order to report their estimated realisable value. These provisions both reflect the economic and physical obsolescence of inventories.

The movements of the Provisions for slow moving and obsolete inventories throughout the years are detailed as follows:

	€ thousand
Provisions for slow moving and obsolete inventories as of January 1, 2021	**500**
Use of provision	-
Accrual	2.005
Reversal	-
Provisions for slow moving and obsolete inventories as of December 31, 2021	**2.505**
Use of provision	-
Accrual	-
Reversal	(2.005)
Provisions for slow moving and obsolete inventories as of December 31, 2022	**500**
Use of provision	-
Accrual	-
Reversal	-
Provisions for slow moving and obsolete inventories as of December 31, 2023	**500**

Note 12. Trade receivables

Trade receivables are detailed below:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Trade receivables	39.557	32.150	32.228
Bad debt provision	(384)	(281)	(445)
Total trade receivables	**39.173**	**31.869**	**31.783**

In addition to the Trade receivables from the Group's Italian and foreign customers, the caption also include receivables from the associates RMG Australia Pty and AFX BRUS LLC for Euro 872 thousand, Euro 130 thousand and E/uro 716 thousand respectively as of December 31, 2023, 2022 and 2021.

Trade receivables related to the subsidiary Elmo Sweden AB are covered by insurance policy, while the Parent Company has established pro-soluto factoring agreements for receivables related to several major customers, with underlying insurance policy. The receivables transferred following pro-soluto factoring and eliminated from the Consolidated Statement of Financial Position amounted to Euro 33.648 thousand, Euro 42.100 thousand and Euro 43.759 thousand respectively as of December 31, 2023, 2022 and 2021.

The bad debt provision reflects management's estimate based on the expected losses, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions, with the information known at the reporting date.

The annual provision is included under “Impairment of trade receivables”.

The movements of the “Bad debt provision” for trade receivables throughout the years are detailed as follows:

	€ thousand
Balance of bad debt provision receivables as of January 1, 2021	**918**
Use of provision	(594)
Accrual	121
Balance of bad debt provision receivables as of December 31, 2021	**445**
Use of provision	(329)
Accrual	165
Balance of bad debt provision receivables as of December 31, 2022	**281**
Use of provision	(13)
Accrual	116
Balance of bad debt provision receivables as of December 31, 2023	**384**

Note 13. Tax receivables

Tax Receivables are detailed below:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
VAT and ICMS receivables from the tax authorities	6.688	4.359	2.694
Direct tax receivables	2.445	5.728	904
PROAPI receivables	121	77	72
Tax receivables within 12 months	**9.254**	**10.164**	**3.670**
PROAPI receivables	166	274	326
ICMS and IPI receivables	7.395	6.985	7.381
Tax receivables beyond 12 months	**7.561**	**7.259**	**7.707**
Total tax receivables	**16.815**	**17.423**	**11.377**

Tax receivables mainly related to VAT receivables, that derive from the periodic settlement of VAT in the various Group companies. IPI and ICMS represent the value-added taxes due in Brazil.

Direct tax receivables include the tax advances paid, net of the related tax liabilities, resulting from the tax calculation made at year-end.

PROAPI receivables refer to receivables relating to government grant, calculated as a percentage of exports made by the Brazilian subsidiary Bermas Ltda. These receivables are towards respectively the Ceara local state and the Federal State. In the past, the difficult national and economic context of Brazil, has made the recovery time for the above receivables particularly slow and uncertain. For this reason, the Group has booked a bad debt provision of Euro 7.553 thousand, Euro 5.962 thousand and 4.532, respectively as of December 31, 2023, 2022 and 2021. It should be noted that during 2023 the Brazilian authorities began a review of the mechanisms for imposing and recovering any tax credits that should bring greater certainty and indication of the timing for the collection of such receivables.

Note 14. Deferred tax assets

The following table provides a breakdown for Deferred tax assets:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Rino Mastrotto Group S.p.A.	512	458	1.201
Rmg of America LLC	420	295	-
Tessitura Oreste Mariani S.p.A.	87	155	-
Total deferred tax assets	**1.019**	**908**	**1.201**
Consolidation entries	165	136	98
Total deferred tax assets	**1.184**	**1.044**	**1.299**

Deferred tax assets presented in the table above, reflect the net tax effect of temporary differences between the book value and the taxable value of assets and liabilities.

Deferred taxes assets booked by the Group are considered recoverable based on the forecasts of future profits made by managements of their respective companies. Deferred taxes assets have been calculated on the basis of the tax rates for the financial years in accordance with the legislation in force at the time of the preparation of these financial statements.

This item also includes a balance of Euro 165 thousand, Euro 136 thousand and Euro 98 thousand related to consolidation entries as of December 31, 2023, 2022 and 2021 respectively.

Note 15. Other receivables

Other receivables are composed as follows:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Advance payment to suppliers	570	121	1.167
Other receivables	603	1.170	1.097
Total other receivables	**1.173**	**1.291**	**2.264**

Other receivables mainly include advance payment to employees, receivables from the sellers of Imatex 23 S.r.l. and receivables for an export contribution.

Note 16. Prepaid expenses and accrued income

The following table provides a breakdown for Prepaid expenses and accrued income:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Prepaid expenses and accrued income	940	677	290

Prepaid expenses and accrued income mainly refer to prepayments made in relation to maintenance, marketing and advertising costs.

Note 17. Cash and cash equivalent

The following table provides a breakdown for Cash and cash equivalent:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Bank accounts	46.615	71.056	74.159
Cash on hand	16	13	2
Total Cash and cash equivalent	**46.631**	**71.069**	**74.161**

EQUITY AND LIABILITIES

Note 18. Equity

Share capital
The share capital subscribed to and paid-in amount to Euro 39.000 thousand as of December 31, 2023, 2022 and 2021.

Reserves are composed as follows:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Legal reserve	7.800	7.361	6.579
Share premium reserve	60.740	60.740	60.740
Revaluation reserve	12.081	12.081	12.081
Translation reserve	432	(329)	(2.753)
Extraordinary reserve	73.309	64.101	49.540
Other reserves	21.104	21.104	21.104
Cash Flow Hedge Reserve	-	453	(233)
Total Reserves	**175.467**	**165.511**	**147.058**

The Translation reserve includes exchange rate differences arising from the translation of the opening equity of foreign companies included in the consolidation scope at the exchange rates prevailing at the end of the period and from the translation of their net income at the average exchange rates for the period.

The Extraordinary reserve amount to Euro 73.309 thousand as of December 31, 2023, to Euro 64.101 thousand as of December 31, 2022, and to Euro 49.540 thousand as of December 31, 2021.

Cash flow hedge reserve
Changes in the fair value of derivatives are recognized:

- in the income statement, in the case of hedging the fair value of an asset or liability recognized in the financial statements, as well as changes in the fair value of the elements hedged (in the case the absolute value of the change in the fair value of the element changed is greater than the change of the fair value of the hedge, the difference is recognized in the income statement item pertinent to the item hedged);
- in a specific equity reserve in the case of hedges of financial flows using methods to counterbalance the effects of the flows hedged.

Retained earnings
Retained earnings amount to Euro 18.185 thousand as of December 31, 2023, to Euro 14.253 thousand as of December 31, 2022, and amount to Euro 14.072 thousand as of December 31, 2021.
The retained earning refers to the result accumulated by the Group during each of the three years.

Note 19. Equity attributable to non-controlling interests

Equity attributable to non-controlling interests is detailed below:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Equity attributable to non-controlling interests	15.033	8.723	2.558

Equity attributable to non-controlling interests includes the minority interests in the subsidiaries Rmg of America LLC (10%) since fiscal year 2021, Morellino S.r.l. (30%) and Tessitura Oreste Mariani S.p.A. (24%) since fiscal year 2022 and Imatex23 S.r.l. (20%) and Mapel Group S.r.l. (40%) since fiscal year 2023.

Note 20. Deferred tax liabilities

Deferred tax liabilities are as follows:

	€ thousand
Balance of Deferred tax liabilities as of January 1, 2020	**23.802**
Use	(1.839)
Accrual	39
Balance of Deferred tax liabilities as of December 31, 2021	**22.002**
Use	(1.963)
Accrual	33
Balance of Deferred tax liabilities as of December 31, 2022	**20.072**
Use	(1.747)
Accrual	334

Balance of Deferred tax liabilities as of December 31, 2023	**18.659**

Deferred tax liabilities mainly include the tax effects on unrealised foreign exchange gains and the tax impact of certain transactions occurred before fiscal year 2021.

Note 21. Employee benefits

Provisions for employee severance indemnities has changed as follows:

	€ thousand
Balance of employee benefits as of December 31, 2020	**2.561**
Uses	(349)
Provision	86
Balance of employee benefits as of December 31, 2021	**2.298**
Uses	(217)
Provision	225
Other movements	626
Balance of employee benefits as of December 31, 2022	**2.932**
Uses	(6)
Provision	49
Other movements	814
Balance of employee benefits as of December 31, 2023	**3.789**

The amount is calculated in relation to contractual obligations and applicable law. Other movements are related to business combinations.

Note 22. Provisions for risks and charges

Provisions for risks and charges are as follows:

€ thousand	**As of December 31, 2023**	**As of December 31, 2022**	**As of December 31, 2021**
Provision for agents' termination benefits	767	662	507
Other provision	4.454	2.669	1.355
Total provision for risks and charges	**5.221**	**3.331**	**1.862**

The movements of the provisions for risks and charges throughout the three years are set forth below:

	€ thousand
As of December 31, 2020	**1.770**
Uses	(738)
Provision	830
As of December 31, 2021	**1.862**
Uses	(345)
Provision	1.814
As of December 31, 2022	**3.331**
Uses	(4)
Provision	1.894
As of December 31, 2023	**5.221**

Provisions for risks and charges mainly include:

- The provision for agents' termination indemnity, that represents the estimated liability resulting from the application of current legislation and contractual clauses regarding the termination of agency relationships. This provision amounts to Euro 767 thousand, Euro 662 thousand and Euro 507 thousand as of December 31, 2023, 2022 and 2021 respectively;
- The provision related to the negative amount resulting from the investment in Brusarosco de Mexico SA, when applying the equity method. This provision amounts to Euro 4.454 thousand, Euro 2.669 thousand and Euro 1.355 thousand as of December 31, 2023, 2022 and 2021 respectively.

Note 23. Borrowings

Borrowings are analysed in the following table:

€ thousand	**As of December 31, 2023**	**As of December 31, 2022**	**As of December 31, 2021**

Borrowings			
- of which current	28.153	16.698	13.759
- of which non-current	157.934	150.470	164.248
Total borrowings	**186.087**	**167.168**	**178.007**

The following tables set forth the residual value and additional details of the Group's borrowings for the years ended December 31, 2023, 2022 and 2021:

€ thousand	Interest rate	Due date	Initial amount	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Term Loan A1 - 09/19	2,75%+ Euribor6 M	09/25/2025	48.800.000	23.580	32.137	41.429
Term Loan A2 - 09/19	2,75%+ Euribor6 M	09/25/2025	19.200.000	9.420	12.951	16.799
Term Loan A3 - 06/21	2,75%+ Euribor6 M	09/25/2025	8.000.000	4.204	5.697	7.222
Term Loan A4 - 12/23	2,75%+ Euribor6 M	03/31/2026	12.000.000	11.784	-	-
Term Loan B1 - 09/19	3,25%+ Euribor6 M	09/25/2026	73.200.000	72.519	71.511	70.014
Term Loan B2 - 09/19	3,25%+ Euribor6 M	09/25/2026	28.800.000	29.216	29.035	28.653
Term Loan B3 - 06/21	3,25%+ Euribor6 M	09/25/2026	12.000.000	12.076	11.969	11.780
Term Loan B4 - 12/23	3,25%+ Euribor6 M	09/25/2026	18.000.000	17.669	-	-
Term Loan – Unicredit 03/19	1,25%+ Euribor6 M	06/30/2023	159.271	-	54	158
Term Loan Credit Agricole	0,8%	06/30/2023	1.274.169	-	157	456
Credit Lines				6.619	3.657	1.496
Total borrowings			**221.433.440**	**186.087**	**167.168**	**178.007**

The bank borrowings require compliance of some financial parameters (covenants) calculated on the consolidated figures. The covenants have been respected in each financial period.

Note 24. Other financial liabilities

Other financial liabilities are as follows:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Other financial liabilities			
- of which current	689	459	358
- of which non-current	1.569	870	-
Total other financial liabilities	**2.258**	**1.329**	**358**

Other financial liabilities for the year ended December 31, 2023 and 2022 mainly include the amount of lease liabilities related to machinery and equipment, accounted for using the financial method.

As of December 31, 2021, the caption mainly includes the value of the derivative financial instrument 'Interest Rate Swap', entered into on January 29, 2020 by Odissea S.p.A., merged by incorporation into Rino Mastrotto Group S.p.A., to hedge the interest rate risk on Term Loan A1 and A2 granted on September 30, 2019 by a banks pool to Odissea S.p.A. for Euro 122.000.000. The financial instrument is composed as follows:

Bank	Original Notional	Start date	Final date	Notional as of December 31, 2021	Mark to Market as of December 31, 2021
Intesa Sanpaolo	45.185.185	01/31/2020	03/31/2023	42.992.375	(85.764)
Banco BPM	18.827.160	01/31/2020	03/31/2023	17.913.489	(35.810)
BNL	17.320.988	01/31/2020	03/31/2023	16.480.410	(33.304)
Unicredit	17.320.988	01/31/2020	03/31/2023	16.480.410	(32.922)
MPSCS	8.660.494	01/31/2020	03/31/2023	8.240.205	(16.484)

CA Friuladria	8.660.494	01/31/2020	03/31/2023	8.240.205	(16.463)
BPER	6.024.691	01/31/2020	03/31/2023	5.732.317	(12.203)
Total	**122.000.000**			**116.079.412**	**(232.950)**

Note 25. Trade payables

The following table shows the breakdown trade payables throughout the three years:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Trade payables			
- of which current	52.295	47.357	41.008

Throughout the three years trade payables mainly include payables to suppliers of raw materials.

Note 26. Tax liabilities

Tax liabilities are detailed below:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Income tax liabilities for the period	912	212	2.714
VAT liabilities	14	14	16
Liabilities for withholding tax	1.594	1.449	1.217
Other tax liabilities	302	746	221
Tax liabilities within 12 months	**2.822**	**2.422**	**4.168**
Other tax liabilities	-	218	218
Tax liabilities beyond 12 months	**-**	**218**	**218**
Total tax liabilities	**2.822**	**2.639**	**4.386**

Payables for withholding tax mainly refer to the amount of taxes to be paid by the Group on employees' compensations. Income tax liabilities for the period mainly refers to the balance due to tax authorities, net of advances paid.

Note 27. Social Security payables

This amounts, related to contributions for the month of December of each year, are broken-down as follows:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Rino Mastrotto Group S.p.A.	2.963	2.912	2.726
Nuova Osba S.r.l.	149	117	87
Elmo Sweden AB	295	209	266
Morellino S.r.l.	85	70	-
Tessitura Oreste Mariani S.p.A	162	166	-
Imatex 23 S.r.l.	66	-	-
Mapel Group S.r.l.	155	-	-
Total social security payables	**3.875**	**3.474**	**3.079**

The variations throughout the years are in line with the increase in personnel costs.

Note 28. Other liabilities

Other liabilities are detailed below:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Payables to employees and contractors for remuneration accrued but not yet paid	8.063	7.107	7.077
PROAPI liabilities	24	29	27
Payables to Board of Directors	127	101	51
Payables to Board of Statutory Auditors	57	57	57
Miscellaneous other payables	10.718	7.593	9.071
Advances from customers	433	398	629
Other liabilities within 12 months	**19.422**	**15.285**	**16.912**
Miscellaneous other payables	450	-	-
Other liabilities beyond 12 months	**450**	**-**	**-**
Total other liabilities	**19.872**	**15.285**	**16.912**

Payables to employees and contractors, to Board of Directors and to Board of Statutory Auditors include remuneration accrued but not yet paid at year end.

PROAPI liabilities include the reimbursement due to the Brazilian State for the government grant on exports accrued by the Brazilian subsidiary and recorded among "Tax Receivables".

Note 29. Accrued expenses

The following table shows the breakdown of Accrued expenses throughout the three years:

€ thousand	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Accrued expenses	2.210	1.293	662

They mainly include Italian Government incentives received by the Group in relation to the purchase of new machineries.

Consolidated Income Statement

Note 30. Revenue

Revenue are detailed in the following table:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Proceeds from the sale of goods	331.309	318.482	289.966
Revenues for service provided	244	72	285
Total Revenue	**331.553**	**318.554**	**290.251**

The following tables set forth a breakdown of revenues by geographical are for the years ended December 31, 2023, 2022 and 2021:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Europe	252.070	229.449	206.887
of which Italy	*127.163*	*134.142*	*120.867*
of which France	*62.526*	*49.390*	*42.173*
North America	73.181	79.274	71.707
of which U.S.A.	*72.277*	*78.193*	*70.617*
Other	6.302	9.831	11.657
Total Revenue	**331.553**	**318.554**	**290.251**

Note 31. Other Income

Other income is detailed in the following table:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Capital Gains	969	1.764	862
Government grants	1.876	3.566	132
Scrap and semi-finished products	29.929	25.973	25.828
Other revenue	921	889	962
Total other revenue	**33.695**	**32.192**	**27.784**

Other revenue mainly includes scrap and semi-finished products income, generated from the sale of residual outcomes of the production process. The remainder is related to government grants, gains from the sale of assets and other reimbursements.

Note 32. Purchase of goods and changes in inventory

Purchase of goods and changes in inventory comprise costs of raw materials, supplies and consumables as explicated below:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Raw Materials	183.804	171.979	173.414
Finished goods	12.505	14.379	8.731
Discounts on purchases	(1.256)	(1.405)	(1.435)
Other purchases	733	650	507
Purchase of raw materials, components and finished goods	**195.786**	**185.603**	**181.217**
Change in inventories of finished goods and semi-finished products	(5.765)	(293)	(14.865)
Change in inventories of raw materials and goods	(7.889)	(1.122)	(3.238)
Total Purchase of goods and change in inventory	**182.132**	**184.188**	**163.114**

Note 33. Costs for leases and rentals

The following table shows the breakdown of Cost for leases and rentals throughout the three years:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Cost for leases and rental	635	483	429

Cost for leases and rental include the expenses related to rented equipment, machines or other assets not accounted for using the financial method.

Note 34. Costs of services

Costs of services consist of the following:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Outsourced processing	16.939	18.366	20.342
Utilities	6.798	9.108	4.563
Consulting, Board Compensation and Statutory Auditors	4.990	3.550	3.408
Maintenance costs	5.761	4.705	4.410
Transportation	4.244	4.683	4.161
Insurance	1.289	1.221	947
Travel expenses	497	411	211
Agents	3.244	3.313	3.240
Advertising, marketing and sales services	1.517	1.076	666
Cleaning and ecology	7.217	6.125	5.597
Industrial Services	7.065	5.293	4.047
Other cost of services	4.863	3.763	3.520
Total cost of services	**64.424**	**61.614**	**55.112**

Cost of services mainly includes:

- Outsourced processing costs are related to the expenses incurred by the Group for the phases of the production cycle that are outsourced to third parties;
- Cleaning and ecology costs relate to the expenses incurred by the Group after the ordinary production cycle;
- Consulting, Board Compensation and Statutory Auditors include fees to the Statutory Auditors and to the Independent Auditing Firm (“auditors’ fees”) and fees to the Directors;
- Transportation costs are incurred by the Group on both purchases and sales, from and to countries where the Group operates;
- Maintenance costs are related to the expanses that the Group sustains to maintain its assets (especially machinery and equipment) in a good working condition.

Note 35. Personnel costs

Personnel costs are broken down as follows:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Salaries and wages	39.977	35.383	32.673
Social security contribution	8.963	7.264	6.582
Employee benefits	1.750	1.609	1.247
Other personnel costs	6.887	6.029	5.382
Total personnel costs	**57.578**	**50.285**	**45.884**

Personnel Costs include expenses for employees including unused vacation time and provisions required by law.

The number of people employed by the Group at year end is composed as follows:

Workforce	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Workers	1.023	879	741
Employees	263	229	211
Managers	7	8	7
Total workforce	**1.293**	**1.116**	**959**

Note 36. Other operating costs

Other operating costs consist of:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Indirect taxes	465	654	593
Membership fees	139	120	122
Contingent liabilities	164	530	124
Capital losses	29	18	53
Other costs	784	677	552
Total other operating costs	**1.581**	**1.999**	**1.444**

Other costs mainly include postal charges, penalties and stationeries.

Note 37. Financial Income

The following table shows the breakdown of financial income throughout the three years:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Financial income	1.180	254	82

Financial income derives from the interests on the loan granted to the subsidiary Brusarosco De Mexico SA. The loan was granted by the Parent Company to the subsidiary for 67 million MXN. The applicable interest rate is the 5,5%. The loan is due in 2026.

Note 38. Financial expenses

Financial expenses are broken down as follows:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Financial Expenses			
-Finance expenses on borrowing	(12.939)	(9.129)	(6.791)
-Other financing fees	(1.637)	(1.357)	(2.732)
Total financial expenses	**(14.576)**	**(10.486)**	**(9.523)**

Financial expenses refer – throughout the years presented – mainly to the interest on bank loans and to interests on factoring agreements for receivables.

Note 39. Net exchange rate (losses)/gains

Net exchange rate (losses)/gains are broken down as follows:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Net exchange rate (losses)/gains			
- Gains on exchange rates	3.074	5.717	4.601
- Losses on exchange rates	(4.015)	(4.279)	(2.622)
Total Net exchange rate (losses)/gains	**(941)**	**1.438**	**1.979**

Note 40. Results from investments accounted for using the equity method

The following table shows the breakdown of Results from investments accounted for using the equity method throughout the three years:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
RMG Australia	(1)	2	3
AFX/BRUS L.L.C	513	1.333	231
Brusarosco de Mexico sa	(1.785)	(1.621)	(779)
Total results from investments accounted for using the equity method	**(1.273)**	**(286)**	**(544)**

Note 41. Income Taxes

The allocation for each year income taxes for the consolidated companies was made on the basis of the presumable tax burden according to outstanding law.

Income taxes throughout the years are calculated as follows:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Current Taxes	8.011	6.523	9.145
Deferred Taxes	(1.418)	(1.083)	(2.302)
Total Income taxes	**6.592**	**5.441**	**6.843**

Note 42. Remuneration of Directors and Statutory Auditors

Remuneration of Directors, Statutory Auditors are detailed below:

€ thousand	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021
Board of Directors	2.797	1.728	1.338
Board of Statutory Auditors	92	65	57

Remuneration of Independent Audit Firm is equal to Euro 106 thousand, Euro 102 thousand and to Euro 102 thousand for the year ended December 31, 2023, 2022 and 2021 respectively.

Note 43. Related parties transactions

In addition to the remuneration of Directors, revenue, costs, payables and receivables with related parties as of and for the years ended December 31, 2023, 2022 and 2021 involve transactions that refer to the sale of goods or services which are part of normal operations of the Group. These transactions, that involve certain entities owned by some of the Group's shareholders, are carried out at normal market values.

The table below presents the transactions with related parties for the 3 years ended December 31, 2023:

€ thousand	Revenue and Other income	Operating costs	Receivables	Payables
INDUSTRIA CONCIARIA EUROPA S.R.L.	2.566	4.661	757	529
MIPEL S.R.L.	-	233	-	759
RM HOLDING S.r.l.	5	81	5	-
NEXUS S.r.l.	3	383	3	170
As of and for the year ended December 31, 2021	**2.574**	**5.358**	**765**	**1.458**
INDUSTRIA CONCIARIA EUROPA S.R.L.	955	14.860	139	303
MIPEL S.R.L.	-	551	-	-
RM HOLDING S.r.l.	0	84	-	-
NEXUS S.r.l.	-	328	-	144
As of and for the year ended December 31, 2022	**955**	**15.825**	**139**	**447**
INDUSTRIA CONCIARIA EUROPA S.R.L.	21	4.451	10	124
MIPEL S.R.L.	63	-	-	-
RM HOLDING S.r.l.	1	91	1	-
NEXUS S.r.l.	-	431	-	391
As of and for the year ended December 31, 2023	**85**	**4.973**	**11**	**515**

Note 44. Subsequent events occurred after December 31, 2023

After the end of the year, no significant events occurred that would have required adjustments to the Consolidated Financial Statements.

Deloitte & Touche S.p.A.
Via N. Tommaseo, 78/C int. 3
35131 Padova
Italia

Tel: +39 049 7927911
Fax: +39 049 7927979
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023, 2022 and 2021

To the Board of Directors of
Rino Mastrotto Group S.p.A.

Opinion

We have audited the accompanying consolidated financial statements of Rino Mastrotto Group S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, 2022 and 2021, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Italian GAAP.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Rino Mastrotto Group S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Directors have prepared for statutory purposes separate sets of statutory consolidated financial statements for the years ended December 31, 2023, 2022 and 2021 on the basis of the Italian law governing financial statements at each reference date on which we issued separate independent auditor's reports to the shareholders of the Company dated May 6, 2024, April 20, 2023 and July 14, 2022 respectively.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian GAAP and, within the terms established by law, for such

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internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE & TOUCHE S.p.A.



Carlo Pergolari
Partner

Padua, Italy
June 21, 2024

REGISTERED OFFICE OF THE ISSUER

Rino Mastrotto Group S.p.A.
Via dell'Artigianato 100
36070 Trissino (Vicenza)
Italy

LEGAL ADVISORS TO THE ISSUER

White & Case LLP

As to U.S. federal, New York state and Italian law

Piazza Diaz 2
20123 Milan
Italy

As to English law

5 Old Broad Street
London EC2N 1DW
United Kingdom

As to Swedish law

Biblioteksgatan 12
SE-114 85 Stockholm
Sweden

As to Italian Tax Law

Tremonti Romagnoli Piccardi e Associati
Via Crocefisso 12
20122 Milan
Italy

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. federal, New York state and English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

As to Italian law

Studio Legale Associato in association with Linklaters LLP
Via Fatebenefratelli 14
20121 Milan
Italy

As to Swedish law

Linklaters Advokatbyrå AB
Regeringsgatan 67
Box 7833
Stockholm, 103 98
Sweden

INDEPENDENT AUDITOR TO THE ISSUER

Deloitte & Touche S.p.A.
Via Tortona 25
20144 Milan
Italy

LISTING AGENT

Matheson LLP
70 Sir John Rogerson's Quay
Dublin 2, D02 R296
Ireland

PAYING AGENT AND CALCULATION AGENT

Elavon Financial Services DAC
Block F1, Cherrywood Business Park, Cherrywood
Dublin 18, D18 W2X7
Ireland

TRUSTEE

U.S. Bank Trustees Limited
125 Old Broad Street, Fifth Floor
London, EC2N 1AR
United Kingdom

SECURITY AGENT

U.S. Bank Trustees Limited
125 Old Broad Street, Fifth Floor
London, EC2N 1AR
United Kingdom

LEGAL ADVISOR TO THE TRUSTEE AND THE SECURITY AGENT

Reed Smith LLP
The Broadgate Tower, 20 Primrose St
London EC2A 2RS
United Kingdom

TRANSFER AGENT AND REGISTRAR

Elavon Financial Services DAC
Block F1, Cherrywood Business Park, Cherrywood
Dublin 18, D18 W2X7
Ireland