OFFERING MEMORANDUM | **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

Kepler S.p.A.

€345,000,000 Senior Secured Floating Rate Notes due 2029

Kepler S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy (the "**Issuer**"), is offering (the "**Offering**") €345,000,000 aggregate principal amount of its Senior Secured Floating Rate Notes due 2029 (the "**Notes**"). The gross proceeds from the Offering, together with cash on balance sheet, will be used to repay in full and cancel the indebtedness incurred by the Issuer under the Bridge Facilities (as defined herein), including accrued interest thereon, and pay certain fees and expenses in connection with the Offering and the Bridge Facilities Refinancing (as defined herein). The amounts drawn under the Bridge Facilities were used, together with the Equity Contribution (as defined herein) and all available cash on the balance sheet of the Company as of the Completion Date (each as defined herein), to (i) pay the purchase price for the indirect acquisition (the "**Acquisition**") by the Issuer of Biofarma S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy (the "**Company**") and its subsidiaries (together with the Company, the "**Biofarma Group**"), on March 22, 2022 (the "**Completion Date**"), fund the Udine Plant Acquisition (as defined herein) and the Apharm Minority Interest Acquisition (as defined herein) and make certain additional payments to management in connection with the Acquisition, (ii) repay in full and cancel the Refinanced Company Indebtedness (as defined herein), (iii) pay fees and expenses in connection with the Transactions (as defined herein) and (iv) fund cash overfunding on the balance sheet of the Issuer and its subsidiaries. See "*Summary—The Transactions*" and "*Use of Proceeds.*"

The Issuer will pay interest on the Notes at a rate equal to three-month EURIBOR (with a 0.0% floor) plus 5.75% per annum, reset quarterly. Interest will be paid on the Notes quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing on September 15, 2022, *provided* that the final interest payment date will be May 15, 2029. The Notes will mature on May 15, 2029. At any time on or after May 15, 2023, the Issuer may redeem all or part of the Notes at the redemption prices set forth in this offering memorandum (this "**Offering Memorandum**") as described under *"Description of Notes—Optional Redemption*." At any time prior to May 15, 2023, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, plus a "make-whole" premium, as described under *"Description of Notes—Optional Redemption*." If a change of control occurs, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to but excluding the date of purchase. In addition, the Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. See "*Description of Notes*."

We intend to use commercially reasonable efforts to merge Tauri S.p.A., a direct subsidiary of the Issuer and sole shareholder of the Company ("**BidCo**"), with the Company in accordance with applicable provisions of Italian law and as further described herein, with MergerCo (as defined herein) being the surviving entity (the "**Post Completion Merger**") as soon as reasonably practicable following the Issue Date (as defined herein). The Post Completion Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to Our Structure and the Financing—We may be unable to complete the Post Completion Merger within the anticipated time frame, or at all*."

On the Issue Date, the Notes will be guaranteed by BidCo. Subject to the Agreed Security Principles (as defined herein) and to certain significant limitations under Italian law, the Issuer shall use commercially reasonable efforts to procure that, by no later than 90 days from the earlier of (i) the date on which the Post Completion Merger becomes effective and (ii) in the event the Post Completion Merger has not yet occurred at such time, March 22, 2023 (the "**Cut-Off Date**"), the Post-Closing Guarantors (as defined herein) guarantee the Notes. The Guarantors (as defined herein) also guarantee, or will guarantee, the Revolving Credit Facility (as defined herein).

On or about the Issue Date, subject to the Agreed Security Principles and to certain significant limitations under Italian law, (i) the Notes will be secured on a first-ranking basis by the Issue Date Collateral (as defined herein) and (ii) the BidCo Proceeds Loan (as defined herein) will be secured on a first-ranking basis by the Indirect Collateral (as defined herein). Following the Post Completion Merger, within the terms set forth in this Offering Memorandum, the Notes will also be secured by the Post Merger Collateral (as defined herein). In the event that the Post Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that the Notes will be secured, subject to the Agreed Security Principles and to certain significant limitations under Italian law, by the Biofarma Group Collateral (as defined herein) within 90 days of the Cut-Off Date. The Collateral also secures and will secure, directly or indirectly, on a first-ranking basis the Revolving Credit Facility.

Under the terms of the Intercreditor Agreement, the holders of Notes will receive proceeds from the enforcement of the Collateral after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) have been repaid in full. The Guarantees (as defined herein) and the Collateral will be subject to certain material limitations under Italian law and may be released under certain circumstances. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—There are circumstances other than the repayment or discharge of the Notes under which the Collateral and/or the Guarantees will be released automatically without your consent or the consent of the Trustee or the Security Agent*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future*," "*Description of Certain Financing Arrangements—Intercreditor Agreement,*" *"Description of Notes—Security*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security interests over the Indirect Collateral will not be directly granted to the holders of the Notes*."

Subject to and as set forth in *"Description of 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) ("**Decree No. 239**") if the Notes are held by a person resident in a country that is not included in the list issued under Article 11(4)(c) of Decree No. 239, and otherwise in the circumstances as described in *"Description of Notes—Withholding Taxes.*"

This Offering Memorandum includes information on the terms of the Notes and the Guarantees, including redemption and repurchase prices, covenants, events of default and offering and transfer restrictions.

There is currently no public market for the Notes. 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 thereof. The Notes will be issued in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on issue by one or more Global Notes (as defined herein), and the Initial Purchasers (as defined herein) expect to deliver the Notes in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") on or about May 20, 2022 (the "**Issue Date**"). See "*Book Entry, Delivery and Form*." This Offering Memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 45 of this Offering Memorandum.

Issue Price: 96.00% 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 laws of any other jurisdiction. In the United States, the Offering is being made only to "qualified institutional buyers" ("QIBs") in reliance on the exemption provided by Rule 144A under the U.S. Securities Act ("Rule 144A"). Outside the United States, the Offering is being made in connection with offshore transactions in reliance on Regulation S under the U.S. Securities Act. Prospective purchasers that are QIBs are hereby notified that the seller 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. See "*Plan of Distribution*" and "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

Joint Global Coordinators

BNP PARIBAS
Physical Bookrunner

Mediobanca

Nomura

Bookrunner

IMI—Intesa Sanpaolo

The date of this Offering Memorandum is May 20, 2022

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IMPORTANT INFORMATION

The Issuer has prepared this Offering Memorandum solely for use in connection with the Offering. This Offering Memorandum does not constitute an offer to the public generally to subscribe for or otherwise acquire securities.

You should rely only on the information contained in this Offering Memorandum. Neither the Issuer nor any of BNP Paribas, Mediobanca—Banca di Credito Finanziario S.p.A., Nomura Financial Products Europe GmbH and Intesa Sanpaolo S.p.A. (each an "**Initial Purchaser**" and, collectively, the "**Initial Purchasers**") has authorized anyone to provide you with any information or represent anything about the Issuer or any of their respective affiliates, their financial results or this Offering that is different from the information contained herein. If given or made, any such information or representation should not be relied upon as having been authorized by the Issuer or the Initial Purchasers. None of the Issuer, any Guarantor or any Initial Purchaser is making an offer of the Notes in any jurisdiction where the Offering is not permitted. None of the Initial Purchasers make any representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this Offering Memorandum. Nothing contained in this Offering Memorandum is or should be relied upon as a promise or representation by any Initial Purchasers as to the past or the future. You agree to the foregoing by accepting delivery of this Offering Memorandum.

Except as provided below, the Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer has made all due inquiries and confirms that to the best of its knowledge and belief, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, the Issuer does not accept further responsibility in respect of such information. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of certain documents referred to herein will be made available to prospective investors upon request to the Issuer as described under "*Listing and General Information*." The information in this Offering Memorandum is current only as of the date on its cover, and may change after that date. For any time after the cover date of this Offering Memorandum, the Issuer does not represent that its affairs are the same as described or that the information in this Offering Memorandum is correct, the Issuer does not imply those things by delivering this Offering Memorandum or selling Notes to you. The contents of our website, and of any other website referred to herein, are not incorporated into, and do not form part of, this Offering Memorandum.

By accepting delivery of this Offering Memorandum, you acknowledge that you have had an opportunity to request from the Issuer for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You further agree to the foregoing restrictions, to make no photocopies of this Offering Memorandum or any documents referred to herein and not to use any information included herein for any purposes other than considering an investment in the Notes. You also acknowledge that you have not relied on the Initial Purchasers, the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent or the Registrar in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes. You should consult your own legal, tax and business advisors regarding an investment in the Notes. Information in this Offering Memorandum is not legal, tax or business advice.

You may not use any information herein for any purpose other than considering an investment in the Notes.

The Issuer reserves the right to withdraw this Offering at any time. The Issuer and the Initial Purchasers reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or for no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser.

This Offering Memorandum is not an offer to sell the Notes and it is not soliciting an offer to buy any Notes in any jurisdiction in which such offer or sale is not permitted. The distribution of this Offering Memorandum and the offer and sale of the Notes may, in certain jurisdictions, be restricted by law. None of the Issuer, the Guarantors or the Initial Purchasers represents that this Offering Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. None of the Issuer, the Guarantors or the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. In particular, no action has been taken by the Issuer, the Guarantors or the Initial Purchasers which would permit a public offering of any Notes or distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. Persons into whose possession this Offering Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Memorandum and the offering and sale of Notes. In particular, there are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions, including the United States and the United Kingdom (the "**UK**"), and to persons connected therewith. See *"Transfer Restrictions."* The Issuer does not make any representation to you that the Notes are a legal investment for you.

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 thereof.

In connection with the Offering, the Initial Purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to the Offering.

STABILIZATION

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

NOTICE TO U.S. INVESTORS

This Offering Memorandum is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

For the Offering, the Issuer and the Initial Purchasers are relying upon exemptions from registration under the U.S. Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A under the U.S. Securities Act. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the provision of Section 5 of the U.S. Securities Act provided by Rule 144A. The Notes are subject to restrictions on transferability and resale. Purchasers of the Notes may not transfer or resell the Notes except as permitted under the U.S. Securities Act and applicable U.S. state securities laws. See *"Transfer Restrictions."*

The Notes and the Guarantees have not been approved or disapproved by the U.S. Securities and Exchange Commission or any other securities commission or regulatory authority in the United States, nor have the foregoing authorities approved this Offering Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

NOTICE TO CERTAIN INVESTORS IN THE EUROPEAN ECONOMIC AREA

Prohibition of Sales to EEA Retail Investors

This Offering Memorandum has been prepared on the basis that any offer of the Notes in the European Economic Area (the "**EEA**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Notes. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 and includes any relevant implementing measure in each member state (each, a "**Member State**") of the EEA. This Offering Memorandum is not a prospectus for the purpose of the Prospectus Regulation.

Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchasers to produce a prospectus for such offer. Neither the Issuer nor 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 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 the Prospectus Regulation.

EEA MiFID II product governance/ Professional investors and ECPs 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 eligible counterparties ("**ECPs**") 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.

Italy

The Offering has not been 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 or published in the Republic of Italy either on the primary or on the secondary market, except (a) to qualified investors (*investitori qualificati*) as referred to in Article 2(e) of the Prospectus Regulation; or (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of May 14,1999, as amended (the "**Issuer Regulation**"), and the applicable Italian 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 must be in compliance with the selling restrictions under (a) and (b) 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 Italian Legislative Decree No. 58 of February 24, 1998, as amended (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, 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 and regulations; and

(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, as amended from time to time) or any other relevant Italian competent authorities.

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

NOTICE TO UK INVESTORS

Prohibition of Sales to Certain UK Investors

This 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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**") from a requirement to publish a prospectus for offers of the Notes. This Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

Accordingly, any person making or intending to make any offer within the UK of the Notes should only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchasers to produce a prospectus for such offer. Neither the Issuer nor 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 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; (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; or (iii) not a "qualified investor" as defined in Article 2(e) of the UK Prospectus Regulation.

This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are outside the UK, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "**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. This Offering Memorandum has not been approved by the Financial Conduct Authority or any other competent authority. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

UK MiFIR product governance / Professional investors and ECPs 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 ECPs, 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 ECPs 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 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.

NOTICE TO SWISS INVESTORS

The Offering in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because the Notes have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more, and further because the Notes qualify as money market instruments.

The Notes have not been and will not be listed or admitted to trading on a trading venue (*i.e.*, exchange or multilateral trading facility) in Switzerland. This Offering Memorandum does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the Offering.

NOTICE TO HONG KONG INVESTORS

The Notes may not be offered or sold in Hong Kong by means of any document except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made thereunder; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (the "**CO**") or which do not constitute an offer to the public within the meaning of the CO. No advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

NOTICE TO SINGAPORE INVESTORS

This Offering Memorandum has not been registered as an offering memorandum with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; (3) by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulation 2018 of Singapore.

For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Offering Memorandum, see "*Transfer Restrictions*."

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

AVAILABLE INFORMATION

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, we will furnish to any holder or beneficial owner of Notes, or to any prospective purchaser designated by any such registered holder, upon the written request of any such person, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to the holders of the Notes. See *"Description of Notes—Certain Covenants—Reports*." We will also make available all reports required by the covenants described under *"Description of Notes—Certain Covenants—Reports*" (i) on the Biofarma Group's website and (ii) if and so long as the Notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, at the specified office of the Listing Agent (as defined herein).

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements, including, without limitations, statements about our markets and our strategy, future operations, industry forecasts and expected investments. Forward-looking statements provide our current expectations, intentions or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "seek," "target" 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.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements for many reasons, including the factors described in the section entitled "*Risk Factors*" in this Offering Memorandum. In addition, even if our actual results are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. For example, factors that could cause our actual results to vary from projected future results include, but are not limited to:

- adverse and uncertain global economic conditions, including factors affecting our, our customers' and our suppliers' access to credit;
- volatility in the availability and price of the raw materials on which our business relies;
- the possibility of disruption in our supplier relationships;
- the impact of COVID-19 and related risks;
- our ability to implement our business strategies;
- our ability to develop new, commercially viable products or find sufficient commercial use for those products that we have already developed;
- our ability to adjust our products or technologies to address our customers' changing requirements or competitive challenges in a timely manner;
- significant levels of competition in our industry, as well as the markets of certain of our customers;
- any future acquisitions and certain of our acquisitions, including the IHS Acquisition;
- our ability to achieve the targeted benefits from restructuring and operational improvement measures;
- exposure to Italian economic and political uncertainty and volatility;
- economic and political risks in the emerging markets in which we operate;
- absence of full control over some of our joint investments and other similar business arrangements;
- our sales being concentrated among a relatively select group of customers;
- market perceptions concerning the instability of the euro, the potential reintroduction of individual currencies within the Eurozone or the potential dissolution of the euro entirely;
- operational, health and safety risks;
- compliance with environmental, health and safety, and mandatory hiring laws and regulations and the retention of requisite permits related to our operations;
- our ability to face liabilities in connection with environmental matters and to be subject to ongoing costs and regulations related to contamination or exposure impacts from our operations or products;
- delays in obtaining regulatory approvals and changes in rules and regulations governing our products;
- loss resulting from non-payment or non-performance by our customers;
- incurring litigation-related expenses and/or reputational damage, including in relation to our product quality;
- anti-corruption and anti-bribery laws and regulations and economic sanctions programs in the jurisdictions in which we operate;

- our ability to continue to retain and attract highly skilled employees;
- third party infringement of our intellectual property rights;
- security breaches of or damage to our IT systems;
- the various authorizations, licenses and permits required to operate our business;
- the adequacy of our insurance coverage and the costs thereof;
- the need for substantial additional capital in the future to fund our business;
- the reputation of, and value associated with, our brand;
- labor disputes or work stoppages;
- our ability to maintain an effective system of internal controls;
- more stringent regulations in the area of data privacy;
- 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;
- tax and social security audits;
- liabilities associated with our directors, employees or other agents;
- changes to the corporate tax system;
- goodwill being subject to high amortization rates and the need to recognize impairment charges related to goodwill, identified intangible assets and fixed assets;
- other risks associated with our financial information, the Transactions, our structure, the Financing, the Notes, the Guarantees and the Collateral; and
- other factors discussed under "*Risk Factors*."

Accordingly, prospective investors should not rely on these forward-looking statements, which speak only as of the date of this Offering Memorandum or as otherwise indicated. We do not have any obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of such forward-looking statement or to reflect the occurrence of unanticipated events.

In addition, from time to time, we and our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing. These forward-looking statements may be included in, but are not limited to, press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The factors listed above and the other risks described in the "*Risk Factors*" section of this Offering Memorandum are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not place undue reliance on forward-looking statements as a prediction of actual results.

CERTAIN DEFINITIONS

In this Offering Memorandum, the following words and expressions have the following meanings, unless the context otherwise requires or unless otherwise so defined. In particular, capitalized terms set forth and used in the section entitled *"Description of Notes"* may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum.

"**2019 Acquired Companies**"	refers to the following companies which we acquired controlling stakes in, or the entire share capital of, during the period from January 1, 2019 to December 31, 2019: (i) Apharm S.r.l. (consolidated in the Company's financial statements from July 2019); and (ii) Claire S.r.l. (consolidated in the Company's financial statements from August 2019 and subsequently merged with and into Nutrilinea S.r.l. in March 2021). For additional details on the acquisition of the 2019 Acquired Companies, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Acquisitions,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Comparability of Our Results of Operations—Consolidation of the Biofarma Group*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."
"**Acquisition Agreement**"	refers to the quota purchase agreement relating to all of the equity interests in the Company dated January 15, 2022, among Ardian Buyout Fund VII B SLP (represented by its management company Ardian France S.A.), as purchaser, and the Sellers, as sellers, together with all annexes thereto.
"**Acquisition**"	refers to the indirect acquisition by the Issuer of all of the equity interests in the Company pursuant to the Acquisition Agreement as described in this Offering Memorandum under "*Summary—The Transactions—The Acquisition, the Apharm Minority Interest Acquisition and the Udine Plant Acquisition.*"
"**Agreed Security Principles**"	refers to the agreed security principles to be set forth in an annex to the Indenture and summarized in *"Description of Notes—Security—General."*
"**Apharm**"	refers to Apharm S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy, and a direct subsidiary of Nutrilinea.
"**Apharm Minority Interest Acquisition**"	refers to the acquisition by Nutrilinea of the remaining 30% equity interest in its subsidiary Apharm for a purchase price of €18.4 million, which was completed on April 8, 2022.
"**Apharm Proceeds Loan**"	refers to the intercompany loan for an aggregate amount of €5.4 million made with a portion of the proceeds of the Nutrilinea Proceeds Loan by Nutrilinea, as lender, to Apharm, as borrower, drawn on the Completion Date to refinance a portion of the Refinanced Company Indebtedness and pay related fees and expenses. See "*Use of Proceeds*" and "*Description of Certain Financing Arrangements—Proceeds Loans.*"
"**Ardian**" or "**Sponsor**"	refers to Ardian France S.A. and its affiliates.
"**BidCo Proceeds Loan**"	refers to the intercompany loan for an aggregate amount of €345.0 million (gross of applicable fees) made with the proceeds of the Bridge Facilities by the Issuer, as lender, to BidCo, as borrower, drawn on the Completion Date to (i) finance a portion of the consideration payable in connection with the Acquisition and (ii) fund

the Biofarma Proceeds Loan. See "*Use of Proceeds*" and "*Description of Certain Financing Arrangements—Proceeds Loans*."

"**BidCo**" . . . . refers to Tauri S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy, the Issuer's sole direct subsidiary and the Company's sole direct quotaholder. Following the Post Completion Merger, any reference herein to BidCo shall be deemed to be made to MergerCo.

"**Biofarma Group**," "**us**," "**we**," "**our**" and the "**Group**" . . . . refers to the Company and its subsidiaries, unless otherwise specified or unless the context requires otherwise.

"**Biofarma Group Collateral**" . . . . . . has the meaning ascribed to it under "*Summary—The Offering—Security.*"

"**Biofarma Proceeds Loan**" . . . . refers to the intercompany loan for an aggregate amount of €215.8 million made with a portion of the proceeds of the BidCo Proceeds Loan (consisting of the proceeds of the Bridge Refinancing Tranche and the proceeds of the Bridge General Corporate Purpose Tranche) by BidCo, as lender, to the Company, as borrower, drawn on the Completion Date to refinance the Refinanced Company Indebtedness, pay related fees and expenses and fund each of the Udine Plant Acquisition and the Apharm Minority Interest Acquisition. See "*Use of Proceeds*" and "*Description of Certain Financing Arrangements—Proceeds Loans*."

"**Bridge Acquisition Tranche**" . . . . . . refers to the €129.2 million virtual tranche deriving from Facility B1 under the Bridge Facility Agreement, the proceeds of which were indirectly used by the Issuer (through BidCo) to consummate the Acquisition, as further described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*."

"**Bridge General Corporate Purpose Tranche**" . . . . refers to the €33.3 million virtual tranche deriving from Facility B1 under the Bridge Facility Agreement, the proceeds of which were indirectly used by the Issuer (through BidCo and the Company, as applicable, via the BidCo Proceeds Loan and the Biofarma Proceeds Loan, respectively) to fund, *inter alia*, cash to the Company's balance sheet (via the Biofarma Proceeds Loan) for the funding of the Apharm Minority Interest Acquisition (via Nutrilinea) and payment of related fees and expenses, as further described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*."

"**Bridge Facility Agreement**" . . . . refers to the senior secured bridge facility agreement dated as of March 16, 2022, among, *inter alios*, the Issuer, as borrower, and BNP Paribas, Italian Branch, as agent and security agent.

"**Bridge Facilities Refinancing**" . . . . . refers to the transactions described under "*Summary—The Transactions—Bridge Facilities Refinancing*."

"**Bridge Facilities**" . . . . refers to the €345.0 million senior secured bridge facilities consisting of the following virtual tranches: (i) Bridge Refinancing Tranche, (ii) the Bridge Acquisition Tranche and (iii) the Bridge General Corporate Purpose Tranche, in each case, made available to the Issuer under the Bridge Facility Agreement, as described in more detail in "*Description of Certain Financing Arrangements—Bridge Facility Agreement*."

"**Bridge Refinancing Tranche**" . . . . . refers to the €182.5 million virtual tranche deriving from Facility B2 under the Bridge Facility Agreement, the proceeds of which were indirectly used by the Issuer (through Bidco, the Company and certain subsidiaries of the Biofarma Group via the relevant Proceeds Loans) to consummate the Refinancing, as further described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*."

"**CAGR**"	refers to the year-over-year average growth rate over a specified period of time.
"**Clearstream**"	refers to Clearstream Banking, S.A. as currently in effect or any successor securities clearing agency.
"**Collateral**"	refers to the Issue Date Collateral, the Indirect Collateral, the Post Merger Collateral and the Biofarma Group Collateral, as applicable, together with any and all assets in respect of which from time to time a security interest will be granted pursuant to a Security Document (as defined herein) to secure, directly or indirectly, the obligations under the Indenture or the Notes and/or any Guarantee, in each case as may be in existence from time to time, as further described under "*Summary—The Offering—Security.*"
"**Company**"	refers to Biofarma S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy and a wholly-owned direct subsidiary of BidCo. Following the Post Completion Merger, any reference herein to the Company shall be deemed to be made to MergerCo.
"**Completion Date**"	refers to March 22, 2022, the date on which the Acquisition was consummated.
"**Cut-Off Date**"	refers to March 22, 2023 (*i.e.*, the date falling twelve months after the Completion Date).
"**Equity Contribution**"	has the meaning ascribed to it under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing.*"
"**EU**"	refers to the European Union.
"**EURIBOR**"	refers to the Euro Interbank Offered Rate.
"**euro**" or "**€**" or "**EUR**"	refers to the lawful currency of the participating member states of the European Economic and Monetary Union.
"**Euroclear**"	refers to Euroclear Bank SA/NV, as currently in effect or any successor securities clearing agency.
"**Financing**"	has the meaning ascribed to it under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing.*"
"**GDPR**"	refers to the General Data Protection Regulation (Regulation (EU) 2016/679).
"**Guarantees**"	has the meaning ascribed to it under "*Summary—The Offering—Guarantees*."
"**Guarantors**"	has the meaning ascribed to it under "*Summary—The Offering—Guarantees.*"
"**IFRS**"	refers to International Financial Reporting Standards as adopted by the European Union.
"**IHS**"	refers to International Health Science S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy, in which the Company acquired an indirect controlling stake through Pasteur on January 28, 2022. See "*Summary—Recent Developments—IHS Acquisition.*"

"**IHS Acquisition**"	has the meaning ascribed to it under "*Summary—Recent Developments—IHS Acquisition.*"
"**Indenture**"	refers to the indenture that will govern the Notes, to be dated as of the Issue Date, by and among, *inter alios*, the Issuer, BidCo, the Trustee and the Security Agent.
"**Indirect Collateral**"	has the meaning ascribed to it under "*Summary—The Offering—Security*."
"**Initial Purchasers**"	refers to, collectively, BNP Paribas, Mediobanca—Banca di Credito Finanziario S.p.A., Nomura Financial Products Europe GmbH and Intesa Sanpaolo S.p.A.
"Intercreditor Agreement"	refers to the intercreditor agreement entered into on March 16, 2022 among, *inter alios*, the Issuer, BidCo, the agent under the Revolving Credit Facility Agreement and the Bridge Facility Agreement and the Security Agent, as further described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and as amended, supplemented and restated from time to time, and to which the Trustee will accede on the Issue Date.
"**ISIN**"	refers to International Securities Identification Number.
"**Issue Date Collateral**"	has the meaning ascribed to it under "*Summary—The Offering—Security.*"
"**Issue Date**"	refers to the date on which the Notes offered hereby will be originally issued, expected to be May 20, 2022.
"**Issuer**"	refers to Kepler S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy and BidCo's direct parent entity.
"**Italian Civil Code**"	refers to the Italian civil code (*codice civile*), enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.
"**Italian GAAP**"	refers to the Italian laws governing the preparation of financial statements, as interpreted and integrated by the accounting principles established by the *Organismo Italiano di Contabilità—OIC*.
"**Italian Golden Power Authority**"	refers to Italian Law Decree (*decreto legge*) No. 21 of March 15, 2012, as converted into law and amended by Italian Law No. 56 of May 11, 2012; Italian Law Decree (*decreto legge*) No. 105 of September 21, 2019, as converted into law and amended by Italian Law No. 133 of November 18, 2019; and Italian Law Decree (*decreto legge*) No. 23 of April 8, 2020, as converted into law and amended by Italian Law No. 40 of June 5, 2020, each as subsequently amended and supplemented, and including the relevant implementing decrees adopted in relation to the abovementioned laws and regulations.
"Italian Golden Power Clearance"	refers to the obtainment of the clearances, approvals and consents required to be granted under the applicable Italian Golden Power Legislation, including any statement from the Italian Golden Power Authority that it lacks or declines jurisdiction or a decision confirming that the request is not subject to filing pursuant to the Italian Golden Power Legislation or the expiration of the applicable review period (or any extension act by the Italian Golden Power Authority, to the extent that such inaction has the same effect as an explicit clearance, approval or consent).
"Italian Golden Power Legislation"	refers to Italian Law Decree (*decreto legge*) No. 21 of March 15, 2012, as converted into law and amended by Italian Law No. 56 of

May 11, 2012; Italian Law Decree (*decreto legge*) No. 105 of September 21, 2019, as converted into law and amended by Italian Law No. 133 of November 18, 2019; and Italian Law Decree (*decreto legge*) No. 23 of April 8, 2020, as converted into law and amended by Italian Law No. 40 of June 5, 2020, each as subsequently amended and supplemented, and including the relevant implementing decrees adopted in relation to the abovementioned laws and regulations.

"Legislative Decree No. 231/2001" . . . refers to Italian Legislative Decree No. 231 of June 8, 2001, governing the administrative liability of legal entities.

"MergerCo" . . . . refers to the surviving entity of the Post Completion Merger, which is expected to be the Company.

"MidCo" . . . . refers to Denis S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy and the Issuer's direct parent entity.

"Notes" . . . . refers to the Issuer's notes offered hereby.

"Nutrilinea" . . . . refers to Nutrilinea S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy, a direct subsidiary of the Company and Apharm's sole direct quotaholder.

"Nutrilinea Proceeds Loan" . . . . refers to the intercompany loan for an original aggregate amount of €54.8 million (subsequently increased by €18.4 million) made with a portion of the proceeds of the Biofarma Proceeds Loan by the Company, as lender, to Nutrilinea, as borrower, drawn on the Completion Date to refinance a portion of the Refinanced Company Indebtedness and pay related fees and expenses, as amended and restated from time to time. On April 5, 2022, the agreement governing the Nutrilinea Proceeds Loan was amended in order to increase the original commitment for the purposes of consummating the Apharm Minority Interest Acquisition. See "*Use of Proceeds*" and "*Description of Certain Financing Arrangements—Proceeds Loans*."

"Offering" . . . . refers to the offering of the Notes pursuant to this Offering Memorandum.

"Offering Memorandum" . . . . refers to this offering memorandum related to the Offering.

"Pasteur" . . . . refers to Pasteur S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy, and a direct subsidiary of the Company.

"Pasteur Proceeds Loan" . . . . refers to the intercompany loan for an aggregate amount of €34.2 million made with a portion of the proceeds of the Biofarma Proceeds Loan by the Company, as lender, to Pasteur, as borrower, drawn on the Completion Date to refinance a portion of the Refinanced Company Indebtedness and to pay related fees and expenses. See "*Use of Proceeds*" and "*Description of Certain Financing Arrangements—Proceeds Loans*."

"PIKCo" . . . . refers to Kelt S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy and MidCo's direct parent entity.

"PIKCo Private Notes Trust Deed" . . refers to the trust deed dated as of March 18, 2022 governing the terms of the PIKCo Private Notes, by and among, *inter alios*, PIKCo, as issuer, and The Law Debenture Trust Corporation p.l.c. as security agent (and agent and *mandatario con rappresentanza* and representative (*rappresentante*) of the holders of the PIKCo Private Notes, for the purposes of article 2414-bis, paragraph 3, of the Italian Civil Code) and trustee.

"PIKCo Private Notes" . . . . refers to the €106.0 million aggregate principal amount of Senior Secured Floating Rate Pay-If-You-Want PIK-Toggle Notes due 2030 issued through a private placement by PIKCo under the terms of the PIKCo Private Notes Trust Deed on March 18, 2022.

"Post-Closing Guarantors" . . . . refers to the Company (if the Post Completion Merger has not occurred), Nutrilinea and Apharm.

"Post Completion Merger" . . . . has the meaning ascribed to it under "*Summary—The Transactions—Post Completion Merger*."

"Post Merger Collateral" . . . . has the meaning ascribed to it under "*Summary—The Offering—Security*."

"Proceeds Loans" . . . . refers to, collectively, the BidCo Proceeds Loan, the Biofarma Proceeds Loan and the Subsidiary Proceeds Loans.

"Purchase Agreement" . . . . refers to the Purchase Agreement to be entered into by and among the Issuer, BidCo, MidCo and the Initial Purchasers in connection with the sale of the Notes.

"Refinanced Company Indebtedness" . . . . refers to the portion of indebtedness of the Biofarma Group which was repaid in full and cancelled in connection with the completion of the Acquisition on or about the Completion Date. For a summary of the Refinanced Company Indebtedness, see "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*."

"Refinancing" . . . . refers to the repayment and discharge of the Refinanced Company Indebtedness, as described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*."

"Revolving Credit Facility" . . . . refers to the €60.0 million revolving credit facility available pursuant to the Revolving Credit Facility Agreement, which is described in more detail under "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."

"Revolving Credit Facility Agreement" . . . . refers to the revolving credit facility agreement in respect of the Revolving Credit Facility entered into on March 16, 2022, by and among, *inter alios*, the Issuer, BidCo, MidCo, the Security Agent and the original lenders named therein, which is described in more detail under "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."

"Security Agent" . . . . refers to BNP Paribas, Italian Branch, in its capacity as security agent under the Indenture, the Intercreditor Agreement, the Revolving Credit Facility Agreement and the Bridge Facility Agreement and as 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.

"Security Documents" . . . . refers to any pledges, agreements and related documents that will be signed and entered into in connection with the granting of the Collateral to secure, directly or indirectly, *inter alia*, the obligations of the Issuer under the Notes in accordance with the terms of the Indenture and the Intercreditor Agreement (see also "*Description of Notes—Security*").

"Sellers" . . . . refers to, collectively, Ippocrate Investments S.p.A., Ippocrate Investments II S.p.A., Ippocrate Investments III S.p.A. and Victoria.

"Subsidiary Proceeds Loans" . . . . . . refers to, collectively, the Nutrilinea Proceeds Loan, the Apharm Proceeds Loan and the Pasteur Proceeds Loan.

"TopCo"	refers to Tatooine S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy and PIKCo's direct parent entity.
"Transactions"	refers to, collectively, the Acquisition, the Udine Plant Acquisition, the Apharm Minority Interest Acquisition, the Financing, the entry into the Proceeds Loans, the Refinancing, the entry into the Revolving Credit Facility Agreement, the Bridge Facilities Refinancing and the Offering, including the use of proceeds from the Offering, and any actions or steps related thereto, each as described under "*Summary—The Transactions.*" See also "*Use of Proceeds*," "*Capitalization*," "*Description of Certain Financing Arrangements*" and "*Description of Notes*."
"Trustee"	refers to The Law Debenture Trust Corporation p.l.c., as trustee and legal representative of the holders of the Notes (*mandatario con rappresentanza*) under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code.
"U.S. dollars," "USD" and "$"	refers to the lawful currency of the United States of America.
"U.S. Securities Act"	refers to the U.S. Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder.
"Udine Plant"	refers to the manufacturing site operated by the Company in Udine, Italy.
"Udine Plant Acquisition"	refers to the acquisition by the Company of the Udine Plant, pursuant to the asset transfer arrangement dated March 22, 2022, by and between the Company, as purchaser, and Victoria, as seller, as described in this Offering Memorandum under "*Summary—The Transactions—The Acquisition, the Apharm Minority Interest Acquisition and the Udine Plant Acquisition*" and "*Principal Shareholders*."
"Unaudited Pro Forma 2019 Combined Financial Data"	has the meaning ascribed to it under "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data.*"
"United States" or "U.S."	refers to the United States of America, its territories and possessions, and any state of the United States of America and the District of Columbia.
"VAT"	refers to value-added tax.
"Victoria"	refers to Victoria HD S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy, ultimately controlled by Germano Scarpa (our Chairman and one of the founders of the Biofarma Group) and Gabriella Tavasani, and which is a non-controlling indirect shareholder of the Issuer. See "*Summary Corporate and Financing Structure*" and "*Principal Shareholders*."

GLOSSARY OF SELECTED TERMS

As used in this Offering Memorandum:

"BOV"	refers to bag-on-valve technology used in our medical devices and cosmetics products to enhance safety and minimize harmful environmental emissions.
"Cosmetics"	refers to our cosmetics business unit. See "*Business—Our Business Units—Cosmetics.*"
"CDMO"	refers to contract development and manufacturing organization.
"CMO"	refers to contract manufacturing organization.
"Dry-Cap"	refers to a delivery system that keeps the solid and liquid components of probiotic-based products separate, increasing the stability and shelf life of these products.
"ERP"	refers to enterprise resource planning systems.
"FDFs"	refers to finished dosage forms (*i.e.*, finished products).
"Health Supplements"	refers to our health supplements business unit. See "*Business—Our Business Units—Health Supplements.*"
"ISO"	refers to International Organization for Standardization.
"Medical Devices"	refers to our medical devices business unit. See "*Business—Our Business Units—Medical Devices.*"
"Microencapsulation"	refers to proprietary manufacturing technology that permits the application of a coating around ingredients, thus stabilizing them until the desired point of release.
"nutraceuticals"	refers to non-pharma health enhancers comprising health supplements and medical devices.
"OTD"	refers to orally disintegrated tablets.
"product dossier"	refers to a set of technical documents supporting the registration of nutraceutical products or medical devices.
"R&D"	refers to research and development.
"T-Win"	refers to patented technology that permits the incorporation of two different but mixable solid powders into the same delivery system and keep them separate until use.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

The Issuer

The Issuer is a holding company which was incorporated by the Sponsor on February 7, 2022 for the purpose of the Acquisition. As of the date of this Offering Memorandum, the Issuer has no revenue-generating activities of its own, and no business operations, material assets, other than the equity interests it holds in the Company indirectly through BidCo, and no material indebtedness, other than its outstanding indebtedness and inter-company balances incurred in connection with the Transactions, including its receivables under the BidCo Proceeds Loan and its indebtedness under the Bridge Facilities and the Revolving Credit Facility, if any. As a result, this Offering Memorandum does not present any financial information of the Issuer, except for certain limited "as adjusted" financial data presented on a consolidated basis as adjusted to reflect certain effects of the Transactions on a *pro forma* basis. The Issuer is currently not expected to engage in any activities other than those related to the Transactions and any other future potential transactions permitted by the Indenture.

Biofarma Group

The historical financial information contained in this Offering Memorandum is the consolidated financial information of the Company and its consolidated subsidiaries (the "**Biofarma 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 Biofarma Group on a consolidated basis.

Historical Financial Information for the Years Ended December 31, 2021 and 2020

The Biofarma Group was formed in February 2020 from the aggregation of the Nutrilinea group with Esculapio S.r.l. (subsequently merged with and into the Company, with the Company being the surviving entity) and the Company, with the aggregation taking effect from January 1, 2020 (the "**Biofarma Group Consolidation**"). See also "*Business—History*." At the time the Biofarma Group Consolidation took effect, the Nutrilinea group (the "**Nutrilinea Group**") consisted of the following entities: Nutrilinea S.r.l. ("**Nutrilinea**"), Apharm S.r.l. ("**Apharm**") (a subsidiary of Nutrilinea, in which Nutrilinea initially acquired a 70% controlling stake and further to the Apharm Minority Interest Acquisition holds 100% of its equity interest), Pharcoterm S.r.l. ("**Pharcoterm**") and Claire S.r.l. ("**Claire**"). Each of Pharcoterm and Claire, a former wholly-owned subsidiary of Nutrilinea, was merged with and into Nutrilinea in March 2021. Due to the Biofarma Group Consolidation, the Biofarma Group has been preparing consolidated financial statements starting with the year ended December 31, 2020, and no consolidated financial statements or other audited financial information of the Biofarma Group are available for any preceding periods.

The historical financial information of the Biofarma Group for the years ended December 31, 2021 and 2020 included in this Offering Memorandum has been extracted or derived from the audited consolidated financial statements of the Biofarma Group as of and for the years ended December 31, 2021 and 2020 (the "**Audited Financial Statements**").

The Audited Financial Statements were prepared in accordance with Italian GAAP, and have been audited by Deloitte & Touche S.p.A. ("**Deloitte**"). In preparing the Audited Financial Statements, certain line items were reclassified and renamed in order to render the Audited Financial Statements more easily comparable to the financial information of companies that apply IFRS. In making an investment decision, you must rely upon your own examination of the terms of the Offering and the financial information contained in this Offering Memorandum. Prospective investors should consult their professional advisors for an understanding of (i) the differences between Italian GAAP, IFRS and other systems of generally accepted accounting principles and how these differences might affect the financial information included in this Offering Memorandum and (ii) the impact that future additions to, or amendments of, Italian GAAP principles, or the adoption of IFRS principles, may have on our results of operations and/or financial condition, as well as on the comparability of prior periods. Certain key differences between Italian GAAP and IFRS are described in this Offering Memorandum under "*Annex A—Summary of Certain Differences between Italian GAAP and IFRS*."

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. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our financial statements, are disclosed in the Audited Financial Statements. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates*."

The Audited Financial Statements have not been adjusted to reflect the impact of any changes to the consolidated profit and loss statement, consolidated balance sheet or consolidated cash flow statement that might occur as a result of purchase accounting adjustments to be applied as a result of the Transactions. However, the Company (prior to the completion of the Post Completion Merger) and MergerCo (following the completion of the Post Completion Merger), as applicable, will account for the Acquisition using the acquisition method of accounting under Italian GAAP and will apply purchase accounting adjustments in connection with the Acquisition to the financial statements for accounting periods subsequent to the Completion Date. The application of purchase accounting could result in different carrying values for existing assets and liabilities and we may add additional assets to our balance sheet, which may include, *inter alia*, intangible assets, such as goodwill. We may also recognize different amortization and depreciation expenses. Due to these and other potential adjustments, especially if we decide to provide consolidated financial statements for periods after the Completion Date at the level of the Issuer (instead of the Company or, following the completion of the Post Completion Merger, MergerCo), our future financial statements could be materially different once the adjustments are made and may not be comparable to the Audited Financial Statements included in this Offering Memorandum.

Unaudited Pro Forma 2019 Combined Financial Data

The historical unaudited combined financial information of the Biofarma Group for the year ended December 31, 2019 (the "**Unaudited *Pro Forma* 2019 Combined Financial Data**") included in this Offering Memorandum has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. Prior to the Biofarma Group Consolidation, both the Company and the Nutrilinea Group prepared their respective financial information according to Italian GAAP.

In order to increase comparability of our results between the periods under review, the Unaudited *Pro Forma* 2019 Combined Financial Data also give *pro forma* effect to the acquisition of Apharm and Claire, which were acquired by Nutrilinea in June 2019 and July 2019, respectively (collectively, the "**2019 Acquired Companies**"), as if the 2019 Acquired Companies had been part of the Biofarma Group consolidation perimeter since January 1, 2019.

The Unaudited *Pro Forma* 2019 Combined Financial Data has been calculated on the basis of management estimates and assumptions and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Summary—Summary Historical Financial Information and Other Data—Other Financial Data and Key Performance Measures*." For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Acquisitions*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Comparability of Our Results of Operations—Consolidation of the Biofarma Group*."

While we believe that the Unaudited *Pro Forma* 2019 Combined Financial Data can be useful to potential investors seeking to evaluate our performance over time, such financial data is not compliant with Italian GAAP or any other accounting standards. Such Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared by, and is the responsibility of, management. For further information, see also "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

The Unaudited *Pro Forma* 2019 Combined Financial Data is based on a number of assumptions and estimates that are subject to inherent uncertainties and you are strongly cautioned against placing undue reliance thereon. The preparation of this financial data requires management to exercise judgment and make assumptions with respect to issues such as in respect of intercompany balances or revenue recognition. For these reasons, the Unaudited *Pro Forma* 2019 Combined Financial Data is only a simulation of the Biofarma Group's results had the relevant entities been owned on a consolidated basis for the whole period assumed and is not an indication of what our results would have been if the relevant entities had been part of the Biofarma Group for such period. The Unaudited *Pro Forma* 2019 Combined Financial Data is subject to significant business, economic, financial and competitive risks and uncertainties that could have caused actual results to differ materially had the relevant entities been owned on a consolidated basis for the entire period and there are significant differences between the Unaudited *Pro Forma* 2019 Combined Financial Data and the Audited Financial Statements.

We did not own or control the 2019 Acquired Companies prior to the dates on which control passed to Nutrilinea in accordance with the relevant acquisition agreements. Additionally, upon taking control of the 2019 Acquired Companies, we implemented our own industrial and distribution strategy which in some cases may have differed in material ways from the prior owners' strategy. See "*Risk Factors—Risks Related to Our Financial Information—The pro forma financial information included in this Offering Memorandum, including the Unaudited Pro Forma 2019 Combined Financial Data and the pro forma adjustments relating to the IHS Acquisition, is for information purposes only, is only intended to simulate what our results of operations would have been had the relevant acquired businesses been included in our scope of consolidation for the entire period assumed and has been prepared on the basis of certain estimates and assumptions which we consider reasonable, but it is not a substitute for our Audited Financial Statements included elsewhere in this Offering Memorandum*."

Other Unaudited Financial Data

IHS Unaudited Financial Data

This Offering Memorandum includes certain historical financial data for the years ended December 31, 2019, 2020 and 2021 in respect of IHS ("**IHS Unaudited Financial Data"**), in which the Biofarma Group acquired a 75% indirect controlling stake on January 28, 2022 and which we consolidated in our results starting from such date. IHS is a carve-out business that previously formed part of Giellepi S.p.A., which indirectly retains a 25% minority stake in IHS as of the date of this Offering Memorandum. See "*Summary—Recent Developments—IHS Acquisition*." The IHS Unaudited Financial Data has been excerpted from, prepared or calculated based on the financial information and schedules prepared on the basis of accounting records of the carve-out business constituting IHS as of the date of its acquisition by the Biofarma Group. Giellepi S.p.A. prepares its financial information, including in respect of the carve-out business constituting IHS prior to the IHS Acquisition, on the basis of Italian GAAP. The IHS Unaudited Financial Data has been produced on the basis of management estimates and has not been subject to any audit or review procedures by any independent auditor.

As Adjusted Financial Information for the Transactions

We present in this Offering Memorandum certain financial information on an adjusted basis, to give *pro forma* effect to the Transactions, as if the Transactions had occurred on December 31, 2021 for the as adjusted balance sheet information and on January 1, 2021 for the as adjusted income statement information. For a description of the *pro forma* effect of the Transactions, including the issuance of the Notes offered hereby and the application of the proceeds therefrom, see "*Summary Historical Financial Information and Other Data—Other Pro forma Financial Data*," "*Capitalization*" and "*Use of Proceeds*." Such as adjusted financial information is based on available information and certain assumptions and estimates that we believe are reasonable and may differ from actual amounts. It is for informational purposes only and does not purport to present what our results or other metric would actually have been had the Transactions occurred on the dates presented or to project our results of operations or financial position for any future period or our financial condition at any future date. This as adjusted information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting principles, including U.S. GAAP, IFRS and Italian GAAP. The independent auditors of the Biofarma Group have not audited, reviewed, compiled or performed any procedures with respect to the adjustments or the resulting as adjusted financial information. The as adjusted information should be read in conjunction with the Audited Financial Statements, including the notes thereto, included elsewhere in this Offering Memorandum, and "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

Non-GAAP Financial Measures

Pro Forma Adjusted EBITDA, Pro forma Structuring EBITDA, pro forma revenue and pro forma gross margin

The IHS Unaudited Financial Data, as well as IHS's unaudited financial information for the twelve month periods ended February 28, 2021 and 2022 for purposes of the section "*Summary—Recent Developments—Current Trading*," has been used for the purpose of calculating our *Pro forma* Adjusted EBITDA, *Pro forma* Structuring EBITDA, *pro forma* revenue and *pro forma* gross margin, which reflect, among other things, the contribution of IHS's EBITDA and revenue to our Adjusted EBITDA and total net revenue and income. See "*Summary Historical Financial Information and Other Data—Other Pro forma Financial Data*" and "*Summary—Recent Developments—IHS Acquisition*." In particular, *pro forma* revenue and *pro forma* Adjusted

EBITDA for the year ended December 31, 2021 and the twelve month periods ended February 28, 2021 and 2022 have been calculated as the sum of total net revenue and income, Adjusted EBITDA and gross margin of the Biofarma Group for the relevant period *plus* the revenue, EBITDA and gross margin of IHS for the same period. As such measures represent the sum of the Biofarma Group's results *plus* the IHS's results for a period, they are subject to inherent uncertainties and you are strongly cautioned against placing undue reliance thereon. For example, for the year ended December 31, 2021, IHS outsourced the production of certain products to the Biofarma Group, thus generating approximately €1.0 million of revenue for the Biofarma Group. As a result of the IHS Acquisition, we do not expect to generate such revenue going forward and *pro forma* revenue, *pro forma* Adjusted EBITDA and *pro forma* gross margin do not reflect any potential intercompany revenue elimination.

The *pro forma* adjustment relating to the impact of the IHS Acquisition used to calculate *Pro forma* Adjusted EBITDA and *Pro forma* Structuring EBITDA is based on the information available to us in connection with the IHS Acquisition, together with our management's assumptions and estimates. Such adjustment is subject to a wide variety of significant uncertainties. We cannot assure you that the information on which we have based our assumptions will not change or that we will be able to realize any of the as-yet unrealized cost synergies or other benefits we believe are possible from the IHS Acquisition. Such adjustment does not reflect the costs we will incur to, among other things, integrate IHS into the Biofarma Group or any potential synergies or other impacts related to or expected to derive from the IHS Acquisition, and, therefore, is not meant to represent what the Adjusted EBITDA or revenue contribution of IHS would have been for the year ended December 31, 2021, if we had acquired IHS on January 1, 2021. In addition, the *Pro Forma* Adjusted EBITDA and the underlying calculations therefrom have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. *Pro Forma* Adjusted EBITDA and *Pro forma* Structuring EBITDA are included in this Offering Memorandum because we believe that these non-GAAP metrics provide a useful indication of what our EBITDA for the year ended December 31, 2021 would have been under certain circumstances and assumptions as described herein; however, this information does not constitute a measure of financial performance under IFRS, Italian GAAP or any other auditing standard, and you should not consider *Pro Forma* Adjusted EBITDA as an alternative to net income or any other performance measure derived in accordance with IFRS, Italian GAAP or any other auditing standard or as a measure of our results of operations or liquidity. Accordingly, there can be no assurance that the estimated results will be realized. See "*Summary Historical Financial Information and Other Data—Other Pro forma Financial Data*," "*Summary—Recent Developments—IHS Acquisition*," "*Risk Factors—Risks Related to Our Financial Information—The pro forma financial information included in this Offering Memorandum, including the Unaudited Pro Forma 2019 Combined Financial Data and the pro forma adjustments relating to the IHS Acquisition, is for information purposes only, is only intended to simulate what our results of operations would have been had the relevant acquired businesses been included in our scope of consolidation for the entire period assumed and has been prepared on the basis of certain estimates and assumptions which we consider reasonable, but it is not a substitute for our Audited Financial Statements included elsewhere in this Offering Memorandum*."

General

In this Offering Memorandum, we present certain financial measures that are not recognized by Italian GAAP or any other generally accepted accounting principles and that may not be permitted to appear on the face of the Audited Financial Statements or notes thereto, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, *Pro forma* Adjusted EBITDA, *Pro forma* Structuring EBITDA, *Pro forma* Structuring EBITDA margin, *pro forma* revenue, gross margin, *pro forma* gross margin, organic revenue growth, organic total revenue, net working capital, net working capital days, trade working capital, trade working capital days, capital expenditure, adjusted recurring operating free cash flow, adjusted operating free cash flow and recurring cash flow conversion rate (collectively, the "**Non-GAAP Measures**"). We use such measures to assess the 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 performance and liquidity and are intended to assist in the analysis of our results of operations, profitability and ability to service debt.

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 Information and Other Data*." 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 other generally accepted accounting principles or those calculated using financial measures that are calculated in accordance with Italian GAAP or other generally accepted accounting principles.

Our primary Non-GAAP Measures are defined as follows:

- "**EBITDA**" is defined as profit for the year excluding income taxes, financial income, depreciation (tangible assets) and amortization (intangible assets).
- "**EBITDA margin**" is defined as the ratio of EBITDA to total net revenue and income for the relevant period.
- "**Adjusted EBITDA**" is defined as EBITDA for the relevant period, adjusted for certain non-recurring adjustments, other adjustments, rent savings, and 45% of the EBITDA generated by our affiliate Cura Beauty GmbH. For additional information, see "*Summary Historical Financial and Other Data—Other Financial Data and Key Performance Measures*."
- "**Adjusted EBITDA margin**" is defined as the ratio of Adjusted EBITDA to the sum of (i) total net revenue and income for the relevant period and (ii) 45% of the revenue generated by Cura Beauty GmbH for the relevant period.
- "***Pro forma* Adjusted EBITDA**" is defined as the sum of Adjusted EBITDA for the relevant period and EBITDA of IHS for the same period. For additional information, see "*Summary Historical Financial and Other Data—Other Pro forma Financial Data*."
- "***Pro forma* Structuring EBITDA**" is defined as *Pro forma* Adjusted EBITDA for the year ended December 31, 2021, as further adjusted for certain estimated cost savings synergies in connection with the Acquisition and certain estimated cost savings synergies we expect to generate from the IHS Acquisition. For additional information, see "*Summary Historical Financial and Other Data—Other Pro forma Financial Data*."
- "***Pro forma* Structuring EBITDA margin**" is defined as the ratio of *Pro forma* Structuring EBITDA to the sum of (i) *pro forma* revenue and (ii) 45% of the revenue generated by Cura Beauty GmbH for the year ended December 31, 2021.
- "***pro forma* revenue**" is defined as the sum of total net revenue and income for the relevant period and the revenue of IHS for the same period. For additional information, see "*Summary Historical Financial and Other Data—Other Financial Data and Key Performance Measures*," "*Summary Historical Financial and Other Data—Other Pro forma Financial Data*" and "*Summary Historical Financial and Other Data—Unaudited Pro Forma 2019 Combined Financial Data.*"
- "**gross margin**" is defined as total net revenue and income for the relevant period less purchase of raw materials, direct and third party personnel costs, costs for utilities and other operating costs for the same period.
- "***pro forma* gross margin**" is defined as the sum of gross margin for the relevant period and the gross margin of IHS for the same period. For additional information, see "*Summary Historical Financial and Other Data—Other Financial Data and Key Performance Measures*," "*Summary Historical Financial and Other Data—Other Pro forma Financial Data*" and "*Summary Historical Financial and Other Data—Unaudited Pro Forma 2019 Combined Financial Data.*"
- "**organic revenue growth**" is defined as growth in our organic total revenue, compared to total net revenue and income for the relevant previous period.
- "**organic total revenue**" is calculated, for any given period, as our total net revenue and income for such period less the revenue of the companies we acquired in such period.
- "**net working capital**" is defined as the sum of inventories, trade receivables, other receivables, prepaid expenses and accrued income, trade payables, advances, tax payables, social security payables, other payables and accrued expenses.
- "**net working capital days**" is calculated as net working capital as of the relevant end of period divided by total net revenue and income for such period multiplied by 365.
- "**trade working capital**" is defined as the sum of inventories, trade receivables and trade payables;
- "**trade working capital days**" is defined as trade working capital as of the relevant end of period divided by total net revenue and income for such period multiplied by 365.
- "**capital expenditure**" is defined as the sum of payments for tangible assets and payments for intangible assets less the sum of proceeds from the sale of tangible assets and proceeds from the sale of intangible assets, for the relevant period.

- "**adjusted operating free cash flow"** is defined as Adjusted EBITDA for the relevant period less changes in net working capital and capital expenditure for the same period.
- "**adjusted recurring operating free cash flow**" is defined as Adjusted EBITDA for the relevant period less changes in net working capital and maintenance capital expenditure for the same period.
- "**recurring cash flow conversion rate**" is defined as the ratio of adjusted recurring operating free cash flow to Adjusted EBITDA for the relevant period.

By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortization, historical cost and age of assets, financing and capital structures and taxation positions or regimes, we believe EBITDA-based measures and other Non-GAAP Measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, we believe EBITDA-based measures and other Non-GAAP Measures are regularly used by the investment community as a means of comparison of companies in our industry.

Different companies and analysts may calculate EBITDA-based measures and other Non-GAAP Measures differently, so comparisons among companies on this basis should be done carefully. EBITDA-based measures and other Non-GAAP Measures are not measures of performance under Italian GAAP and should not be considered in isolation or construed as substitutes for operating profit or net profit as an indicator of our operations in accordance with Italian GAAP.

Our Non-GAAP Measures and ratios are not measurements of our performance or liquidity under Italian GAAP or any other generally accepted accounting principles and should not be considered as alternatives to performance measures derived in accordance with Italian GAAP or any other generally accepted accounting principles. Neither our independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the presentation of *Pro forma* Structuring EBITDA, *Pro forma* Structuring EBITDA margin, the ratio of *Pro forma* adjusted net total financial debt to *Pro forma* Structuring EBITDA, or the ratio of *Pro forma* Structuring EBITDA to Pro forma adjusted net interest expense contained herein, 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 presentation. Each of our Non-GAAP Measures is defined and reconciled to its closest comparable Italian GAAP measure under "*Summary Historical Financial Information and Other Data*." 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 Italian GAAP or any other generally accepted accounting principles. 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 consolidated income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; 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, our 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 the Audited Financial Statements and using these Non-GAAP Measures only supplementally to evaluate our performance. See "*Summary Historical and Certain Other Financial Data,*" "*Management's Discussion and*

Analysis of Financial Condition and Results of Operations" and the Audited Financial Statements (including the related notes), included elsewhere in this Offering Memorandum.

Information by Business Unit and Geography

In this Offering Memorandum, we present a breakdown of our total net revenue and income, gross margin and EBITDA by our three main business units, as further described under "*Summary*" and "*Business*":

- Health Supplements;
- Medical Devices; and
- Cosmetics.

We present financial information according to business units in this manner because we believe it reflects a useful framework to discuss our operations and strategic focus. Our business units do not represent accounting segments under Italian GAAP and the relevant figures rely on management judgment and have not been audited or reviewed by our independent auditors.

In addition, we present (i) a breakdown of IHS's revenue and gross margin by business units for the years ended December 31, 2019, 2020 and 2021 and (ii) a breakdown of our total net revenue and income, and gross margin by the Health Supplements and Medical Devices business units, as adjusted to give effect to the IHS Acquisition as if IHS had been acquired on January 1, 2021. Such breakdowns are based on management's estimates and assume that the results of IHS contributed to, as applicable, our Health Supplements and Medical Devices business units for the relevant period. The breakdown of IHS's results by business units are not based on accounting segments under Italian GAAP previously reported by Giellepi S.p.A.; the relevant figures rely on management judgment and have not been audited or reviewed by our independent auditors. As a result, such breakdowns are inherently subject to risks and uncertainties, may not give an accurate or complete picture of IHS's results or our results of operations following the IHS Acquisition and may differ materially from our actual results, and should not be relied upon when making an investment decision.

We also present certain financial and business information classified by geography of sale, which, unless otherwise noted, is reported based on the countries in which our customers are located.

Rounding

The figures included in this Offering Memorandum are expressed in millions of euros (except where otherwise indicated), as this is the currency used in the conduct of the Biofarma Group's operations. Certain amounts reported in this Offering Memorandum, including financial information, have been subject to rounding adjustments due to the presentation of figures in millions of euros. Accordingly, in certain cases, the sum of the numbers in a column or a row in tables may not correspond exactly to the total figure given for that column or row.

INDUSTRY, MARKET AND OTHER DATA

All references to market share, market data, industry statistics and industry forecasts in this Offering Memorandum consist of estimates compiled by industry professionals, competitors, organizations or analysts, of publicly available information or of the Biofarma Group's assessment of its sales and markets.

This Offering Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Biofarma Group's business and markets. Unless otherwise indicated, such information is based on the Biofarma Group's analysis of multiple sources, including management's estimates, proprietary surveys and a market report commissioned from a reputable market consulting firm (the "**Market Consulting Firm**"). Such information has been accurately reproduced and, as far as the Biofarma Group is aware and able to ascertain, no facts have been omitted which would render the reproduced information provided inaccurate or misleading.

In addition, the adjustments made to calculate *Pro forma* Structuring EBITDA, annualizing the impact of certain cost saving measures and adding back expected synergies from certain operational improvement initiatives presented in this Offering Memorandum are based on the Biofarma Group's analysis of multiple sources, including management's estimates and the reports prepared by a reputable consulting firm (the "**Consulting Firm**") in connection with the Acquisition. In preparing the reports, the Consulting Firm relied on information and data provided by the Biofarma Group's management, available data of comparable businesses and the Consulting Firm's own analyses and made various assumption regarding the Biofarma Group's existing operations and ability to implement contemplated cost savings and optimization measures and their impact on our operations and cost base.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Where third party information has been sourced in this Offering Memorandum, the source of such information has been identified.

This Offering Memorandum contains certain statements regarding the Biofarma Group's competitive market position. The Biofarma Group believes these statements to be true, based on market data and industry statistics, but the Biofarma Group has not independently verified the information. The Biofarma Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the competitors of the Biofarma Group may define their markets and their own relative positions in these markets differently than the Biofarma Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Biofarma Group's figures.

Neither we nor any of the Initial Purchasers can assure you of the accuracy and completeness of, or take any responsibility for, such data. See "*Risk Factors*," "*Industry*" and "*Business*" for further discussion regarding our industry and market data and the risks related thereto.

SUMMARY

This summary highlights information from this Offering Memorandum. This summary is not complete and does not contain all of 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 in this Offering Memorandum. You should read this Offering Memorandum carefully in its entirety, to understand the business of the Group and the nature and terms of the Notes, including the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry" and "Business," as well as the Audited Financial Statements and the related notes therein. This summary contains historical consolidated financial information and operating data of the Biofarma Group for the years ended December 31, 2020 and 2021 derived from the Audited Financial Statements. Furthermore, this summary contains historical unaudited combined financial information of the Biofarma Group for the year ended December 31, 2019, which has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation. In addition, this summary includes certain historical financial data for the years ended December 31, 2019, 2020 and 2021 in respect of IHS, in which the Biofarma Group acquired a 75% indirect controlling stake on January 28, 2022 Finally, this summary includes certain non-GAAP financial and other 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 any other generally accepted accounting principles, or those calculated using financial measures that are prepared in accordance with Italian GAAP or any other generally accepted accounting principles. See "Presentation of Financial and Other Information—Non-GAAP Financial Measures."

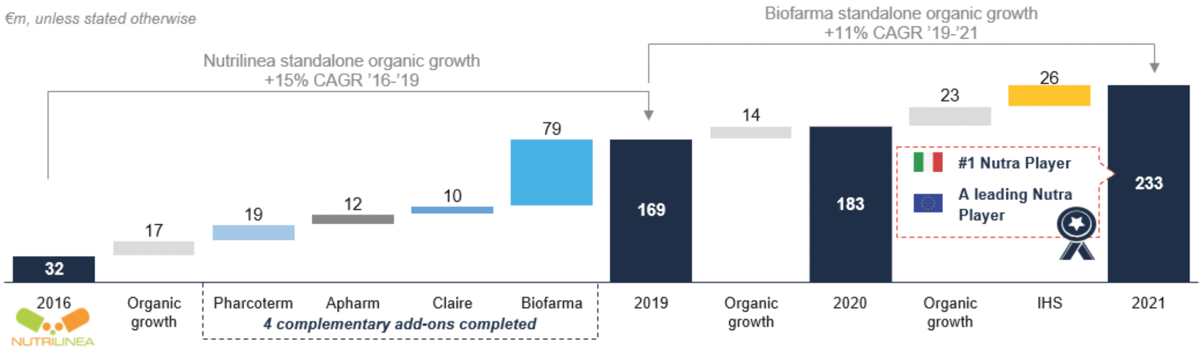
Overview

We are a leading European contract development and manufacturing organization ("**CDMO**") specialized in the development, manufacturing and packaging of nutraceuticals (comprising health supplements and medical devices) and cosmetics. We are the result of a buy-and-build strategy, commenced in 2017 with the acquisition of Nutrilinea and complemented by five strategic add-ons of nutraceuticals or cosmetics CDMOs or CMOs, the most recent of which was IHS, a carve-out business that previously formed part of Giellepi S.p.A., an Italian player in the nutraceutical market. See "*Our Business—History*."

We offer an integrated CDMO value proposition to our customers through a wide range of services, from market intelligence and R&D to finished dosage forms ("**FDFs**") formulation, manufacturing and packaging. We also offer regulatory services, primarily relating to the registration of nutraceutical product dossiers and the development of nutraceutical brands at both a local and an international level, through a dedicated team of approximately 20 full-time employees ("**FTEs**") as of December 31, 2021. We develop and offer innovative solutions by anticipating market trends through our "push innovation model" that relies on (i) our sizeable R&D and regulatory departments and (ii) our substantial portfolio of proprietary innovative solutions that combines differentiated manufacturing technologies (*e.g.*, microencapsulation), delivery systems (*e.g.*, T-Win and Dry-Cap) and formulation capabilities (*e.g.*, the development of several new products in areas such as sleep relaxation, pediatrics and anti-ageing, and probiotics combination). Our R&D department, which consisted of approximately 44 FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021, is key to our ability to assist customers with an innovative and differentiated product offering. As such, we derived 56% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products manufactured using innovative or patent-protected technologies. We manufacture our products through our four state-of-the-art manufacturing sites in northern Italy, which assure high quality levels in terms of operation, health and safety, with the Italian Medicines Agency ("**AIFA**") having approved a portion of the Udine Plant for the manufacture of pharmaceutical grade products. These capabilities have allowed us to become the partner-of-choice for large pharmaceutical companies (*e.g.*, Sanofi and Alfasigma), consumer health companies (*e.g.*, Nestlé and Reckitt Benckiser) and international players (*e.g.*, Cosmax) in several co-development projects, as well as the sole supplier of nutraceutical probiotic-based products in Europe for Chr. Hansen.

We believe that we have built a competitive advantage in the European nutraceutical CDMO space in terms of size, innovation and regulatory capabilities. We believe that we are a leading European CDMO manufacturer of probiotic-based products, with an estimated market share of approximately 29% by revenue as of December 31, 2021 according to management estimates. Furthermore, based on our estimates and the report commissioned from the Market Consulting Firm, we believe we are the leader in the Italian nutraceutical CDMO industry, with an approximately 18% market share by revenue as of December 31, 2021.

For the year ended December 31, 2021, excluding the results of IHS, we generated total net revenue and income of €206.6 million and EBITDA of €39.3 million. Over the same period, *pro forma* for the IHS Acquisition, we generated *pro forma* revenue and *Pro forma* Structuring EBITDA of €232.7 million and €64.0 million, respectively. A combination of the acquisition-driven growth through our buy-and-build strategy and double digit organic growth at a CAGR of 12% (*pro forma* for the IHS Acquisition) between 2019 and 2021 resulted in the increase of total net revenue and income from €184.1 million for the year ended December 31, 2019 to €232.7 million (in each case *pro forma* for the IHS Acquisition) for the year ended December 31, 2021. An overview of our growth story and revenue evolution, commencing with the acquisition of Nutrilinea, is set out below.



We operate our business across more than 20 therapeutic areas, including genitourinary, neurology, cardiology, sports nutrition, and vitamins and multivitamins, and hold a large and diversified portfolio of products, which include approximately 2,400 health supplements, over 30 product dossiers for medical devices and over 1,900 cosmetics. Probiotic-based products are our core area of expertise and represented approximately 29% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021.

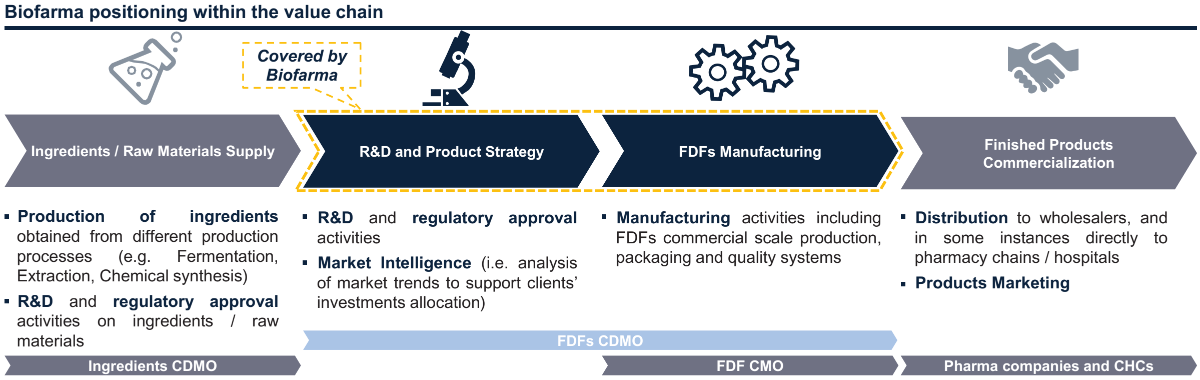
We operate our business through three business units:

- **Health Supplements.** Through our Health Supplements business unit, we develop and manufacture health-enhancing products that primarily enable the maintenance of good health and support or enhance prevention treatments individually or in combination with pharmaceutical products, including for chronic diseases. While the purchase of Health Supplements does not require a formal doctor's prescription in most of our geographies, the initial purchase of health supplements by end consumers is usually driven by doctors' recommendations. For the year ended December 31, 2021, our Health Supplements business unit generated total net revenue and income (*pro forma* for the IHS Acquisition) of €149.5 million, representing 64.2% of our *pro forma* revenue for the period. Excluding the revenue of IHS, our Health Supplements business unit generated total net revenue and income of €135.7 million, representing 65.7% of our total net revenue and income for the period. Our Health Supplements total net revenue and income (*pro forma* for the IHS Acquisition) grew at a CAGR of approximately 13% between 2019 and 2021. For the year ended December 31, 2021, products within our Health Supplements business unit contributed 68% (€43.5 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin of 29% (as a percentage of the *pro forma* revenue generated by our Health Supplements business unit) over the same period.

- **Medical Devices.** Through our Medical Devices business unit, we develop and manufacture products that achieve their therapeutic effect through a physical (*e.g.*, aerosol) or mechanical (*e.g.*, a protective layer in the stomach) action to prevent and treat diseases. Medical devices are closer to pharmaceuticals (compared to health supplements) due to the specific regulatory framework they need to comply with at a national and European level. Similar to health supplements, medical devices are typically recommended by doctors and sold to end-customers through pharmacies. For the year ended December 31, 2021, our Medical Devices business unit generated total net revenue and income revenue (*pro forma* for the IHS Acquisition) of €49.5 million, representing 21.3% of our *pro forma* revenue for the period. Excluding the revenue of IHS, our Medical Devices business unit generated total net revenue and income of €37.3 million, representing 18.0% of our total net revenue and income for the period. Our Medical Devices total net revenue and income (*pro forma* for the IHS Acquisition) grew at a CAGR of approximately 13% between 2019 and 2021. For the year ended December 31, 2021, products within our Medical Devices business unit contributed 26% (€16.5 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin (as a percentage of our *pro forma* revenue generated by our Medical Devices business unit) of 33% over the same period.

- **Cosmetics.** Through our Cosmetics business unit, we primarily develop and manufacture premium skin care products, such as anti-ageing creams, sun care and hair care products. Our strategic focus in this business unit is represented by "cosmeceuticals," consisting of cosmetic products that are purported to have therapeutic action. Our Cosmetics business unit includes certain differentiated innovative technologies, such as the Bag on Valve ("**BOV**") technology. For the year ended December 31, 2021, our Cosmetics business unit generated total net revenue and income of €33.7 million, representing 14.5% of our *pro forma* revenue for the period. Our Cosmetics total net revenue and income grew at a CAGR of 8% between 2019 and 2021. For the year ended December 31, 2021, products within our Cosmetics business unit contributed 7% (€4.4 million) to our gross margin, and generated gross margin of 13% (as a percentage of our *pro forma* revenue generated by our Cosmetics business unit) over the same period.

We offer an integrated CDMO value proposition to our customers, from market intelligence and R&D, to FDF formulation, manufacturing and packaging. The chart below illustrates our presence across the nutraceutical value chain.



We have a large, diversified and established customer base comprising over 500 customers, ranging from large pharmaceutical companies, such as Sanofi and Alfasigma, consumer health companies, such as GlaxoSmithKline, Nestlé and Reckitt Benckiser, and international distributors, such as Cosmax, to mid-sized nutraceutical commercialization players, such as Montefarmaco, Lo.Li. Pharma and Sofar. Our customers also include blue chip brands such as Chr. Hansen. We have long-standing relationships with the large majority of our customers, for which we are the priority one supplier with *de facto* exclusivity and we have an average relationship duration of approximately 7.5 years with our top 10 customers. We work together with several of our key customers to co-develop products, which makes us their *de facto* exclusive supplier, a position that is also supported by the high switching costs for such customers, as well as our extensive portfolio of patent-protected products and technologies (such as Dry-Cap). For some of our key customers, we act as sole supplier of nutraceutical products by virtue of our contractual arrangements with them. In such cases, customers rely on our supply on an exclusive basis except in limited circumstances (*e.g.*, if second sourcing is necessary to ensure continuity of services) and subject to our right to receive advance notice of such second sourcing being sought. As a result, we have not lost a single key customer in the last three years, recording a customer retention rate of approximately 97% from 2019 to 2021 (expressed as a percentage of our net revenue generated from the customers retained over the 2019 to 2021 period to our net revenue over such period) according to the report commissioned from the Market Consulting Firm.

While our four manufacturing sites and three R&D centers are located in Italy, which accounted for 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021, we benefit from a global commercial reach, generating 45% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products sold to customers in Europe, Asia and the United States. Sales to customers in Europe (excluding Italy), Asia and the United States accounted for 36%, 6% and 3%, respectively, of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. As of December 31, 2021, we had approximately 800 FTEs (including employees deputed to us from third party agencies).

Our Strengths

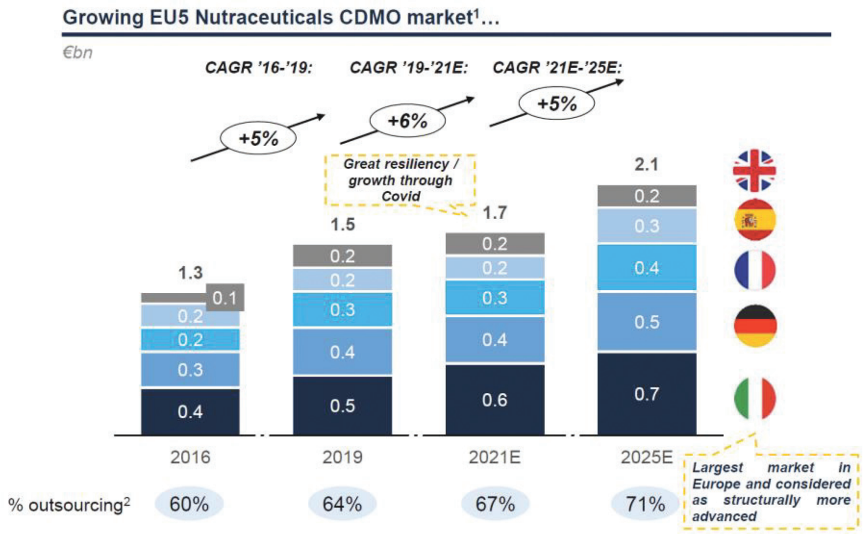
Resilient market underpinned by secular growth trends, benefiting from high entry barriers

We primarily operate in the nutraceutical CDMO market through our Health Supplements and Medical Devices business units, and serve a broad spectrum of customers, ranging from large pharmaceutical and consumer health companies to mid-sized nutraceutical commercialization players. In 2021, our products were distributed to end consumers in over 75 countries across four continents. The nutraceutical CDMO market in the EU5 countries (*i.e.*, United Kingdom, Germany, France, Italy and Spain), which accounted for approximately 69% of our total net revenue and income for the year ended December 31, 2021, was estimated at approximately €1.7 billion in 2021, and is expected to grow at a CAGR of approximately 5% between 2021 and 2025, primarily due to underlying market growth of approximately 4% and the growth of continued outsourcing trends to CDMOs by approximately 2% over the same period. The nutraceutical CDMO market in the EU5 countries was resilient through the outbreak of the COVID-19 pandemic, growing at a CAGR of approximately 6% between 2019 and 2021, based on latest 2021 nutraceutical CDMO market estimates by the Market Consulting Firm, compared to approximately 5% between 2016 and 2019. The nutraceutical CDMO market in Italy, which accounted for 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021, is the largest among the EU5 geographies (estimated at approximately €0.6 billion in 2021) and is underpinned by a higher than average level of manufacturing outsourcing from large pharmaceutical and consumer health companies at approximately 75% compared to the levels recorded in other European countries such as Germany (60%). In addition, the Italian market is considered as a more 'sophisticated' market compared to other European markets in light of higher consumer awareness around health topics, an extensive history of pharmaceutical manufacturing and the strong influence of doctors' recommendations on consumers' decisions as key purchasing factors.

The growth of the underlying nutraceutical market is expected to be driven by (i) increased awareness around healthy lifestyles and prevention, resulting in the increased popularity of nutraceuticals as both alternatives and complements to pharmaceutical products, (ii) the increasing trend of self-medication with consumers choosing therapy independently or consulting pharmacists and parapharmacists, and (iii) the widening of the customer base as a result of the development of easy-to-use formulations (*e.g.*, gummies and soft-gels). In addition, the outsourcing trends are expected to further increase as a result of customers' limited manufacturing capacity, their increased need for innovative and complex technologies and accelerating go-to-market timelines and, especially for large pharmaceutical companies, their willingness to focus investments on their core business.

Furthermore, the market is currently undergoing a structural evolution, moving towards a more "science-based" approach, driven by (i) strong investments of large pharmaceutical and consumer health companies, and (ii) tightening regulations towards potentially stricter and more "pharma-like" standards for health supplements and medical devices. This shift is likely to lead to an evolution in the role of nutraceutical CDMOs, which we believe will favor more sizeable, sophisticated and 'innovative-driven' CDMOs like the Biofarma Group as we (i) already offer an integrated CDMO value proposition to our customers, from market intelligence and R&D, to FDF formulation, manufacturing and packaging, (ii) develop and offer innovative solutions by anticipating market trends through our "push innovation model" that relies on our sizeable R&D department and our substantial portfolio of proprietary innovative solutions, (iii) are able to guarantee international regulatory expertise to our customers, (iv) perform clinical studies, which is a key capability for large customers and (v) operate high-quality manufacturing facilities that adhere to "stricter-than-regulatory" manufacturing standards.

The chart below sets forth the historical and projected evolution of the EU5 nutraceutical CDMO market between 2016 and 2025.



(1) Includes health supplements and medical devices.

(2) Represents the manufacturing outsourcing average in the EU5 countries.

Source: Market Consulting Firm

Our established position in the European nutraceutical CDMO market is reinforced by infrastructural, customer-centric and legislative barriers to entry. Our industry requires significant R&D capabilities, manufacturing complexity and sizeable upfront capital expenditure. In order to enter the nutraceutical CDMO space, a new market entrant would need to acquire or develop innovative or patent-protected technologies and adopt complex manufacturing models with the flexibility to ensure business continuity for customers as well as efficient quality control and quality assurance processes to comply with applicable certification requirements. New entrants would also need to build significant in-house R&D expertise, which typically requires significant time and resources. Sizeable R&D capabilities underpinned by strong proprietary technologies also offer significant competitive advantages with respect to the acquisition of large customers that have broad product portfolio needs. We proactively approach and partner-up with our key customers, such as large consumer health companies, to co-develop new innovative products and launch them in a timely manner to the market, leveraging on the shorter innovation cycle in the nutraceutical space of an average of six to 18 months compared to the average 36 to 60 month cycle in the pharmaceutical space according to management estimates. Additionally, our significant capabilities in the co-development of products with, and high switching costs for, our customers (including relating to the transfer of know-how and technology) translate to our strong customer relationships, which we believe are key factors in our ability to act as the *de facto* exclusive supplier for certain of our key customers and limit the ability of incumbent market participants to penetrate the market. Finally, our business is subject to stringent regulatory requirements across multiple jurisdictions, with a market participant's ability to provide local and international regulatory expertise being a critical service for CDMO customers.

Leading European nutraceutical CDMO with a strongly differentiated positioning in a highly fragmented market

Our competitive landscape includes Italian CDMOs, such as Labomar and S.I.I.T., as well as large diversified international CDMOs, such as Fareva, Aenova, Lonza and Catalent, which, despite offering certain products in the nutraceutical space, do not have their primary focus on nutraceutical products and technologies.

Two main categories of players can be distinguished within the nutraceutical market: (i) innovation-driven players, such as the Biofarma Group, which typically partner-up with customers during the "design phase" of new innovative projects by leveraging on their innovation capabilities and ability to proactively anticipate market trends and develop new products to be offered to customers with a reduced time-to-market, and (ii) manufacturing-driven players, which generally focus on producing high volumes of product at competitive prices. Acting within the former category, we believe that we benefit from one of the leading integrated CDMO value propositions and are able to offer to our customers integrated services across the nutraceutical CDMO value chain, ranging from market intelligence and R&D to FDF formulation, manufacturing and packaging. We also benefit from our size, as the largest Italian nutraceutical CDMO and one of the largest in Europe by revenue.

In particular, according to proprietary expert surveys and the report commissioned from the Market Consulting Firm, we score consistently above market average across all the key success factors relevant to innovation-driven CDMOs, namely (i) innovation capabilities, (ii) product quality, and (iii) regulatory capabilities.

With respect to innovation capabilities, we develop and offer innovative solutions by anticipating market trends through our "push innovation model" that relies on (i) our sizeable R&D department (consisting of approximately 44 FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021), and (ii) our substantial portfolio of proprietary innovative solutions that combine differentiated manufacturing technologies, delivery systems and formulation capabilities.

With respect to product quality, we operate state-of-the-art manufacturing facilities with technology, equipment and quality control systems that enable us to deliver consistent product quality and reliability of service. In addition, we adhere to "stricter-than-regulatory" manufacturing standards that have allowed us to establish strong relationships with several blue-chip multinational customers. As a testament to the high quality standards of our facilities, which in certain cases are more typical of pharmaceutical companies, AIFA has approved a portion of the Udine Plant for the manufacture of pharmaceutical grade products. In addition, we apply the pathogenic monitoring system ("PMS") across the manufacturing process, which is a more sophisticated approach compared to industry standards, as it requires sampling on final products only, and has enabled us to become the "partner-of-choice" of leading multinational consumer health companies seeking commercial partners that apply high "stricter-than-regulatory" manufacturing standards.

With respect to regulatory capabilities, we leverage upon our local and international regulatory expertise, and more specifically our pan-European regulatory know-how, to provide critical regulatory support to our blue chip customers (especially large multinational companies) across multiple jurisdictions through a dedicated team of approximately 20 FTEs as of December 31, 2021.

We believe that these factors have enabled us to build a significant competitive advantage via-a-vis our competitors and to position ourselves as the "partner-of-choice" of several large consumer health companies and pharmaceutical companies operating within the nutraceutical space. Leveraging on these factors, along with the highly fragmented nature of the European nutraceutical CDMO space, we believe that we are well positioned to consolidate our position as the leading and largest nutraceutical CDMO in Italy and one of the largest in Europe.

Well-diversified product portfolio, technologies, and geographical exposure, with specific expertise in probiotics

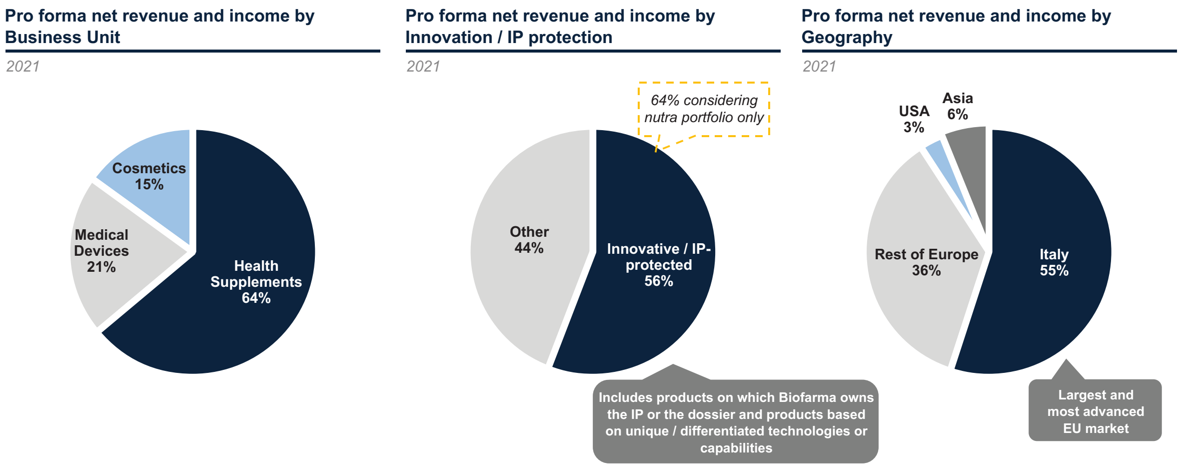
Our revenues are highly diversified across business units and geographies, and we derive a substantial portion of our revenue from products manufactured using innovative and patent-protected technologies.

For the year ended December 31, 2021, our Health Supplements, Medical Devices and Cosmetics business units generated total net revenue and income (*pro forma* for the IHS Acquisition) of €149.5 million, €49.5 million and €33.7 million, respectively, representing 64.2%, 21.3% and 14.5% of our total net revenue and income for the same period (in each case *pro forma* for the IHS Acquisition). Excluding the revenue of IHS, our Health Supplements, Medical Devices and Cosmetics business units generated total net revenue and income of €135.7 million, €37.3 million and €33.7 million, respectively, representing 65.7%, 18.0% and 16.3% of our total net revenue and income for the same period.

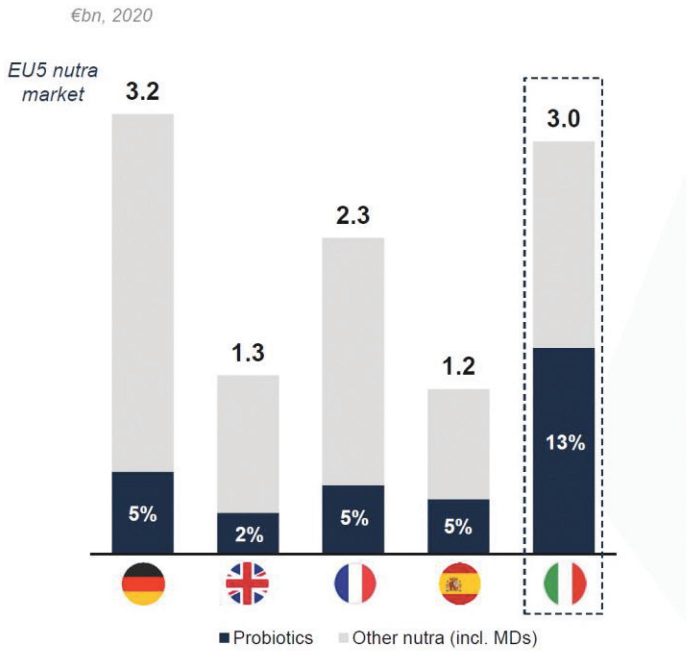
In terms of geographic reach, while all of our manufacturing sites are located in Italy, which accounted for 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021, we benefit from a global commercial reach, generating 45% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products sold to customers in Europe, Asia and the United States. Sales in Europe (excluding Italy), Asia and the United States accounted for 36%, 6% and 3%, respectively, of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021.

Continuous innovation is critical to our business and we hold a strong portfolio of innovative solutions and patented technologies, consisting of manufacturing technologies (*e.g.*, BOV technology), delivery systems and formulation capabilities. We are one of the few European nutraceutical CDMOs with microencapsulation capabilities, which allow us to apply a coating around ingredients, thus stabilizing them until the desired point of release. Our delivery systems include T-Win and Dry-Cap, which are specifically designed for probiotic-based products. Our highly regarded formulation capabilities (such as probiotics combination) enabled us to secure contracts to develop several new products for large pharmaceutical and consumer health companies in areas such as sleep relaxation, pediatrics and anti-ageing. As such, we derived 56% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products manufactured using innovative or patent-protected technologies. We are currently working on the introduction of new technologies, such as nanotechnology across all our business units and technology for hot filling processes for nutraceutical and cosmetics products.

The following charts set forth our total net revenue and income breakdown (*pro forma* for the IHS Acquisition) by business unit, innovative and patent-protected technologies and geography, for the year ended December 31, 2021.



Moreover, we believe that we are a leading European CDMO manufacturer of probiotic-based products, with an estimated market share of approximately 29% by revenue as of December 31, 2021 according to management estimates. The chart below sets forth the overall size of each of the EU5 underlying probiotics and other nutraceutical markets, as of December 31, 2020.



Source: Market Consulting Firm

As of December 31, 2020, we developed and manufactured six of the top 10 probiotic-based products sold to customers in Italy, estimated to be the largest market for probiotics-based products in Europe, and were the unique supplier in Italy of five of these products. The graphic below sets forth an overview of the top 10 probiotic-based products in the Italian market, as of December 31, 2020.

	Product	Corporation	Biofarma's Customer?	Unique Supplier
#1	Enterolactis Plus	SOFAR	✓	✓
#2	Lactoflorene Plus	MONTEFARMACO Si prende cura del tuo benessere	✓	✓
#3	Yovis	ALFASIGMA	✓	
#4	Enterolactis	SOFAR	✓	✓
#5	Vsl 3	Actial	✓	✓
#6	Prolife 10 Forte	ZETA FARMACEUTICI GROUP		
#7	Reuflor	RECORDATI	✓	✓
#8	Dicoflor 30	Dicofarm		
#9	Enterelle Plus	BROMATECH NATURAL MICRO FOOD SUPPLEMENTS		
#10	Multicentrum	gsk GlaxoSmithKline		
	Top 10 probiotic products in Italy			

Source: Management estimates; market research

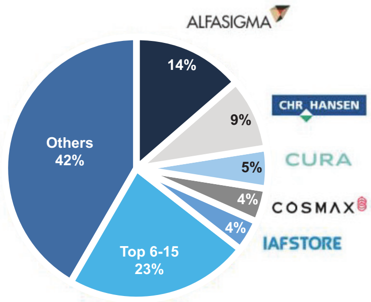
Probiotic-based products represent a premium niche in the nutraceuticals market, and are characterized by high manufacturing complexity that translates to higher than average margins. Our probiotic-based products incorporate live microorganisms that support immune functions and digestive health, and boost metabolism, and represented approximately 29% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. Within this space, we believe that we benefit from competitive advantages as a result of (i) our innovative technologies (*e.g.*, Dry-Cap, Oil Drop) co-developed with leading probiotics players such as Chr. Hansen (with whom we have a long-standing relationship of over ten years), and (ii) our high manufacturing quality standards (*e.g.*, we are one of the few EU players applying a "Cytofluorometry" technology to probiotics, which improves the efficacy of our products by guaranteeing a certain number of live microorganisms in each probiotic-based product).

Long-standing and diversified blue-chip customer base and low supplier dependency

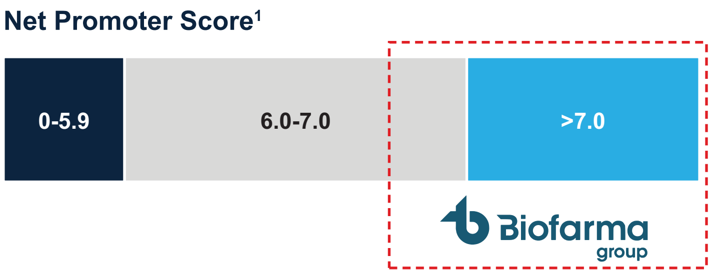
We have a large, diversified and established customer base comprising over 500 customers, ranging from large pharmaceutical companies, such as Sanofi and Alfasigma, multinational consumer health companies, such as Nestlé and Reckitt Benckiser, and international distributors, such as Cosmax, to mid-sized nutraceutical commercialization players, such as Montefarmaco, Lo.Li. Pharma and Sofar. Our customers also include other blue chip customers, such as Chr. Hansen.

Our global reach and ability to offer an integrated CDMO value proposition to our customers has allowed us to secure contracts with approximately 130 new customers between 2019 and 2021. In addition to broadening our customer base, we have also strengthened our relationships with key customers. While our business development division, consisting of 10 dedicated professionals drawn from our FTEs and external consultants, focuses on generating new business opportunities, our key account management division, consisting of 16 FTEs, focuses on strengthening relationships with our existing customers by proactively approaching them with innovative formulations or new applications of our technologies. In fact, our ability to develop and proactively offer innovative solutions to our customers underpins our long-standing relationships with the large majority of our customers and we have an average relationship duration of approximately 7.5 years with our top 10 customers. We have achieved this by leveraging upon our innovative and complex technologies, international regulatory expertise and high quality manufacturing, which has allowed us to become the partner-of-choice for large pharmaceutical companies (*e.g.*, Sanofi and Alfasigma), consumer health companies, (*e.g.*, Nestlé and Reckitt

Benckiser) and international players (*e.g.*, Cosmax) in several co-development projects, as well as the sole supplier of nutraceutical probiotic-based products in Europe for Chr. Hansen. As a result, we have not lost a single key customer in the last three years, recording a customer retention rate of approximately 97% from 2019 to 2021 (expressed as a percentage of our net revenue generated from the customers retained over the 2019 to 2021 period to our net revenue over such period). The total net revenue and income of our top 10 customers steadily increased at a CAGR of approximately 15% between 2019 and 2021 (compared to overall net revenue growth over this period at a CAGR of approximately 11%). The following chart sets forth our total net revenue and income breakdown (*pro forma* for the IHS Acquisition) by customer for the year ended December 31, 2021.



Our consistent product quality, reliability of service and significant R&D and regulatory capabilities offer high quality assurances to our customers, resulting in the highest level of customer satisfaction ratings according to the NPS issued pursuant to the Market Consulting Firm's report. The NPS represents, on a scale from one to ten, the customers' likelihood of recommending our products to others, as shown in the graphic below.

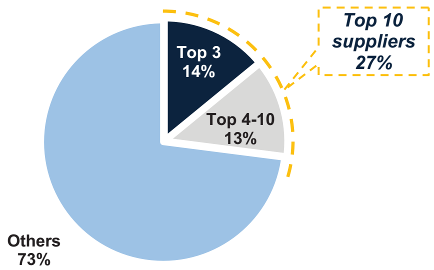


(1) Net Promoter Score, Detractor with NPS 0-5.9; Neutral with NPS 6.0-7.0; Promoter with NPS >7.0

Source: Market Consulting Firm

We believe that our customers are unlikely to switch CDMOs, primarily due to significant switching costs and high customer stickiness supported by our innovative "co-development" approach with customers, our substantial portfolio of patent-protected technologies and the operational and regulatory costs that switching CDMOs typically entails. Due to these factors, based on management's estimates, we believe that the process of switching CDMOs requires approximately three years, resulting in high consumer retention. In addition to strengthening our relationships with existing customers and resulting in a high customer retention rate, our strong customer relationships combined with an average relationship duration of 7.5 years with our top 10 customers also provide substantial forward visibility on order flow across our product portfolio.

Moreover, our sourcing strategy revolves around maintaining relationships with a small number of key suppliers to obtain certain commercial advantages, including superior pricing and terms, while, at the same time, building relationships with alternative suppliers (*i.e.*, "second sourcing") for critical raw materials. We believe that our broad supplier network reduces our concentration risk. For the year ended December 31, 2021, our top three and top 10 suppliers accounted for approximately 14% and 27%, respectively, of our purchase of goods and changes in inventory and cost of services. The following chart sets forth our supplier concentration for the year ended December 31, 2021.



Integrated and flexible business model supported by strong R&D, international regulatory capabilities and state-of-the-art manufacturing facilities

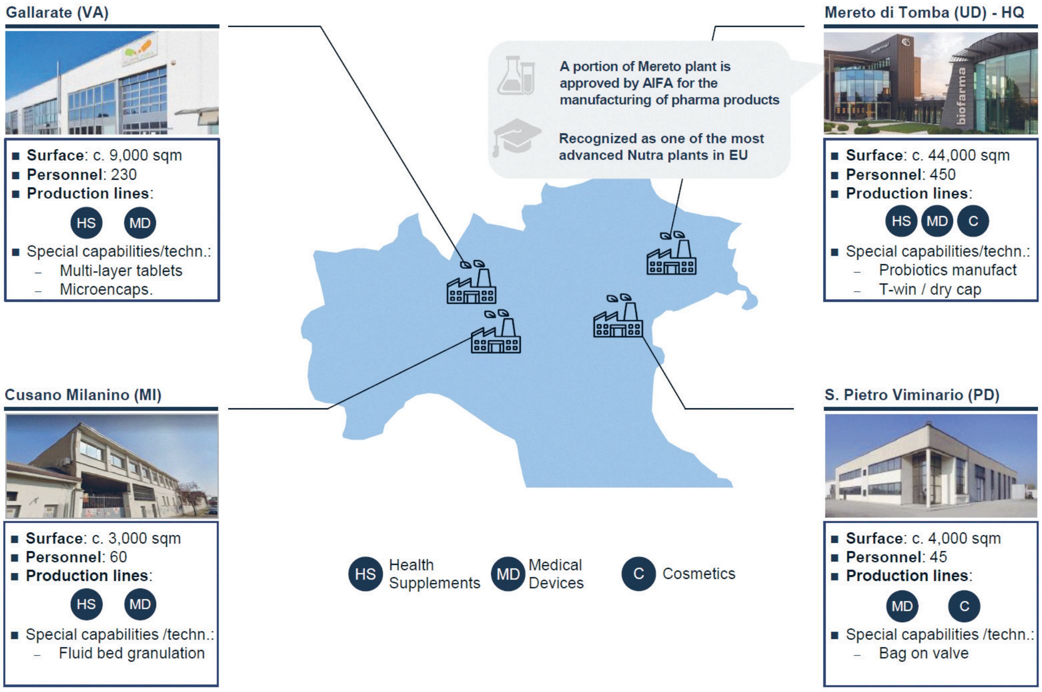
Our R&D department is key to our growth and our customers' success, particularly in light of the increasing complexity of our customers' requirements. We develop and proactively offer innovative solutions to our customers by anticipating market trends through our "push innovation model" that relies on (i) our sizeable R&D and regulatory departments (consisting of approximately 64 FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021) and (ii) our substantial portfolio of proprietary innovative solutions that combines differentiated manufacturing technologies, delivery systems and formulation capabilities. We have steadily invested in our R&D department, which enabled us to manage more than 2,000 projects in 2021. For the years ended December 31, 2019, 2020 and 2021, our capitalized R&D expenditure amounted to €0.9 million, €3.0 million and €5.6 million, respectively. We believe that the critical size of our R&D department allows us to invest upfront in new projects and allows us to anticipate market trends and customer needs.

We carry out our R&D activities internally, currently operating three R&D centers with complementary areas of expertise across our business units located in Udine, Varese and, further to the IHS Acquisition, Monza.

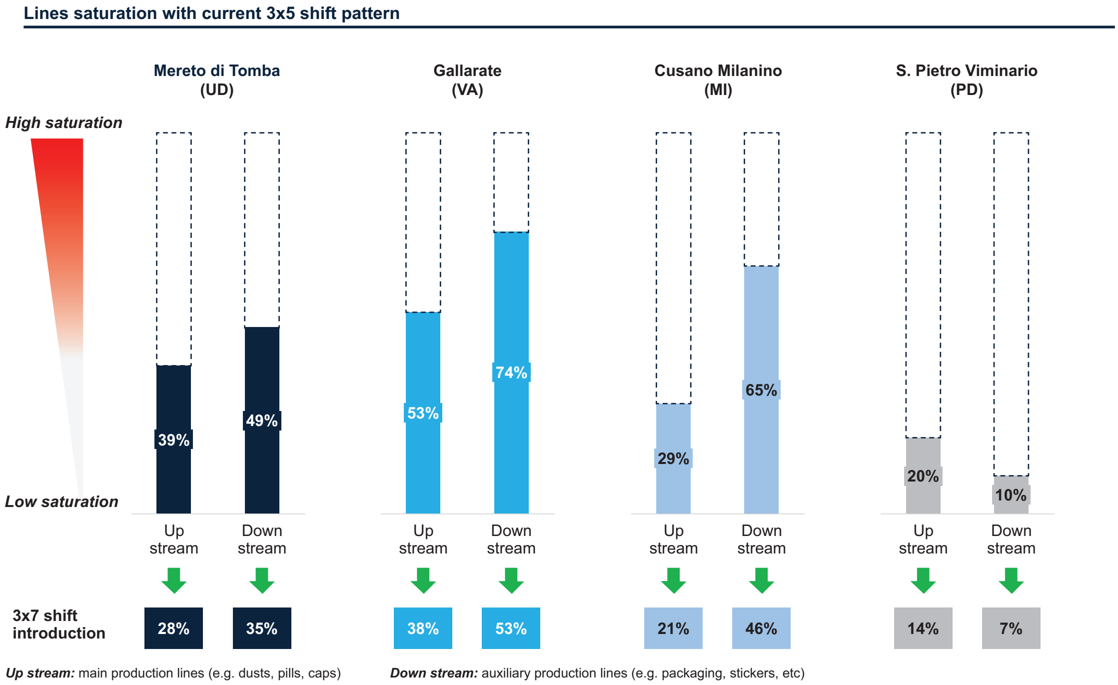
Continuous innovation is critical in the nutraceutical space, which typically has a shorter innovation cycle of six to 18 months as compared to the average 36 to 60 month cycle in the pharmaceutical space according to management estimates. For instance, we have developed *Sulfarol*, a sexual health product and *HCC*, a musculoskeletal product, in each case over an approximately 18-month innovation cycle. In each instance, we initially conceived and fully developed the product through our R&D team, developed a full set of clinical studies in partnership with a leading Italian university, filed for patent protection with the support of IP specialists, and secured (or are in advanced negotiations for) contracts with customers for the distribution of the product in Italian and overseas end markets. As a result of our business model and our investments in R&D, we currently hold a strong portfolio of innovative solutions and patented technologies, consisting of manufacturing technologies, delivery systems and formulation capabilities. For example, our proprietary manufacturing technologies include microencapsulation, which allows us to apply a coating around ingredients, thus stabilizing them until the desired point of release. We are one of the few European nutraceutical CDMOs that hold this technology. Our delivery systems include T-Win and Dry-Cap, which are specifically designed for probiotic-based products. T-Win is a patented technology that allows us to incorporate two different but mixable solid powders into the same delivery system and keep them separate until use. The Dry-Cap technology keeps the solid and liquid components of probiotic-based products separate until use, increasing the stability and shelf life of these products. We are currently working on the introduction of additional new technologies, such as nanotechnology across all our business units and technology for hot filling processes for nutraceutical and cosmetics products. With the adoption of nanotechnology, we expect to enhance the effectiveness of our nutraceutical products, including, for example, products for cardiovascular treatment or healing products. In respect of hot filling processes, we are currently designing solutions involving the use of extremely high temperatures to eliminate harmful bacteria or microorganisms from medical devices for women's health. Our highly regarded formulation capabilities (such as probiotics combination) enabled us to secure contracts to develop several new products for large pharmaceutical and consumer health companies in areas such as sleep relaxation, pediatrics and anti-ageing.

We also rely on a combination of patents, trademarks and other intellectual property rights, non-disclosure agreements and other protective measures to protect our proprietary rights. We have steadily increased our patent and trademark portfolio, including through our strategic acquisitions. As of December 31, 2021, we held more than 85 patents and 70 trademarks registered in Italy, Europe and other geographies, and are in the process of registering more than 40 additional patents and trademarks. Our acquisition of IHS adds a substantial portfolio of eight patents and eight trademarks registered in Italy, Europe and other geographies, along with 20 medical devices dossiers and three pending patents. Furthermore, we benefit from strong regulatory capabilities. In particular, we leverage upon our local and international regulatory expertise, including our pan-European regulatory know-how, through a dedicated team of approximately 20 FTEs as of December 31, 2021 to provide critical regulatory support to our customers across multiple jurisdictions. Our regulatory offering assists our customers in targeting new markets and differentiating their products to achieve stronger growth prospects by, for instance, performing clinical studies to help customers validate the clinical efficacy of their products.

In terms of manufacturing capabilities, we develop and manufacture our products and services through our four state-of-the-art manufacturing sites, located in northern Italy in Udine, Varese, Milan and Padova. Quality is at the core of our value proposition. Thus, all our facilities adhere to high quality levels from an operational and health and safety perspective, and we hold equipment and quality control systems that are more typical for regulated pharmaceutical companies, enabling us to deliver consistent product quality and reliability of service. In addition, we seek to adhere to "stricter-than-regulatory" manufacturing standards in order to meet the high quality standards of our blue chip customers. In particular, the Udine Plant underwent a major refurbishment in 2018 and is currently regarded as one of the most advanced nutraceutical plants in Europe, with AIFA having approved a portion of the site for the manufacture of pharmaceutical grade products. The following graphic sets forth an overview of our current manufacturing capabilities.



Moreover, our manufacturing sites are equipped with 170 production lines, of which 50 are dedicated to the production and 120 to the packaging, of our health supplements, medical devices and cosmetics. Our production lines have low saturation rates as a result of continuous investments in new lines, and we believe that adopting a work shift pattern with three shifts per day for seven days a week (as opposed to the shift pattern we currently have in place with three shifts per day for five days a week) could potentially unlock an estimated 30% additional capacity at our manufacturing sites. The following graphic sets forth an overview of the current and projected saturation rates of our product lines (not accounting for the integration of IHS).



Source: Market Consulting Firm; management estimates

Consistent profitable growth and cash generation, with a strong track record of overachieving targeted synergies

We manage our business with a focus on achieving and maintaining strong revenue generation and profitability. We have a strong track record of total net revenue and income and Adjusted EBITDA growth, which recorded a CAGR of approximately 12% and approximately 22%, respectively, between 2019 and 2021, increasing from €184.1 million and €38.4 million for the year ended December 31, 2019 to €232.7 million and €57.3 million, respectively, for the year ended December 31, 2021 (in each case *pro forma* for the IHS Acquisition). Excluding the revenue of IHS, our total net revenue and income grew from €169.0 million for the year ended December 31, 2019 to €206.6 million for the year ended December 31, 2021. We demonstrated resilience through various economic cycles, including through the outbreak of the COVID-19 pandemic with its long-lasting effects on the global economy, and successfully navigated supply chain disruptions and increase in the prices of raw materials. In particular, given the essential nature of our business, we remained operational during the COVID-19 pandemic, generating increased organic total revenue of €14.5 million and €23.1 million, respectively, for the years ended December 31, 2020 and 2021, compared to the respective prior year periods. Certain of our health supplements and medical devices products, such as probiotics that support immune functions and products treating sleep disorders, recorded an increase in sales during the COVID-19 pandemic, demonstrating our strong resilience and our ability to successfully adapt to the asymmetric trends recorded in the markets in which we operate by leveraging the significant breadth of our product portfolio.

Our high margins related to our differentiated positioning and the lower capital requirements in the nutraceutical CDMO space compared to the pharmaceutical industry have also allowed us to become a highly cash generative business, with cash flow from operating activities of €21.8 million and €30.1 million, adjusted recurring operating free cash flow of €35.1 million and €45.4 million and recurring cash flow conversion rate of 93.5% and 93.4%, respectively, for the years ended December 31, 2020 and 2021. For the same years, we recorded adjusted recurring operating free cash flow (*pro forma* for the IHS Acquisition) of €40.1 million and €54.1 million and adjusted recurring cash flow conversion rate of 94.2% and 94.4%, respectively. For the year ended December 31, 2021, our adjusted operating free cash flow (*pro forma* for the IHS Acquisition) was

€42.2 million. We have also maintained consistently high gross margin of 26.6%, 25.5% and 26.5% for the years ended December 31, 2019, 2020 and 2021, respectively. See "*Summary Historical Financial and Other Data—Other Financial Data and Key Performance Measures*."

Furthermore, we have been focused on the integration of the various entities within the Group and despite the impact of the COVID-19 pandemic, we have already realized significant cross-selling revenue synergies and cost savings synergies, over-performing the pre-merger estimates by €1.6 million in 2020 and €3.0 million in 2021, according to the report issued by the Consulting Firm. For example, we have performed an optimization of our industrial platform by promoting the sharing of our "best of breed" capabilities across the entire Group, thus leveraging the full potential of the aggregation of the Group. As an example, we have re-allocated production lines from one plant to another in line with their specific expertise, allowing us to optimize production flows and improve manufacturing efficiency. In addition, we have leveraged on the scale resulting from our M&A activity to centralize procurement activities and secure better pricing terms for raw materials with our suppliers, and we have in-sourced certain previously outsourced production activities (*e.g.*, Apharm's portfolio of medical devices), thus unlocking potential cost synergies. Our integration process resulted in unlocking significant synergies for the Group, and we believe that it is yet to deliver on its full potential as we continue to execute on our strategic integration initiatives.

Attractive consolidation platform with strong track record of creating value and extracting synergies from integration

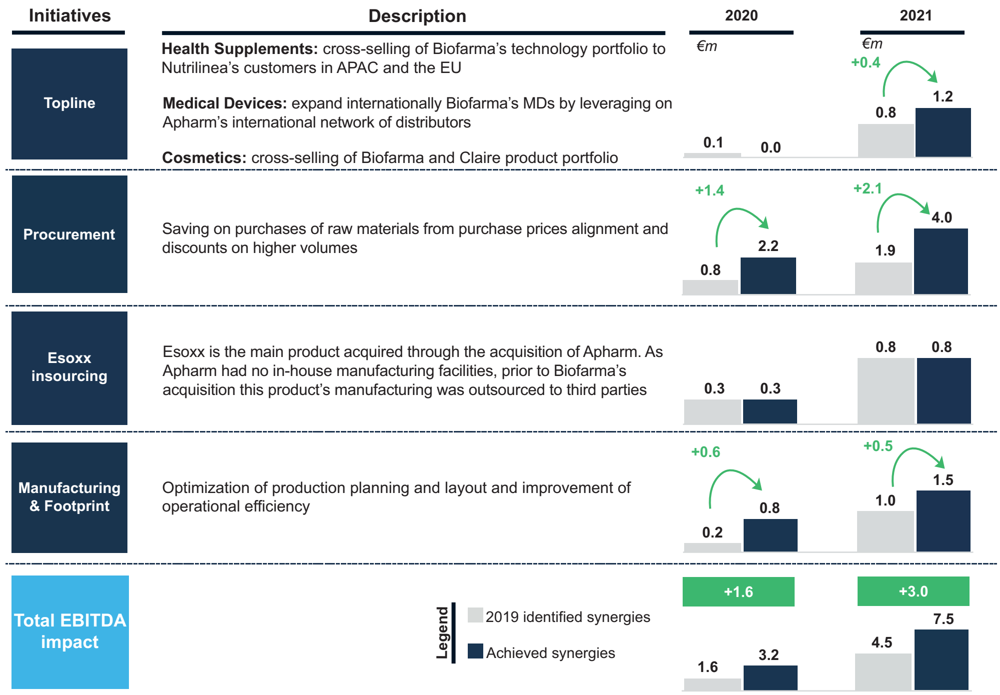
We are the result of a buy-and-build strategy, commenced in 2017 with the acquisition of Nutrilinea and complemented by five strategic add-ons of nutraceuticals or cosmetics CDMOs or CMOs.

A combination of this acquisition-driven growth and significant organic revenue growth between 2016 and 2021 resulted in the increase of our total net revenue and income from €32.0 million for the year ended December 31, 2016 to €232.7 million (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. Excluding the results of IHS for the period, we recorded total net revenue and income of €206.6 million for the year ended December 31, 2021.

We have a strong track record of accretive M&A through our strategy of selectively pursuing and successfully implementing synergistic acquisitions. Our ability to unlock cross-selling opportunities and extract significant cost savings synergies from integration is underpinned by our focus on leveraging the "best of breed" capabilities of each entity within the Group. Despite the impact of the COVID-19 pandemic, we have already realized significant cross-selling revenue synergies and cost savings synergies, over-performing the pre-merger estimates by €1.6 million in 2020 and €3.0 million in 2021, according to the report issued by the Consulting Firm.

In terms of cross-selling revenue synergies, we have been able to successfully cross-sell the complementary portfolios of the acquired companies across our and their respective customer bases. As an example, we promoted the cross-selling of the Company's portfolio of innovative technologies across Nutrilinea's customers in the European Union and Asia-Pacific ("**APAC**") regions, expanded the Company's Medical Devices business unit by leveraging on Apharm's international network of distributors and supported the cross-selling of the Company's and Claire's product portfolios, generating in the process an aggregate of approximately €1.2 million of cross-selling synergies between 2019 and 2021. In addition, we have generated cost savings synergies from the integration of the acquired companies, particularly by (i) in-sourcing the manufacturing of Apharm's portfolio (including *Esoxx*, a medical device we developed for the treatment of gastroesophageal reflux, which is the leading product in our overall portfolio with €14.0 million of revenue generated in the year ended December 31, 2021), (ii) focusing on procurement savings relating to the purchase of raw materials from purchase price alignment and discounts on higher volumes, and (iii) promoting the optimization of production planning and the improvement of operational efficiency.

The chart below illustrates our overachievement of targeted synergies in 2020 and 2021 in terms of EBITDA impact, comparing our initial estimates in 2019 to the synergies we actually achieved for each such year.



Source: Consulting Firm

Furthermore, we expect to realize additional cross-selling revenue synergies and cost savings synergies from our recent acquisition of IHS by unlocking cross-selling opportunities across our respective customer bases (including to IHS's international network of distributors, such as Cosmax), in-sourcing the manufacturing of a substantial portion (approximately 60%) of IHS's medical devices currently outsourced to other CMOs, procurement savings in connection with a new framework agreement for probiotics allowing for a mark-up reduction of approximately 20% as well as workforce optimization initiatives.

Overall, we estimate that, as of December 31, 2021, we had realized approximately €7.5 million of cross-selling revenue synergies and cost savings synergies since 2019 on a cumulative basis (of which €1.2 million were cross-selling revenue synergies and €6.3 million were cost savings synergies), and we currently expect to realize €6.7 million of annual run-rate cost savings synergies by 2023. For more information on the synergies we expect to achieve and the one-off costs we expect to incur for the realization thereof, see "*Summary Historical Financial and Other Data—Other Pro forma Financial Data*."

Highly experienced and committed management team, with extensive experience in the pharmaceutical and nutraceutical industries

We benefit from the experience of our key management who have extensive experience and an excellent track record in both the pharmaceutical industry and the nutraceutical industry in which we operate. Our CEO has over 30 years of experience in leading Italian and international pharmaceutical players (such as Italfarmaco, Zambon and Takeda). Members of our senior management have significant experience in large multinational companies such as GlaxoSmithKline and Fareva.

Our management team has consistently demonstrated its ability to consolidate long-term relationships with existing customers and to win new customers, promoting the innovation-driven mindset that is embedded into our history and business model. In particular, our management has proven to be able to consistently bring to the market innovative products and ensure our facilities meet high quality manufacturing standards. In addition, management has a track record of being able to successfully integrate our acquired businesses and extract significant synergies. Our effective management structure, which couples long-term experience at the Group with proven excellence in the respective roles of our key managers, has also allowed us to take swift action in response to the COVID-19 pandemic and successfully navigate the related operational difficulties, with the support of our skilled and qualified work force consisting of approximately 800 FTEs (including employees deputed to us from third party agencies) as of December 31, 2021.

Our management is well placed to continue pursuing our strategy to broaden our customer base and strengthen our market recognition. We also believe that our current management team will allow us to continue to attract and retain the industry's top talent, further driving our growth strategy.

Our Strategy

Diversify our portfolio of products and differentiated technologies

We plan to continue strengthening our position in the markets in which we operate, including by diversifying our portfolio of products. We have a strong product pipeline in 2022, which includes, for instance, a food supplement we developed for a large pharmaceutical company, environmentally sustainable oral care formulations for a large consumer health company and innovative sports products for an Italian online retailer focused on personalized sport nutrition products and health supplements. The following chart sets forth an overview of our product pipeline in 2022.

Product	BU	Launch	Client	Product description
Innovative vitamin based product	HS	Q1 '22	Tier-1 multinational company (a)	Vitamin mineral pharmaceutical product that has been transformed into a food supplement and is, therefore, a clear example of the new strategy of pharmaceutical companies in nutraceutical field, which transform certain products in nutra to be able to bring to the market marginal innovation (e.g. line extension) in a faster way (due to lower regulatory requirements) In 2022 the product will be launched in Spain, and this will be followed by launches in 30 countries worldwide
Client portfolio	HS	Q1 '22	Tier-1 multinational company (b)	Several projects for tier-1 multinational company (b) brand portfolio, but above all, the already planned expansion in different international markets including USA, Hong-Kong and Japan The strong relationship with the customer is a sign of a stable partnership that demands high quality standards, not easily available on the market
Waterless solid oral care	Cosmetic	Q3 '22	Tier-1 multinational company (c)	Toothpaste and mouthwash waterless formulations delivered in the form of chewable tablets with fluoride to fight teeth cavities
Innovative pediatric product	HS	Q1 '22	Probiotics company	Pediatric target product in sachet packaging, based on a formulation with inulin and probiotics
Retard microencapsulated protein and sport nutrition	HS	Q1 '22	Online food supplement player	Isolated and microencapsulated proteins with cellulose available in 2 flavorings. The partnership with this client allows us to be pioneers in Italy in the sports nutrition products development, a sector characterized by a high level of innovation in both the technological and commercial fields

The growth of our business is also partially driven by the continuous development of manufacturing technologies, delivery systems and formulation capabilities. Each year, we dedicate a significant amount of capital towards developing new products and researching new technologies. For the years ended December 31, 2019, 2020 and 2021, we incurred aggregate capitalized R&D expenses of €0.9 million, €3.0 million and €5.6 million, respectively, and we intend to continue to invest in R&D, in order to introduce new technologies, such as nanotechnology across all our business units and technology for hot filling processes for nutraceutical and cosmetics products, to consolidate our leading position in this space.

The implementation of these plans is part of our broader strategy to retain and expand our position as the partner-of-choice of an increasing number of large pharmaceutical companies, consumer health companies and international players by strengthening our portfolio of CDMO solutions, comprehensively addressing our customers' requirements and meeting their evolving needs.

Expand into new geographic markets

We intend to continue leveraging our market positioning through expansion into new geographic markets and by enhancing our presence across the geographical areas in which we operate, both organically through the launch of new products or the sale of our existing products into new markets and inorganically through bolt-on acquisitions. For instance, through our recent acquisition of IHS, we gained access to an international network of distributors in markets such as South Korea. Our geographic expansion strategy is currently focused on the Europe, Middle East and Africa ("**EMEA**") and APAC regions, and will be driven by, for instance, the launch of a food supplement by a large pharmaceutical company in Spain followed by approximately 30 other countries, the expansion of several of our existing products for a large consumer health customer to international markets such as Hong Kong and Japan, and the proposed distribution of *Esoxx* in India. The establishment of footholds in new geographic regions and well-established markets, each of which holds potential for expansive customer acquisition and development, presents the opportunity for exposure to markets characterized by long-term growth prospects.

Generate cross-selling revenue synergies and cost savings synergies through the integration of acquired businesses

We intend to continue to unlock cross-selling opportunities and extract synergies from integration by focusing on leveraging the "best of breed" capabilities of each entity within the Group. For instance, our acquisition of Pharcoterm allowed us to unlock cross-selling opportunities by acquiring a portfolio of Italian nutraceutical customers such as Lo.Li. Pharma and Sofar, and our acquisition of Apharm generated significant cost synergies through the in-sourcing of the manufacturing of Apharm's portfolio. As of December 31, 2021, we estimate that we had realized approximately €7.5 million of cross-selling revenue synergies and cost savings synergies from the acquisition of Nutrilinea and the strategic add-on acquisitions since 2019 on a cumulative basis (of which €1.2 million were cross-selling revenue synergies and €6.3 million were cost savings synergies), and we currently expect to realize €6.7 million of annual run-rate cost savings synergies by 2023.

In particular, such cost synergies primarily consist of (i) procurements savings for an estimated amount of €1.1 million in connection with, among other things, purchase price alignment for raw materials and discounts on higher volumes; (ii) cost savings synergies for an estimated amount of €1.1 million relating to the manufacturing in-sourcing of *Esoxx* (a medical device we developed for the treatment of gastroesophageal reflux), the production of which was previously outsourced to third parties; (iii) manufacturing efficiency initiatives for an estimated amount of €0.7 million, primarily relating to the implementation of automated packaging lines in our subsidiary Claire, the streamlining of production flows in Biofarma and the optimization of warehouse management in our subsidiary Nutrilinea; (iv) footprint optimization savings for an estimated amount of €0.6 million arising out of initiatives aimed at reducing the use of sports product warehouses and the facilities operated by our subsidiary Claire, leveraging on the existing storage and operating capacity at our other plants; and (v) cost savings for an estimated amount of €1.0 million arising out of the closure of the Pharcoterm facility in Milan, with the simultaneous transfer of the related activities to our Varese and Udine plants, in each case on an annual run rate basis.

We also expect to realize additional cross-selling revenue synergies and cost savings synergies from the implementation of the IHS Acquisition and the related integration initiatives by (i) in-sourcing the manufacturing of a substantial portion (approximately 60%) of IHS's medical devices currently outsourced to other CMOs (estimated amount of €1.7 million), (ii) unlocking cross-selling opportunities across our respective customer bases (including to IHS's international network of distributors, such as Cosmax) (estimated amount of €0.3 million) and (iii) procurement savings in connection with a new framework agreement for probiotics allowing for a mark-up reduction of approximately 20% as well as workforce optimization initiatives (estimated amount of €0.2 million).

Furthermore, we plan to implement selected initiatives to further enhance integration and sustain the next phase of our growth. In particular, we aim at (i) transforming each of our manufacturing sites of Udine, Padova and Varese into a "center of excellence" depending on its specific manufacturing expertise to promote specialization across the Group and improve operational efficiency; (ii) strengthening our R&D and regulatory expertise by leveraging upon the complementary competencies of our different entities; (iii) realizing the full potential of our commercial structure (which we believe has not yet delivered its full potential due to the impact of the COVID-19 pandemic), leveraging on a business development division focused on generating new business opportunities and a key account management division focused on strengthening relationships with our existing customers and (iv) continuing to replace different enterprise resource planning ("**ERP**") systems with an integrated SAP offering at a group level (which we have already adopted at our Varese plant in 2020 and plan to implement at our Padova plant in 2022 and our Udine plant in 2023), with a focus on integrating manufacturing processes across our sites. For additional information, including on expected one-off costs and capital expenditure which are not reflected in these estimates, see "*Summary Historical Financial Information and Other Data—Other Pro forma Financial Data" and "Risk Factors—Risks Related to Our Financial Information—The pro forma financial information included in this Offering Memorandum, including the Unaudited Pro Forma 2019 Combined Financial Data and the pro forma adjustments relating to the IHS Acquisition, is for information purposes only, is only intended to simulate what our results of operations would have been had the relevant acquired businesses been included in our scope of consolidation for the entire period assumed and has been* *prepared on the basis of certain estimates and assumptions which we consider reasonable, but it is not a substitute for our Audited Financial Statements included elsewhere in this Offering Memorandum*."

Principal Shareholders

The Issuer is a direct wholly-owned subsidiary of MidCo. The ultimate controlling party of the Issuer is Ardian Buyout Fund VII B SLP, which indirectly holds approximately 69.5% of the share capital of the Issuer through its wholly-owned subsidiary Vegeta S.p.A.

Ardian is a world-leading private investment house with assets of $125 billion managed or advised in Europe, the Americas and Asia. The company is majority-owned by its employees. It keeps entrepreneurship at its heart and focuses on delivering excellent investment performance to its global investor base. Through its commitment to shared outcomes for all stakeholders, Ardian's activities fuel individual, corporate and economic growth around the world. Holding close its core values of excellence, loyalty and entrepreneurship, Ardian maintains a truly global network, with more than 850 employees working from 15 offices across Europe (Frankfurt, Jersey, London, Luxembourg, Madrid, Milan, Paris and Zurich), the Americas (New York, San Francisco and Santiago) and Asia (Beijing, Singapore, Tokyo and Seoul). It manages funds on behalf of over 1,000 clients through five pillars of investment expertise: Fund of Funds, Direct Funds, Infrastructure, Real Estate and Private Debt. Ardian has a strong track record of successful investments in Italy and the healthcare sector, such as Lima Corporate, Dedalus and Neopharmed Gentili.

Approximately 30.5% of the share capital of the Issuer is indirectly owned by Victoria (30.0%) and certain management investors (approximately 0.5%). Victoria is a holding company ultimately controlled by Germano Scarpa (our Chairman and one of the founders of the Biofarma Group) and Gabriella Tavasani.

For further information, see *"Principal Shareholders*."

The Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy. The Issuer was formed as a joint stock company (*società per azioni*) on February 7, 2022. The Issuer is registered with the Companies' register of Milan, Monza, Brianza and Lodi under registration number and fiscal code 12245460964. The registered office of the Issuer is at Largo Francesco Richini 2/A, Milan, Italy.

The Transactions

The Acquisition, the Apharm Minority Interest Acquisition and the Udine Plant Acquisition

On January 15, 2022, Ardian Buyout Fund VII B SLP (represented by its management company Ardian France S.A.), the ultimate controlling owner of the Issuer, as purchaser, entered into a quota purchase agreement (which was assigned to BidCo prior to the Completion Date) with Ippocrate Investments S.p.A., Ippocrate Investments II S.p.A. and Ippocrate Investments III S.p.A., three holding companies controlled by White Bridge Investments II S.p.A., and Victoria (collectively, the "**Sellers**"), as sellers, relating to all of the equity interests in the Company.

On February 24, 2022, the Italian Golden Power Authority provided the Golden Power Clearance with respect to the transactions contemplated by the Acquisition Agreement. The Acquisition was consummated by the Issuer through BidCo on March 22, 2022 (the "**Completion Date**").

Consideration for the Acquisition consisted of a purchase price of €945.8 million, including fees and net of certain leakages, which was paid to the Sellers on the Completion Date. Additional deferred consideration may become payable in the future upon the occurrence of certain liquidity or exit events.

Although the Sellers have given certain customary representations, warranties and indemnities as to, *inter alia*, capacity, title and disclosure in the Acquisition Agreement, the Issuer (through BidCo) may not be able to enforce claims against the Sellers in the event of breaches of these representations, warranties and indemnities. In addition, the Sellers' liability for any breach of a warranty is subject to certain thresholds and limitations. See "*Risk Factors—Risks Related to the Transactions—We may not be able to enforce claims relating to a breach of the representations and warranties that the Sellers have provided under the Acquisition Agreement*."

On April 8, 2022, in connection with the Acquisition, Nutrilinea, a wholly-owned subsidiary of the Company, acquired the remaining 30% equity interest in its subsidiary Apharm (the "**Apharm Minority Interest Acquisition**") for a purchase price of €18.4 million, following the exercise of a put option pursuant to the shareholder agreements with Apharm's third-party minority equity holders.

On March 22, 2022, the Company and Victoria entered into an asset transfer arrangement pursuant to which all of the interests in the Udine Plant (which was previously owned by Victoria and operated by the Company pursuant to rental agreements) were transferred to the Company for a purchase price of €37.7 million (the "**Udine Plant Acquisition**"). See "*Principal Shareholders*."

The Financing of the Acquisition and the Refinancing

In connection with the Acquisition, on March 16, 2022, the Issuer entered into (i) the Bridge Facility Agreement, which provides for the €345.0 million Bridge Facilities (comprising the following virtual tranches: the Bridge Acquisition Tranche, the Bridge Refinancing Tranche and the Bridge General Corporate Purpose Tranche) and (ii) the Revolving Credit Facility Agreement, which provides for the €60.0 million Revolving Credit Facility. The Revolving Credit Facility was undrawn on the Completion Date and we currently expect the Revolving Credit Facility to be undrawn on the Issue Date. See "*Description of Certain Financing Arrangements—Bridge Facility Agreement*," and "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."

On the Completion Date, the Issuer received €877.7 million of equity contribution in the form of (i) an equity contribution indirectly provided by TopCo to BidCo (including a contribution of €37.5 million of which was made with proceeds received by TopCo under the shareholder loan entered into by and between Victoria, as lender, and TopCo, as borrower, in connection with the Udine Plant Acquisition) and (ii) an equity contribution indirectly provided by PIKCo to BidCo corresponding to the net proceeds from PIKCo's private placement of the PIKCo Private Notes issued on March 18, 2022 (the funding described under (i) and (ii), together, the "**Equity Contribution**").

On or about the Completion Date, the Issuer utilized the proceeds from (i) the Bridge Acquisition Tranche, the Bridge General Corporate Purpose Tranche and the Equity Contribution, together with cash on balance sheet of the Company to, indirectly, fund (a) the payment of the purchase price for the Acquisition, (b) the Udine Plant Acquisition, (c) the Apharm Minority Interest Acquisition, (d) the payment of a special bonus to management in connection with the Acquisition, (e) the payment of fees and expenses in connection with the Transactions (other than the Offering and the Bridge Facilities Refinancing) and (f) fund cash overfunding on balance sheet of the Issuer and its subsidiaries and (ii) the Bridge Refinancing Tranche of the Bridge Facilities, together with cash on balance sheet of the Company, to, directly and indirectly through its subsidiaries Nutrilinea, Apharm and Pasteur via the relevant Proceeds Loans, fund the repayment in full and cancellation of the Refinanced Company Indebtedness, including accrued interest thereon, and pay related fees and expenses (the "**Refinancing**"). We refer to the entry into and drawing under the Bridge Facilities and the Equity Contribution as the "**Financing**."

In particular, on the Completion Date, (i) the Issuer used the amounts drawn under the Bridge Facilities to fund the BidCo Proceeds Loan for an amount equal to €345.0 million (gross of applicable fees) and (ii) BidCo used the net amounts drawn under the BidCo Proceeds Loan, together with proceeds from the Equity Contribution (as applicable), to fund (a) the consideration payable in connection with the Acquisition and (b) the Biofarma Proceeds Loan for an amount equal to €215.8 million.

The Company used the proceeds from the Biofarma Proceeds Loan on or shortly following the Completion Date, together with cash on balance sheet, to (w) complete the Refinancing, (x) fund the Udine Plant Acquisition, (y) fund (via Nutrilinea) the Apharm Minority Interest Acquisition and (z) pay related fees and expenses. See "*Description of Certain Financing Arrangements—Proceeds Loans*."

The estimated sources and uses of the funds necessary to (i) pay the consideration for the Acquisition, the Apharm Minority Interest Acquisition, the Udine Plant Acquisition and a special bonus to management in connection with the Acquisition, (ii) repay the Refinanced Company Indebtedness, (iii) pay fees and expenses in connection with the Transactions and (iv) fund cash overfunding, in each case, on the Completion Date, are shown in the table below.

Sources	(€ million)	Uses	(€ million)
Gross proceeds from the Bridge Facilities(1)	345.0	Consideration for the Acquisition, the Udine Plant Acquisition, the Apharm Minority Interest Acquisition and payment of special bonus to management(4)	1,007.7
Equity Contribution(2)	877.7	Repayment of the Refinanced Company Indebtedness(5)	183.3
Cash on balance sheet(3)	21.1	Transaction fees and expenses(6)	31.0
		Cash overfunding(7)	21.8
Total sources	**1,243.8**	**Total uses**	**1,243.8**

(1) Represents the aggregate principal amount of drawings under the Bridge Facilities made available to BidCo (by way of the BidCo Proceeds Loan) under the Bridge Facility Agreement for an aggregate principal amount of €345.0 million (gross of applicable fees), of which (i) €162.5 million in aggregate principal amount of Facility B1 under the Bridge Facility Agreement, which was indirectly used to: (A) as to €129.2 million in aggregate principal amount, pay the purchase price for the Acquisition, fund the Udine Plant Acquisition and pay bonuses, fees and expenses in connection with the Transactions (other than the Offering, the Bridge Facilities Refinancing and the Apharm Minority Interest Acquisition) (the "**Bridge Acquisition Tranche**") and (B) as to €33.3 million in aggregate principal amount, fund, *inter alia*, cash to the Issuer's and its subsidiaries' balance sheet for the funding of the Apharm Minority Interest Acquisition and payment of related fees and expenses (the "**Bridge General Corporate Purpose Tranche**") and (ii) €182.5 million in aggregate principal amount of Facility B2 under the Bridge Facility Agreement, which was indirectly used to, together with cash on Company's balance sheet, repay the Refinanced Company Indebtedness (the "**Bridge Refinancing Tranche**").

(2) The Equity Contribution of €877.7 million consisted of (i) an equity contribution indirectly provided by TopCo to BidCo (including a contribution of €37.5 million of which was made with proceeds received by TopCo under the shareholder loan entered into by and between Victoria, as lender, and TopCo, as borrower, in connection with the Udine Plant Acquisition) and (ii) an equity contribution indirectly provided by PIKCo to BidCo corresponding to the net proceeds from PIKCo's private placement of the PIKCo Private Notes issued on March 18, 2022. See "*Certain Relationships and Related Party Transactions.*"

(3) Represents the estimated amount of cash and cash equivalents on the Company's balance sheet as of the Completion Date that was used by the Company to, *inter alia*, repay in full and cancel the Refinanced Company Indebtedness on the Completion Date. See also "*Capitalization.*"

(4) Represents the sum of (i) €945.8 million paid for the purchase price paid to the Sellers for the quotas of the Company acquired under the Acquisition Agreement on the Completion Date, (ii) €3.8 million paid to Company's management as a special bonus in connection with the Acquisition, (iii) €18.4 million paid by the Company for the Apharm Minority Interest Acquisition and associated fees and expenses and (iv) €37.7 million paid by the Company for the completion of the Udine Plant Acquisition (excluding €2.0 million of value added tax).

(5) Represents the principal amount of the Refinanced Company Indebtedness that was repaid in full and cancelled on or shortly following the Completion Date by the Company, directly and indirectly through its subsidiaries Nutrilinea, Apharm and Pasteur, as applicable. The amount of Refinanced Company Indebtedness shown in the table above excludes accrued interest and prepayment penalties. See also "*Capitalization.*"

(6) Represents fees and expenses paid in connection with the Transactions (excluding the Offering and the Bridge Facilities Refinancing), including legal and other advisor fees and transaction expenses.

(7) Represents the amount of cash that was indirectly funded to the Issuer's and its subsidiaries' balance sheet on the Completion Date.

The Offering and the Bridge Facilities Refinancing

We estimate that the gross proceeds from the Offering will be €345.0 million. The gross proceeds from the Offering, together with cash on balance sheet, will be used by the Issuer on the Issue Date to repay in full and cancel the indebtedness incurred under the Bridge Facilities, including accrued interest thereon (the "**Bridge Facilities Refinancing**") and pay fees and expenses in connection with the Offering and the Bridge Facilities Refinancing.

The estimated sources and uses of the funds necessary to complete the Bridge Facilities Refinancing are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including the amount of accrued and unpaid interest under the Bridge Facilities and differences in the actual amount of fees and expenses in connection with the Offering and the Bridge Facilities Refinancing compared to our estimates. This table should be read in conjunction with the table presented under *"—The Financing of the Acquisition and the Refinancing*," "*Use of Proceeds*" and "*Capitalization*."

Sources	(€ million)	Uses	(€ million)
Gross proceeds from the Offering(1)	331.2	Repayment of the Bridge Facilities(3)	347.3
Cash on hand(2)	16.1		
Total sources	**347.3**	**Total uses**	**347.3**

(1) Represents the aggregate principal amount of the Notes of €345.0 million *less* the aggregate amount of original issue discount (€331.2 million, calculated by applying an issue price of 96.00% to the aggregate principal amount of €345.0 million).

(2) To the extent cash of the Issuer at the Issue Date will not be sufficient to complete the Bridge Facilities Refinancing, the subsidiaries of the Issuer may transfer cash to the Issuer through a partial repayment of the BidCo Proceeds Loan.

(3) Represents the €345.0 million aggregate principal amount of indebtedness outstanding under the Bridge Facilities, plus estimated accrued and unpaid interest on the Bridge Facilities in the amount of €2.3 million. In connection with the Bridge Facilities Refinancing, the Bridge Facilities will be repaid in full at par on the Issue Date, along with accrued and unpaid interest, with the proceeds from the Offering and cash on the Issuer's balance sheet. In particular, proceeds from a portion of the Notes designated as Tranche A, equal to an aggregate principal amount of €129.2 million ("**Tranche A**"), will be used to refinance the Bridge Acquisition Tranche of the Bridge Facilities, proceeds from the remaining portion of the Notes designated as Tranche B, equal to an aggregate principal amount of €182.5 million ("**Tranche B**"), will be used to refinance the Bridge Refinancing Tranche of the Bridge Facilities, and proceeds from a portion of the Notes designated as Tranche C, equal to an aggregate principal amount of €33.3 million ("**Tranche C**"), will be used to refinance the Bridge General Corporate Purpose Tranche of the Bridge Facilities. The Bridge Facilities were granted by the Initial Purchasers or their respective affiliates. See "*Use of Proceeds*" and "*Plan of Distribution*." For more information on the Italian law considerations applicable to Tranche A, Tranche B and Tranche C and the related limitations on guarantees and security interests granted by Italian companies, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations—Italy—Limitations to the Guarantees and Collateral*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*."

For the avoidance of doubt, the "virtual tranching" of the Notes is aimed at identifying the separate portions of the proceeds from the Offering to be used to refinance the Bridge Acquisition Tranche (the proceeds of which were used to pay the purchase price for the Acquisition, fund the Udine Plant Acquisition and pay bonuses, fees and expenses in connection with the Transactions (other than the Offering, the Bridge Facilities Refinancing and the Apharm Minority Interest Acquisition)), the Bridge Refinancing Tranche (the proceeds of which were used, together with cash on Company's balance sheet, to repay the Refinanced Company Indebtedness) and the Bridge General Corporate Purpose Tranche (the proceeds of which were used to, *inter alia*, fund cash to the Company's balance sheet for the funding of the Apharm Minority Interest Acquisition and payment of related fees and expenses), and will not entail issuing separate identifiers (ISINs or Common Codes) for each such virtual tranche of the Notes. See "*Use of Proceeds,*" "*Capitalization,*" and "*Description of Notes.*"

Post Completion Merger

The Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to implement the Post Completion Merger between BidCo and the Company in accordance with Articles 2501-*bis* and following of the Italian Civil Code and other applicable provisions of Italian law, with MergerCo being the surviving entity, as soon as reasonably practicable following the Issue Date. As of the date of this Offering Memorandum, we expect that the Company will be the surviving entity of the Post Completion Merger. Failure to complete the Post Completion Merger shall not constitute a Default or an Event of Default under the Indenture. The Post Completion Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to Our Structure and the Financing—We may be unable to complete the Post Completion Merger within the anticipated time frame, or at all.*"

In the event the Post Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that (i) the Post-Closing Guarantors guarantee the Notes and (ii) the Notes are secured by security interests granted on a first-priority basis over the Biofarma Group Collateral, in each case, within 90 days of the Cut-Off Date and subject to the Agreed Security Principles and certain significant limitations pursuant to applicable laws. See *"Description of Notes—Guarantees*," *"Description of Notes—Security*," "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain*

Insolvency Law Considerations," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future*."

Recent Developments

Current Trading

The below information is based on preliminary results and estimates and is not intended to be a comprehensive statement of our financial or operational results. Such information has not been audited, reviewed or verified by our independent auditors. The preliminary results mentioned below are based on our unaudited management accounts and the unaudited financial information of IHS for the periods that preceded the completion of the IHS Acquisition. Accordingly, you should not place undue reliance on such preliminary information, and no opinion or any other form of assurance is provided with respect thereto. Our preliminary results are based on our preliminary review of our results of operations and are inherently subject to modification during the preparation of our financial statements, and are not intended to be a comprehensive statement of our financial or operational results for the periods they relate to. As a result, our actual results could vary from these estimates and these differences could be material. See "Forward-Looking Statements."

Based on preliminary results derived from our unaudited management accounts, the unaudited financial information of IHS for the periods that preceded the completion of the IHS Acquisition and the consolidation of IHS within the Biofarma Group's perimeter and other information currently available, we estimate that our *pro forma* revenue increased by approximately €38 million, or approximately 19%, from approximately €205 million for the twelve months ended February 28, 2021 to approximately €243 million for the twelve months ended February 28, 2022. Moreover, we estimate that our *Pro Forma* Adjusted EBITDA (excluding any Biofarma cost savings synergies and IHS cost savings synergies) increased by approximately €16 million, or approximately 36%, from approximately €44 million for the twelve months ended February 28, 2021 to approximately €60 million for the twelve months ended February 28, 2022.

Furthermore, we estimate that our *pro forma* revenue and *pro forma* gross margin increased by approximately €9 million, or approximately 29%, and €3 million, or 27%, from approximately €31 million and €11 million for the two months period ended February 28, 2021 to approximately €40 million and €14 million, respectively, for the two months period ended February 28, 2022. Moreover, we estimate that our *Pro Forma* Adjusted EBITDA (excluding any Biofarma cost savings synergies and IHS cost savings synergies) increased by approximately €3 million, or approximately 43%, from approximately €7 million for the two months period ended February 28, 2021 to approximately €10 million for the two months period ended February 28, 2022.

The estimated increases in *pro forma* revenue and *Pro Forma* Adjusted EBITDA were driven largely by the same factors that resulted in an increase in our *pro forma* revenue and *Pro Forma* Adjusted EBITDA for the year ended December 31, 2021, as compared to the prior year, including the organic growth across all our business units, particularly in our Health Supplements and Medical Devices business units, as well as continued geographical expansion relating to our medical devices and probiotic-based products, the introduction of innovative technologies and products such as microencapsulation and a food supplement launched in the first quarter of 2022 that we developed for a large pharmaceutical company, industrial cost optimisation and production insourcing activities.

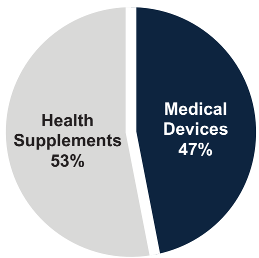
IHS Acquisition

On January 28, 2022, Pasteur, a subsidiary of the Company established in December 2021 for the purpose of consummating the IHS Acquisition in which the Company currently holds 75% of the equity interests, acquired all of the equity interests in IHS from Giellepi S.p.A. for a total purchase price of €96.7 million (the "**IHS Acquisition**"). The remaining 25% minority interest in Pasteur continues to be indirectly held by Giellepi S.p.A. and is subject to certain call and put options which may be exercised prior to, or shortly after the completion of this Offering (but in any event no later than May 19, 2022), upon notice to the other party, and will allow the Company to purchase from Giellepi S.p.A., and Giellepi S.p.A. to sell to the Company, respectively, such minority stake for an exercise price of approximately €16 million. Accordingly, in the event Giellepi S.p.A. exercises its put option right or we exercise our call option right, we will be required to purchase such 25% minority interest in Pasteur from Giellepi S.p.A. and sustain the related exercise price costs, which we expect to fund through the issuance of additional PIKCo Private Notes (the proceeds of which will be contributed as equity to the Issuer and its subsidiaries) and/or the partial equity reinvestment in the Biofarma Group by shareholders currently indirectly holding the 25% minority interest in Pasteur.

Business of IHS

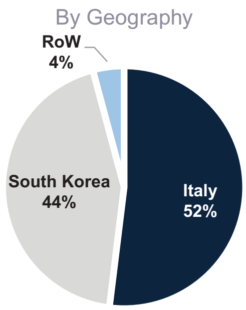
IHS is an Italian company focused on the R&D of medical devices for out-licensing to pharmaceutical and nutraceutical companies, with production fully outsourced to CDMOs such as the Biofarma Group. Prior to being acquired by Nutrilinea, IHS was a division of Giellepi S.p.A., an Italian based innovator, developer and provider of ingredient solutions for nutraceutical, dietary supplements, sports nutrition and cosmeceutical markets. Supported by a team of ten FTEs as of December 31, 2021, including seven R&D researchers, IHS's R&D activities are carried out in the R&D center in Monza and include the development of clinical studies and registration of dossiers. IHS's business comprises medical devices and health supplements business units and its portfolio of products covers a number of therapeutic areas, including gynecology, musculoskeletal, gastroenterology, immunology and cardiology. IHS's portfolio of probiotic-based products generated approximately 26% of IHS's revenue for the year ended December 31, 2021.

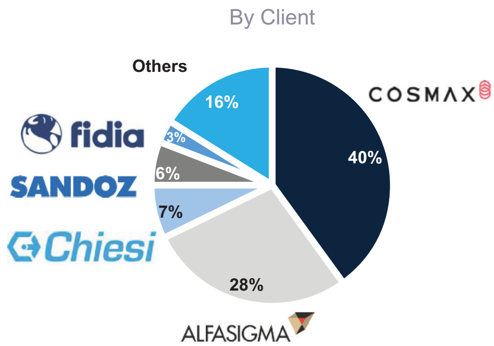
For the years ended December 31, 2019, 2020 and 2021, IHS generated revenue of €15.1 million, €20.2 million and €26.1 million, respectively. Over the same periods, IHS generated EBITDA of €3.1 million, €5.0 million and €8.7 million, respectively. The chart below sets forth IHS's revenue breakdown by business unit for the year ended December 31, 2021:



IHS's key products include *Respecta*, which is based on probiotics strains and is used for the treatment of disorders relating to women's health, *Traumase*, a blend of purified essential oils, active ingredients and other agents used for the treatment of muscle and joint inflammation, and *RefluG*, a product based on Galactomannan fiber, calcium and sodium carbonate used for the treatment of gastroesophageal reflux. IHS's portfolio also includes clinically tested specialty health supplements designed to maintain a healthy immune system, such as *Q-Factor* and *Immunoway*.

IHS has established strong relationships with its customer base, which mainly comprises pharmaceutical and nutraceutical players, in some cases spanning over a decade. Its key customers include Cosmax, with which IHS has established a strong commercial relationship and which acts as the sole distributor of the *Respecta* product in the Asian market, especially in South Korea (which accounted for 44% of the revenue generated from IHS's products for the year ended December 31, 2021), and Alfasigma, which is also an important customer of the Biofarma Group. The charts below set forth IHS's revenue breakdown by geography and customer for the year ended December 31, 2021:





In addition, IHS's R&D business model benefits from established collaborations with a strong network of leading Italian universities, hospitals and R&D labs to perform clinical trials, market research and test products. The IHS Acquisition adds a substantial portfolio of eight patents and eight trademarks registered in Italy, Europe and other geographies, along with approximately 20 medical devices dossiers and three pending patents.

Rationale for the IHS Acquisition

Through the IHS Acquisition, we expect to:

- strengthen our Medical Devices and Health Supplements business units with significant R&D expertise (through IHS's R&D department, consisting of seven FTEs as of December 31, 2021) and a complementary product portfolio;
- achieve significant run rate cost synergies by in-sourcing the manufacturing of IHS's portfolio and procurement savings (expected cost synergies of €2.2 million on an annual run rate basis by 2023, according to management estimates, as further described under "*Summary Historical Financial Information and Other Data—Other Pro forma Financial Data*");
- unlock cross-selling opportunities across our respective customer bases (including IHS's international network of distributors such as Cosmax); and
- expand our geographical presence, especially in Asia.

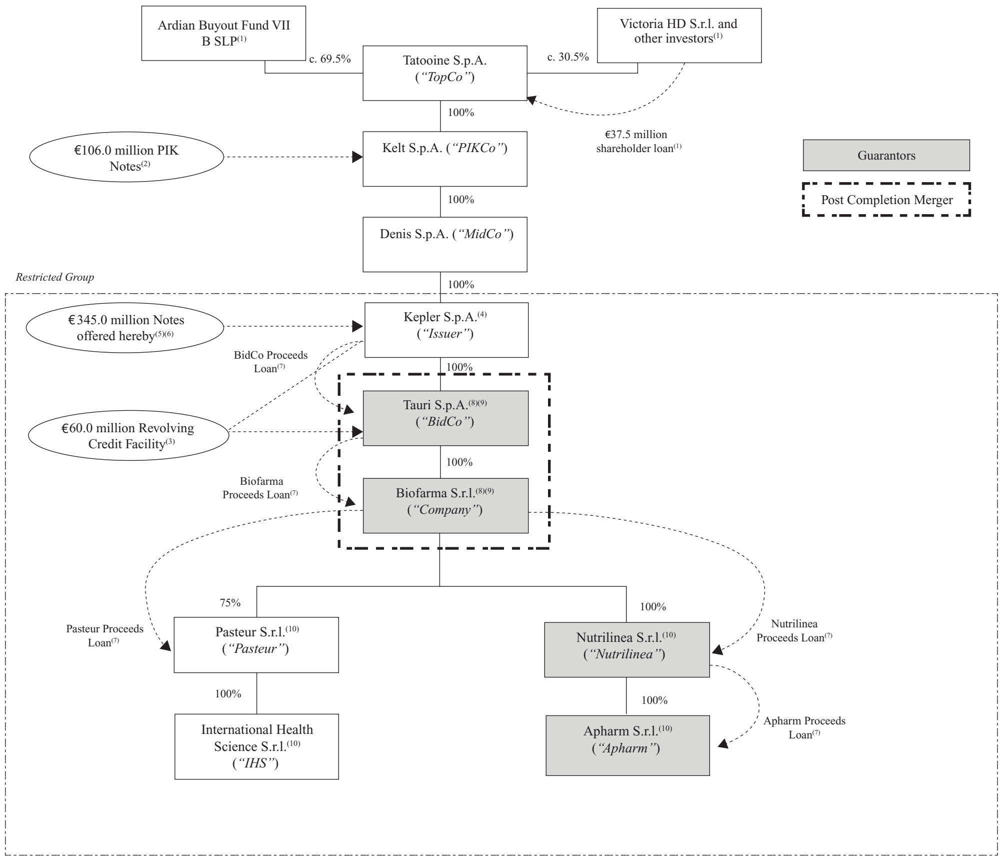
IHS's Financials

IHS is a carve-out business that previously formed part of Giellepi S.p.A. The IHS Unaudited Financial Data included in this Offering Memorandum has been excerpted from, prepared or calculated based on the historical financial information and schedules of the carve-out business constituting IHS as of the date of its acquisition by the Biofarma Group. Such data has been produced on the basis of management estimates and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial Information—Other Unaudited Financial Data—IHS Unaudited Financial Data.*"

In this Offering Memorandum, we present certain unaudited *pro forma* financial information, which gives *pro forma* effect, among other adjustments, to the IHS Acquisition as if such acquisition had occurred on January 1, 2021. See "*Summary Historical Financial Information and Other Data—Other Pro forma Financial Data—Pro forma Structuring EBITDA.*" See "*Risk Factors—Risks Related to Our Financial Information—The pro forma financial information included in this Offering Memorandum, including the Unaudited Pro Forma 2019 Combined Financial Data and the pro forma adjustments relating to the IHS Acquisition, is for information purposes only, is only intended to simulate what our results of operations would have been had the relevant acquired businesses been included in our scope of consolidation for the entire period assumed and has been prepared on the basis of certain estimates and assumptions which we consider reasonable, but it is not a substitute for our Audited Financial Statements included elsewhere in this Offering Memorandum.*"

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarizes our corporate and principal outstanding financing arrangements after giving *pro forma* effect to the Transactions as described in "*Use of Proceeds*." The chart does not include all of our subsidiaries or all the debt obligations thereof. For a summary of the debt obligations referenced in this diagram, see "*Description of Certain Financing Arrangements*" and "*Description of Notes*." Entities shown in the chart are wholly owned, unless otherwise indicated. For further information, see the Audited Financial Statements and the respective notes thereto.



(1) The ultimate controlling party of the Issuer is Ardian Buyout Fund VII B SLP, which indirectly holds approximately 69.5% of the share capital of the Issuer through its wholly-owned subsidiary Vegeta S.p.A. Approximately 30.5% of the share capital of the Issuer is indirectly owned by Victoria (30.0%) and certain management investors (approximately 0.5%). The rights of the shareholders of the Issuer are governed by an investment agreement. For further information, see "*Principal Shareholders*" and "*Summary—The Transactions—The Acquisition, the Apharm Minority Interest Acquisition and the Udine Plant Acquisition.*"

(2) In connection with the Transactions, on the Completion Date, PIKCo issued €106.0 million aggregate principal amount of PIKCo Private Notes in a private placement, the net proceeds of which were provided by PIKCo to BidCo in the form of an equity contribution as part of the Equity Contribution to finance a portion of the purchase price for the Acquisition. See "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing.*" The PIKCo Private Notes will mature in 2030 and have covenants substantially similar to the covenants of the Notes. The PIKCo Private Notes are not guaranteed by, and do not receive any other credit support from, the Issuer, the Company or their respective subsidiaries. Interest payable under the PIKCo Private Notes on each interest payment date may be paid either entirely through the issuance of additional PIKCo Private Notes or in cash (but not a combination thereof), at the sole discretion of PIKCo in accordance with applicable provisions of law and the terms and conditions of the PIKCo Private Notes. Cash interest payable under the PIKCo Private Notes, if any, is expected to be serviced by PIKCo through dividends or other distributions by the Issuer or its subsidiaries, subject to the limitations under, among other things, the Indenture governing the Notes offered hereby and applicable law.

(3) The Revolving Credit Facility provides for aggregate borrowings of up to €60.0 million. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*." The initial borrowers under the Revolving Credit Facility are the Issuer and BidCo. The Guarantors (as defined herein) also guarantee, or will guarantee, the Revolving Credit Facility. Subject to certain limitations, other subsidiaries of the Issuer may become guarantors under the Revolving Credit Facility in the future. The Collateral also secures, and will secure, directly or indirectly, on a first-ranking basis the Revolving Credit Facility. Under the terms of the Intercreditor Agreement and subject to applicable laws, the holders of Notes will receive proceeds from the enforcement of the Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) have been repaid in full. We currently expect that the Revolving Credit Facility will be undrawn on the Issue Date.

(4) The Issuer is a holding company incorporated under the laws of Italy as a joint stock company (*società per azioni*). The Issuer is currently not expected to engage in any activities other than those related to the Transactions and any other future potential transactions permitted by the Indenture.

(5) On or about the Completion Date, the Issuer utilized the proceeds from (i) the Bridge Acquisition Tranche, the Bridge General Corporate Purpose Tranche and the Equity Contribution, together with cash on balance sheet of the Company to indirectly fund (a) the payment of the purchase price for the Acquisition, (b) the Udine Plant Acquisition, (c) the Apharm Minority Interest Acquisition, (d) the payment of a special bonus to management in connection with the Acquisition, (e) the payment of fees and expenses in connection with the Transactions (other than the Offering and the Bridge Facilities Refinancing) and (e) fund cash overfunding on balance sheet of the Issuer and its subsidiaries and (ii) the Bridge Refinancing Tranche of the Bridge Facilities, together with cash on balance sheet of the Company, to, directly and indirectly through its subsidiaries Nutrilinea, Apharm and Pasteur via the relevant Proceeds Loans, fund the repayment in full and cancellation of the Refinanced Company Indebtedness and complete the Refinancing. See "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*." The Issuer is offering €345.0 million in aggregate principal amount of Notes. The gross proceeds from the Offering, together with cash on balance sheet, will be used to repay in full and cancel the indebtedness incurred by the Issuer under the Bridge Facilities, including accrued interest thereon, and pay certain fees and expenses in connection with the Offering and the Bridge Facilities Refinancing. See "*Summary—The Transactions—The Offering and the Bridge Facilities Refinancing*" and "*Use of Proceeds*."

(6) The Notes will be general, senior secured obligations of the Issuer, will rank senior in right of payment to all of the Issuer's future debt that is expressly subordinated in right of payment to the Notes and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not so subordinated, including the Issuer's obligations under the Revolving Credit Facility. On or about the Issue Date, the Notes will be secured on a first-ranking basis, subject to the Agreed Security Principles and to certain significant limitations pursuant to applicable laws, by the Issue Date Collateral. Following the Post Completion Merger, within the terms set forth in this Offering Memorandum, the Notes will also be secured by the Post Merger Collateral. In the event that the Post Completion Merger does not occur on or prior to March 22, 2023 (the "**Cut-Off Date**"), the Issuer shall use commercially reasonable efforts to procure that the Notes will be secured, subject to the Agreed Security Principles and to certain significant limitations pursuant to applicable laws, by the Biofarma Group Collateral within 90 days of the Cut-Off Date. The Collateral also secures, and will secure, directly or indirectly, on a first-ranking basis the Revolving Credit Facility. Under the terms of the Intercreditor Agreement, the holders of Notes will receive proceeds from the enforcement of the Collateral after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) have been repaid in full. The security interests in the Collateral may be released under certain circumstances and, subject to the Agreed Security Principles and to the terms of the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. The Collateral will be subject to certain material limitations pursuant to applicable laws. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—There are circumstances other than the repayment or discharge of the Notes under which the Collateral and/or the Guarantees will be released automatically without your consent or the consent of the Trustee or the Security Agent*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security interests over the Indirect Collateral will not be directly granted to the holders of the Notes*," "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Notes—Security*."

(7) On the Completion Date, (i) the Issuer used the amounts drawn under the Bridge Facilities to fund the BidCo Proceeds Loan for an amount equal to €345.0 million (gross of applicable fees) and (ii) BidCo used the net amounts drawn under the BidCo Proceeds Loan to fund (a) a portion of the consideration payable in connection with the Acquisition and (b) the Biofarma Proceeds Loan for an amount equal to €215.8 million (consisting of the proceeds of the Bridge Refinancing Tranche and the Bridge General Corporate Purpose Tranche). The Company used the proceeds from the Biofarma Proceeds Loan on or shortly following the Completion Date, together with cash on balance sheet, to (x) directly and indirectly through its subsidiaries Nutrilinea, Apharm and Pasteur (via the Subsidiary Proceeds Loans), complete the Refinancing and (y) fund the Udine Plant Acquisition and (z) fund (via Nutrilinea) the Apharm Minority Interest Acquisition. See "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*" and "*Description of Certain Financing Arrangements—Proceeds Loans*." The BidCo Proceeds Loan has been secured on a first-ranking basis by the Indirect Collateral. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security interests over the Indirect Collateral will not be directly granted to the holders of the Notes*."

(8) The Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to implement the Post Completion Merger between BidCo and the Company, with MergerCo being the surviving entity, as soon as reasonably practicable following the Issue Date. As of the date of this Offering Memorandum, we expect that the Company will be the surviving entity of the Post Completion Merger. Upon completion of the Post Completion Merger, MergerCo will continue to be, or will automatically become, as applicable, a Guarantor. Failure to complete the Post Completion Merger shall not constitute a Default or an Event of Default under the Indenture. The Post Completion Merger is subject to certain conditions and may not be completed. See "*Summary—The Transactions—Post Completion Merger*" and "*Risk Factors—Risks Related to Our Structure and the Financing—We may be unable to complete the Post Completion Merger within the anticipated time frame, or at all*."

(9) On the Issue Date, the Notes will be guaranteed by BidCo. Subject to the Agreed Security Principles and to certain significant limitations under Italian law, the Issuer shall use commercially reasonable efforts to procure that, by no later than 90 days from the earlier of (i) the date on which the Post Completion Merger becomes effective and (ii) in the event the Post Completion Merger has not yet occurred at such time, the Cut-Off Date, the Company (to the extent the Post Completion Merger has not occurred), Nutrilinea and Apharm guarantee the Notes. Pursuant to the Indenture and subject to the Intercreditor Agreement and the Agreed Security Principles, each subsidiary of the Issuer that guarantees the Revolving Credit Facility or certain other indebtedness, in each case of the Issuer or a Guarantor (as defined below) that is a subsidiary of the Issuer, shall enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement as a debtor. For purposes of this Offering Memorandum, the term "**Guarantors**" shall refer to any

subsidiary of the Issuer that may guarantee the Notes from time to time pursuant to the Indenture after the Issue Date and the term "**Guarantees**" shall refer to the guarantees of the Notes by the Guarantors. See *"Description of Notes—Guarantees*." As of the date of this Offering Memorandum, the subsidiaries of the Issuer that are expected to guarantee the Notes (in addition to BidCo) are the Company, Nutrilinea and Apharm. As of and for the year ended December 31, 2021, the Company, Nutrilinea and Apharm accounted for 88.9% of the Biofarma Group's revenue, 82.3% of the Biofarma Group's EBITDA and 98.5% of the Biofarma Group's total assets (in each case, net of intercompany balances and *pro forma* for the IHS Acquisition). The Guarantees will be subject to certain material contractual and legal limitations. By virtue of these limitations, a Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations," "Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability" and "Risk Factors—Risks Related to the Notes the Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future*." The Guarantees will be subject to the terms of the Intercreditor Agreement and may be subject to release under certain circumstances. See "*Description of Certain Financing Arrangements—Intercreditor Agreement" and "Description of Notes—Guarantees.*"

(10) Not all of the subsidiaries of the Issuer will guarantee the Notes. As of December 31, 2021, after giving *pro forma* effect to the Transactions, the Issuer's subsidiaries which are not expected to guarantee the Notes would have had no outstanding third-party financial debt. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Notes will be structurally subordinated to the existing or future indebtedness or obligations of all of the Issuer's subsidiaries that do not guarantee the Notes.*" On January 28, 2022, Pasteur, a subsidiary of the Company established in December 2021 for the purpose of consummating the IHS Acquisition in which the Company currently holds 75% of the equity interests, acquired all of the equity interests in IHS from Giellepi S.p.A. for a total purchase price of €96.7 million (the "**IHS Acquisition**"). The remaining 25% minority interest in Pasteur continues to be indirectly held by Giellepi S.p.A. and is subject to certain call and put options which may be exercised prior to, or shortly after the completion of this Offering (but in any event no later than May 19, 2022), upon notice to the other party, and will allow the Company to purchase from Giellepi S.p.A., and Giellepi S.p.A. to sell to the Company, respectively, such minority stake for an exercise price of approximately €16 million. Accordingly, in the event Giellepi S.p.A. exercises its put option right or we exercise our call option right, we will be required to purchase such 25% minority interest in Pasteur from Giellepi S.p.A. and sustain the related exercise price costs, which we expect to fund through the issuance of additional PIKCo Private Notes (the proceeds of which will be contributed as equity to the Issuer and its subsidiaries) and/or the partial equity reinvestment in the Biofarma Group by shareholders currently indirectly holding the 25% minority interest in Pasteur. On April 8, 2022, in connection with the Acquisition, Nutrilinea, a wholly-owned subsidiary of the Company, acquired the remaining 30% equity interest in its subsidiary Apharm for a purchase price of €18.4 million, following the exercise of a put option pursuant to the shareholder agreements with Apharm's third-party minority equity holders.

THE OFFERING

The following overview of the Offering contains basic information about the Notes, the Guarantees and the Collateral. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, the Guarantees and the Collateral, including certain definitions of terms used in this overview, please see "*Description of Notes*."

Issuer	Kepler S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy.
Notes Offered	€345.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2029 (the "**Notes**") to be issued by the Issuer under the Indenture.
Issue Date	May 20, 2022.
Issue Price	96.00% plus accrued and unpaid interest, if any, from the Issue Date.
Maturity Date	May 15, 2029.
Initial Interest Rate	The interest rate on the Notes will be equal to three-month EURIBOR (with 0% floor), plus 5.75% per annum, reset quarterly.
Interest Payment Dates	Interest on the Notes will accrue from the Issue Date and will be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2022, *provided* that the final interest payment date will be May 15, 2029.
Form and Denomination	The Issuer will issue the Notes in global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, maintained in book-entry form.
Ranking of the Notes	The Notes will: • be general senior obligations of the Issuer; • rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes (including the obligations of the Issuer under 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 secured by the Collateral, directly or indirectly (as described below under "*—Security*"), on a first-priority basis along with obligations under the Revolving Credit Facility and certain hedging obligations, if any (but pursuant to the Intercreditor Agreement holders of the Notes will receive proceeds from the enforcement of security over the Collateral only after all obligations under the Revolving Credit Facility and certain hedging obligations, if any, have been paid in full); • be effectively subordinated to any existing or future Indebtedness of the Issuer and its subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such Indebtedness; and • be structurally subordinated to any existing or future indebtedness or other obligations of subsidiaries of the Issuer that do not guarantee the Notes.
Guarantees	On the Issue Date, the Notes will be guaranteed by BidCo. Upon the consummation of the Post Completion Merger and as a result thereof, (i) if the Company is the successor company of the Post Completion Merger, the Company by operation of law will continue to guarantee the

Notes, as the successor entity to BidCo, and (ii) if BidCo is the successor company of the Post Completion Merger, BidCo will continue to guarantee the Notes.

Subject to the Agreed Security Principles and to certain significant limitations under Italian law, the Issuer shall use commercially reasonable efforts to procure that, by no later than 90 days from the earlier of (i) the date on which the Post Completion Merger becomes effective and (ii) in the event the Post Completion Merger has not yet occurred at such time, March 22, 2023 (the "**Cut-Off Date**"), the Company (to the extent the Post Completion Merger has not occurred), Nutrilinea and Apharm (collectively, the "**Post-Closing Guarantors**"), guarantee the Notes. Pursuant to the Indenture and subject to the Intercreditor Agreement and the Agreed Security Principles, each subsidiary of the Issuer that guarantees the Revolving Credit Facility or certain other indebtedness, in each case of the Issuer or a Guarantor (as defined below) that is a subsidiary of the Issuer, shall enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement as a debtor. For purposes of this Offering Memorandum, the term "**Guarantors**" shall refer to any subsidiary of the Issuer that may guarantee the Notes from time to time pursuant to the Indenture after the Issue Date and the term "**Guarantees**" shall refer to the guarantees of the Notes by the Guarantors. As of the date of this Offering Memorandum, the subsidiaries of the Issuer that are expected to guarantee the Notes (in addition to BidCo) are the Company, Nutrilinea and Apharm. As of and for the year ended December 31, 2021, the Company, Nutrilinea and Apharm accounted for 88.9% of the Biofarma Group's revenue, 82.3% of the Biofarma Group's EBITDA and 98.5% of the Biofarma Group's total assets (in each case, net of intercompany balances and *pro forma* for the IHS Acquisition).

The Guarantees will be subject to certain material contractual and legal limitations. By virtue of these limitations, a Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations,*" "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability,*" "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future*" and "*Risk Factors—Risks Related to the Notes the Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral.*" The Guarantees will be subject to the terms of the Intercreditor Agreement and may be subject to release under certain circumstances. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Notes—Guarantees.*"

Not all of the subsidiaries of the Issuer will guarantee the Notes. As of December 31, 2021, after giving *pro forma* effect to the Transactions, the Issuer's subsidiaries which are not expected to guarantee the Notes would have had no outstanding third-party financial debt. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the*

Collateral—The Notes will be structurally subordinated to the existing or future indebtedness or obligations of all of the Issuer's subsidiaries that do not guarantee the Notes."

Ranking of the Guarantees ..... The Guarantee of each Guarantor will, at the time the relevant Guarantor grants such Guarantee:

- be a general senior obligation of the relevant Guarantor;
- rank *pari passu* in right of payment with any existing or future indebtedness of that Guarantor that is not expressly subordinated in right of payment to such Guarantor's Guarantee;
- rank senior in right of payment to any existing or future indebtedness of that Guarantor that is expressly subordinated in right of payment to such Guarantor's Guarantee;
- be effectively subordinated to any existing or future indebtedness of that Guarantor that is secured by property or assets that do not secure that Guarantor's Guarantee, to the extent of the value of the property or assets securing such indebtedness;
- be structurally subordinated to any existing or future indebtedness or obligation (including obligations to trade creditors) of the subsidiaries of such Guarantor that do not guarantee the Notes; and
- be subject to the limitations described under "Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations," *"Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future"* and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*."

Security .... On or about the Issue Date, subject to the Agreed Security Principles, 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 the following property, rights and assets (collectively, the "**Issue Date Collateral**"):

1) 100% of the share capital of the Issuer;
2) 100% of the share capital of BidCo (the "**BidCo Share Pledge**");
3) certain material structural receivables owed to MidCo by the Issuer (if any); and
4) certain material structural receivables owed to the Issuer by Bidco under the BidCo Proceeds Loan (as secured by the Indirect Collateral).

In addition, the BidCo Proceeds Loan is, and will be on the Issue Date, secured by security interests granted on an equal and ratable first-priority basis over the following property, rights and assets (the "**Indirect Collateral**"):

1) 100% of the equity interests of the Company (the "**Biofarma Quota Pledge**"); and
2) certain material structural receivables owed to Bidco by the Company under the Biofarma Proceeds Loan.

Immediately prior to the Post Completion Merger becoming effective, the Italian law governed pledge (*pegno*) over the entire equity interest of the Company securing BidCo's monetary obligations under the BidCo Proceeds Loan will be released.

In addition, subject to the Agreed Security Principles, certain significant limitations pursuant to applicable laws, certain perfection requirements and any Permitted Collateral Liens, within 90 days following completion of the Post Completion Merger:

1) MergerCo and each relevant Post-Closing Guarantor will grant (or reconfirm, as applicable) (x) security over any shares held by MergerCo or the relevant Post-Closing Guarantor in any Guarantor (other than Nutrilinea and Apharm if incorporated as Italian limited liability companies (*società a responsabilità limitata*) at that time); and (y) security over certain material structural intercompany receivables owed to MergerCo or the relevant Post-Closing Guarantors (including under the Subsidiary Proceeds Loans) ; and

2) the Issuer will grant or reconfirm, as applicable, (x) an Italian law governed pledge in respect of 100% of the Issuer's quotas in MergerCo and (y) an Italian law security assignment agreement in respect of certain material structural receivables owed to the Issuer by MergerCo or any Guarantor (if any) (the Collateral described under clauses (1) and (2), collectively, the "**Post Merger Collateral**").

In the event that the Post Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that the Notes will be secured, directly or indirectly, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable laws as described under "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations," "Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability,*" "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future*" and "*Risk Factors—Risks Related to the Notes the Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*," by security interests granted on a first-priority basis over any shares held by the Company or any Guarantor (other than Nutrilinea and Apharm if incorporated as Italian limited liability companies (*società a responsabilità limitata*) at that time) and certain material structural receivables owed to each of the Company and the Guarantors (if any) (the "**Biofarma Group Collateral**"), in each case within 90 days of the Cut-Off Date.

The Issue Date Collateral, the Indirect Collateral, the Post Merger Collateral and the Biofarma Group Collateral, as applicable, together with any and all assets in respect of which from time to time a security interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture or the Notes, in each case as may be in existence from time to time, is referred to in this Offering Memorandum as the "**Collateral**."

The Collateral (other than Indirect Collateral) will be pledged or assigned pursuant to the Security Documents to the Security Agent as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code, and as security agent and *mandatario con rappresentanza* under the Intercreditor Agreement. Under the terms of the Intercreditor Agreement, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the financial institutions party to the Revolving Credit Facility and counterparties to certain hedging obligations have been repaid in full. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Security Interests—Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility are entitled to be repaid with proceeds from the enforcement of the Collateral in priority over the Notes.*"

The Indirect Collateral securing the BidCo Proceeds Loan has been pledged or assigned, as applicable, pursuant to the relevant Security Documents to the Issuer, as secured party, as security for the monetary obligations of BidCo under the Bidco Proceeds Loan. Although the Indirect Collateral does not directly secure the obligations under the Notes or the Indenture, the Security Agent and the holders of the Notes hold indirect security interests in such Indirect Collateral under Italian law pursuant to the assignment by way of security of the Issuer's receivables under the BidCo Proceeds Loan (as secured by the Indirect Collateral). The security interests relating to the Indirect Collateral may therefore be enforced by the Security Agent, pursuant to the terms of the Intercreditor Agreement, following the enforcement by the Security Agent of the security interests over the BidCo Proceeds Loan receivables. See "*Risk Factors—Risks Related to the Notes, The Guarantees and the Collateral—The security interests over the Indirect Collateral will not be directly granted to the holders of the Notes*."

The Collateral will also secure, directly or indirectly, on a first-ranking basis the Revolving Credit Facility. Under the terms of the Intercreditor Agreement, the holders of Notes will receive proceeds from the enforcement of the Collateral after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) have been repaid in full.

The security interests in the Collateral may be released under certain circumstances and, subject to the terms of the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. The Collateral will be subject to certain material limitations pursuant to applicable laws and may be released under certain circumstances.

See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations," "Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability," "Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future," "Risk Factors—Risks Related to the Notes, the Guarantees* *and the Collateral—There are circumstances other than the repayment or discharge of the Notes under which the Collateral or the Guarantees will be released automatically without your consent or the consent of the Trustee or the Security Agent*," "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Notes—Security.*"

Post Completion Merger . . . . The Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to implement the Post Completion Merger in accordance with Articles 2501-*bis* and following of the Italian Civil Code and other applicable provisions of Italian law, with MergerCo being the surviving entity, as soon as reasonably practicable following the Issue Date. As of the date of this Offering Memorandum, we expect that the Company will be the surviving entity of the Post Completion Merger. Failure to complete the Post Completion Merger shall not constitute a Default or an Event of Default under the Indenture. The Post Completion Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to Our Structure and the Financing—We may be unable to complete the Post Completion Merger within the anticipated time frame, or at all.*"

Optional Redemption . . . . At any time on or after May 15, 2023, the Issuer may redeem all or part of the Notes at a redemption price equal to 101.000% of the principal amount thereof, plus accrued and unpaid interest to but not including the applicable redemption date, and additional amounts, if any, as described under "*Description of Notes—Optional Redemption*."

At any time on or after May 15, 2024, the Issuer may redeem all or part of the Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest to but not including the applicable redemption date, and additional amounts, if any, as described under "*Description of Notes—Optional Redemption*."

At any time prior to May 15, 2023, the Issuer may redeem all or part of the Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the applicable redemption date, and additional amounts, if any, plus a "make-whole" premium, as described under "*Description of Notes—Optional Redemption*."

Change of Control . . . . Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all of the outstanding Notes at a purchase price of 101% of the principal amount of such Notes, plus accrued and unpaid interest to, but not including, the date of purchase and additional amounts, if any.

Optional Redemption for Taxation Reasons . . . . If certain changes in the law (or in its interpretation) of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes, the Issuer may redeem such Notes in whole, but not in part, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of Notes—Redemption for Taxation Reasons*."

Withholding Taxes . . . . All payments made by or on behalf of the Issuer or the Guarantors under or with respect to the Notes or the Guarantees, will be made without withholding or deduction for, or on account of, any present or future taxes unless such withholding or deduction is required by law. If withholding or deduction for any such taxes imposed by a relevant taxing jurisdiction is required to be made with respect to a payment under or with respect to the Notes or the Guarantees, subject to certain exceptions, the Issuer or the Guarantors, as the case may be, will pay the additional amounts necessary so that the net amount received after the withholding or deduction is not less than the amount that would have been received in the absence of the withholding or deduction. See "*Description of Notes—Withholding Taxes*."

The Issuer is incorporated under the laws 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. Subject to and as set forth in "*Description of Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Decree No. 239 or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**"), except, in the case of Decree No. 239 or Decree No. 461, 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 solely to the actions or omissions of the Issuer or their agents. See "*Description of Notes—Withholding Taxes*." Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 and/or Decree No. 461 where a holder of the Notes is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy (as identified currently in Ministerial Decree of September 4, 1996 as subsequently amended and supplemented and, in the future, in any decree to be issued under Article 11(4)(c) of Decree No. 239; any such decree, the "**White List**") and such holder of the Notes complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or in Decree No. 461 after the date of this Offering Memorandum, including any change in the White List. See "*Certain Tax Considerations—Certain Italian Tax Considerations*."

Certain Covenants . . . . The Indenture will, among other things, restrict the ability of the Issuer and its restricted subsidiaries and, in certain cases, MidCo, to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries;
- repay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer or any of their restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities;
- impair the security interests for the benefit of holders of the Notes; and
- amend certain documents relating to the Notes.

The Indenture will also restrict the ability of the Issuer and BidCo to carry out certain activities prior to the Post Completion Merger.

	Each of these covenants are subject to a number of important limitations and exceptions as described under "*Description of Notes—Certain Covenants*." Certain of the covenants will be suspended if and for as long as we achieve investment-grade ratings. See "*Description of Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*." There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Certain covenants and events of default will be suspended if the Notes receive investment grade ratings.*"
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 and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer) under the securities laws in any jurisdiction. See "*Transfer Restrictions*" and "*Plan of Distribution*."
Use of Proceeds	The gross proceeds from the Offering, together with cash on balance sheet, will be used to repay in full and cancel the indebtedness incurred by the Issuer under the Bridge Facilities, including accrued interest thereon, and pay certain fees and expenses in connection with the Offering and the Bridge Facilities Refinancing, as further described under "*Use of Proceeds*."
No Established Market	The Notes will be new securities for which there is currently no established trading 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 to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market thereof.
Governing Law	The Indenture, the Notes and the Guarantees will be governed by the laws of the State of New York. The Intercreditor Agreement and the Revolving Credit Facility Agreement will be governed by English law. The Security Documents will be governed by Italian law.
Trustee	The Law Debenture Trust Corporation p.l.c.
Calculation Agent and Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent . . .	The Bank of New York Mellon SA/NV, Dublin Branch
Security Agent	BNP Paribas, Italian Branch

Investing in the Notes involves substantial risks. Prospective investors should refer to "*Risk Factors*" for a discussion of certain factors that they should carefully consider prior to deciding to invest in the Notes.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following tables present the summary historical consolidated financial information and operating data of the Biofarma Group. The summary historical consolidated financial information for the years ended December 31, 2020 and 2021 in the tables below is derived from the Audited Financial Statements. The Audited Financial Statements are presented in accordance with Italian GAAP. The information presented below is not necessarily indicative of the results of future operations.

The pro forma historical unaudited consolidated financial information of the Biofarma Group for the year ended December 31, 2019 in the tables below is derived from the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, i.e., the Company and the Nutrilinea Group, assuming that the 2019 Acquired Companies had been part of our consolidation perimeter since January 1, 2019. See "Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data" and "Annex B—Unaudited Pro Forma 2019 Combined Financial Data." This data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been audited or reviewed by the Biofarma Group's independent auditors.

We have also presented summary unaudited as adjusted consolidated financial and other data prepared to give pro forma effect to the Transactions as if the Transactions had occurred on December 31, 2021 for the as adjusted balance sheet information and on January 1, 2021 for the as adjusted income statement information. Such summary unaudited as adjusted financial information is based on available information and certain assumptions and estimates that we believe are reasonable and may differ from actual amounts. It is for informational purposes only and does not purport to present what our results or other metrics would actually have been had the Transactions occurred on the dates presented or to project our results of operations or financial position for any future period or our financial condition at any future date.

The summary consolidated financial information presented below includes certain non-GAAP financial and other 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 any other generally accepted accounting principles, or those calculated using financial measures that are prepared in accordance with Italian GAAP or any other generally accepted accounting principles. See "Presentation of Financial and Other Information—Non-GAAP Financial Measures."

The following tables present certain historical financial data for the years ended December 31, 2019, 2020 and 2021 in respect of IHS ("IHS Unaudited Financial Data"). The IHS Unaudited Financial Data has been excerpted from, prepared or calculated based on the financial information and schedules prepared on the basis of accounting records of the carve-out business constituting IHS as of the date of its acquisition by the Biofarma Group. Giellepi S.p.A. prepares its financial information, including in respect of the carve-out business constituting IHS prior to the IHS Acquisition, on the basis of Italian GAAP. The IHS Unaudited Financial Data has been produced on the basis of management estimates and has not been subject to any audit or review procedures by any independent auditor.

The IHS Unaudited Financial Data has also been used for the purpose of calculating our Pro forma Structuring EBITDA and pro forma revenue, which reflect, among other things, the contribution of IHS's Adjusted EBITDA and revenue to our Adjusted EBITDA and total net revenue and income, respectively, for the year ended December 31, 2021 The pro forma adjustment relating to the impact of the IHS Acquisition used to calculate Pro forma Structuring EBITDA is based on the information available to us in connection with the IHS Acquisition, together with our management's assumptions and estimates. Such adjustment is subject to a wide variety of significant uncertainties. We cannot assure you that the information on which we have based our assumptions will not change or that we will be able to realize any of the as-yet unrealized cost savings synergies or other benefits we believe are possible from the IHS Acquisition.

The following tables should be read in conjunction with the Audited Financial Statements included elsewhere in this Offering Memorandum and with the information set forth under "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Selected Historical Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Summary Consolidated Income Statement Data

(€ in millions)	For the year ended December 31,		
	2019* (*pro forma* unaudited)	2020	2021
Net revenue	163.7	176.9	201.1
Other revenue and income	5.3	6.6	5.5
Total net revenue and income	**169.0**	**183.4**	**206.6**
Purchase of goods and changes in inventory	81.9	88.0	105.8
Cost of services	26.4	34.1	29.2
Use of third party assets	3.3	4.6	5.4
Personnel costs	25.6	29.7	31.7
Other operating costs	0.6	0.9	0.3
Capitalization in fixed assets for internal work	(0.9)	(3.0)	(5.6)
Depreciation—tangible assets	6.3	8.9	9.0
Amortization—intangible assets	21.8	21.3	23.1
Provisions for risks	0.1	0.1	0.4
Total operating costs	**165.1**	**184.6**	**199.4**
Operating profit	**3.9**	**(1.1)**	**7.2**
Financial income	(4.1)	(4.1)	(3.9)
Profit before taxes	**(0.2)**	**(5.2)**	**3.3**
Income taxes	(5.1)	(3.6)	(5.6)
Profit for the year	**(5.3)**	**(8.9)**	**(2.3)**

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

Summary Consolidated Balance Sheet Data

(€ in millions)	As of December 31,		
	2019* (*pro forma* unaudited)	2020	2021
Non-current assets	203.5	188.2	171.0
Current assets	96.3	112.3	116.6
Total assets	**299.8**	**300.5**	**287.7**
Total shareholders' equity	**135.9**	**125.6**	**124.1**
Non-current liabilities	99.7	100.9	82.8
Current liabilities	64.2	74.0	80.7
Total liabilities and shareholders' equity	**299.8**	**300.5**	**287.7**

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*,

the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

Summary Consolidated Cash Flow Statement Data

(€ in millions)	For the year ended December 31, 2020	2021
Cash flow from operating activities	21.8	30.1
Cash flow from investing activities	(16.0)	(15.0)
Cash flow from financing activities	24.1	(20.3)
Increase/(decrease) in cash and cash equivalents	**30.0**	**(5.1)**
Cash and cash equivalents at the beginning of the year	**—***	**30.0**
Cash and cash equivalents at the end of the year	**30.0**	**24.9**

* The cash and cash equivalents amount as of January 1, 2020 included in our Audited Financial Statements reflects the amount of cash and cash equivalents (*i.e.*, nil) required to be presented as of the date on which the Biofarma Group Consolidation took effect and the Biofarma Group started producing consolidated financial statements. See "*Presentation of Financial and Other Information—Biofarma Group*" and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Comparability of Our Results of Operations—Consolidation of the Biofarma Group."*

Revenue by Business Unit and Geography

The table below sets forth our total net revenue and income classified by business unit and our net revenue classified by geography based on the location of our customers for each of the periods presented. For a description of our business units, see *"Business—Our Business Units."*

(€ in millions)	For the year ended December 31, 2019* (*pro forma* unaudited)	2020	2021
Total net revenue and income	**169.0**	**183.4**	**206.6**
of which:			
Health Supplements	107.9	117.9	135.7
Medical Devices	32.2	33.6	37.3
Cosmetics	28.9	31.9	33.7
and of which:			
Italy	93.9	96.8	113.8
Rest of Europe	61.1	78.5	83.5
Asia	10.2	0.9	1.0
North America	2.6	6.7	7.6
Others	1.3	0.5	0.5

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

Other Financial Data and Key Performance Measures

(€ in millions, except percentages and ratios)	As of and for the year ended December 31, 2019	2020	2021
Total net revenue and income	169.0	183.4	206.6
Organic revenue growth(1)		8.5%	12.6%
Gross margin(2)	45.0	46.8	54.7
of which:			
Health Supplements	29.8	31.2	37.3
Medical Devices	10.5	10.8	12.9
Cosmetics	4.7	4.8	4.4
Gross margin (as % of total net revenue and income)	26.6%	25.5%	26.5%
EBITDA(3)	31.9	29.1	39.3
EBITDA margin(4)	18.9%	15.9%	19.0%
Adjusted EBITDA(5)	35.3	37.6	48.6
Adjusted EBITDA margin(6)	20.4%	20.0%	23.0%
Trade working capital(7)	33.6	30.8	32.4
Net working capital(7)	37.4	34.3	35.6
Capital expenditure(8)	16.6	16.0	15.0
Adjusted recurring operating free cash flow(9)		35.1	45.4
Adjusted operating free cash flow(9)		22.4	33.6
Recurring cash flow conversion rate(10)		93.5%	93.4%

(1) Organic revenue growth represents growth in our organic total revenue (calculated for any given period as our total net revenue and income for such period less the revenue of the companies we acquired in such year), compared to total net revenue and income for the relevant previous period. Organic revenue growth is not a recognized financial measure under Italian GAAP or any other generally accepted accounting principles and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*."

(2) Gross margin represents total net revenue and income for the relevant period less purchase of raw materials, direct and third party personnel costs, costs for utilities and other operating costs for the same period. Gross margin is not a recognized financial measure under Italian GAAP or any other generally accepted accounting principles and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*."

(3) EBITDA represents profit for the year excluding income taxes, financial income, depreciation (tangible assets) and amortization (intangible assets). The following table provides a reconciliation of our profit for the year to EBITDA for the periods indicated:

(€ in millions)	For the year ended December 31, 2019	2020	2021
Profit for the year	(5.3)	(8.9)	(2.3)
Income taxes	5.0	3.6	5.6
Financial Income	4.1	4.1	3.9
Depreciation—tangible assets	6.3	8.9	9.0
Amortization—intangible assets	21.8	21.3	23.1
EBITDA	**31.9**	**29.1**	**39.3**

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*."

(4) EBITDA margin represents EBITDA for the relevant period divided by total net revenue and income for the same period.

(€ in millions, except percentages)	As of and for the year ended December 31, 2019	2020	2021
EBITDA	31.9	29.1	39.3
Total net revenue and income	169.0	183.4	206.6
EBITDA margin	**18.9%**	**15.9%**	**19.0%**

(5) Adjusted EBITDA represents EBITDA for the relevant period, adjusted for certain non-recurring adjustments, other adjustments, rent savings in respect of our Udine Plant and 45% of the EBITDA generated by our affiliate Cura Beauty GmbH, as further described in the table below.

Adjusted 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 Adjusted EBITDA provide useful information with respect to our overall operating performance and debt service capacity by facilitating comparisons of operating performance on a consistent basis by removing the impact of certain items not directly resulting from core operations. Adjusted EBITDA is the main measure management uses to assess the trading performance of our business and, therefore, we believe it may be helpful to securities analysts, investors and other interested parties to assist in their assessment of the trading performance of our business. 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 a substitute measure to operating result, operating cash flows or any other measures of performance or our liquidity. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*" and "*Risk Factors—Risks Related to Our Financial Information—The pro forma financial information included in this Offering Memorandum, including the Unaudited Pro Forma 2019 Combined Financial Data and the pro forma adjustments relating to the IHS Acquisition, is for information purposes only, is only intended to simulate what our results of operations would have been had the relevant acquired businesses been included in our scope of consolidation for the entire period assumed and has been prepared on the basis of certain estimates and assumptions which we consider reasonable, but it is not a substitute for our Audited Financial Statements included elsewhere in this Offering Memorandum.*" Adjusted EBITDA presented herein is not calculated in accordance with the provisions of the Indenture. See "*Description of Notes*."

The following table provides a reconciliation of EBITDA to Adjusted EBITDA, for the periods indicated:

	For the year ended December 31,		
(€ in millions)	**2019**	**2020**	**2021**
EBITDA	31.9	29.1	39.3
Non-recurring adjustments[a]	1.2	4.3	4.3
Other adjustments[b]	0.3	0.4	0.4
Rent savings[c]	1.9	3.3	4.0
Cura Beauty EBITDA[d]	0.0	0.4	0.6
Adjusted EBITDA	**35.3**	**37.6**	**48.6**

(a) For the year ended December 31, 2019, non-recurring adjustments consisted of (i) €0.5 million of transaction costs relating to pending claims and breakage costs towards former suppliers, with whom the business relation ended in 2019; (ii) €0.3 million of transaction costs arising out of legal and advisory fees relating to the acquisition of Apharm; (iii) €0.1 million of non-recurring reimbursement paid to our supplier in respect of a dispute in 2017; (iv) €0.1 million of losses arising out of the disposal of unused equipment in our Padova facility; and (v) €0.1 million for increased costs relating to training on new machinery for temporary workers.

For the year ended December 31, 2020, non-recurring adjustments consisted of (i) €1.4 million of costs incurred in connection with the COVID-19 pandemic in respect of increased personnel expenses for temporary employees in order to cover unavailability of personnel due to quarantines, for which the company has incurred double costs; (ii) €0.9 million of additional production costs relating to contractual bonuses not paid by the suppliers that ceased operations during the COVID-19 pandemic; (iii) €0.6 million of R&D government grant following to a change in applicable laws occurred in 2020, which decreased the R&D tax receivables recorded in 2019 and generated a write off unrelated to our operations in 2020; (iv) €0.5 million for costs incurred due to write off of receivables towards former customers relating to sales in the period 2012-2015; (v) €0.3 million of exit costs associated with the termination of leasing contracts related to an asset which has been disposed in 2020; (vi) €0.2 million of non-recurring bonuses paid to our employees following the COVID-19 pandemic; (vii) €0.2 million of additional costs incurred for obsolescence provision related to specific raw materials; and (viii) €0.2 million of exit costs relating to the contract with the former audit firm of the Biofarma Group.

For the year ended December 31, 2021, non-recurring adjustments consisted of cost-related adjustments relating to (i) €1.0 million of incremental costs incurred in connection with COVID-19, principally in respect of increased personnel expenses for temporary employees employed during the COVID-19 pandemic in order to cover unavailability of personnel due to quarantines for which the Group incurred double costs; (ii) €0.8 million of legal expenses in connection with the class action pending against the Group (see "*Business—Legal and Other Proceedings*"); (iii) €0.6 million of additional production costs relating to claims against a supplier, in particular related to purchases occurred in 2019 and 2020 which have not been paid by such supplier generating losses (in the form of a write off in the relevant receivable); (iv) €0.6 million related to one-off transaction costs arising out of advisory and legal fees for the development of our business plan 2022-2025 and due diligence costs for aborted acquisition deals; (v) €0.5 million in connection with the write off on raw materials that we were not able to utilize due to failure to meet our quality standards (vi) €0.3 million for potential penalties relating to an incorrect personnel cost calculation relating to 2019; (vii) €0.2 million of incremental costs incurred in connection with the board of directors of a holding company subsequently wound down; (viii) €0.2 million for additional costs relating to personnel leased from temporary work agencies for a specific training of personnel; and (ix) €0.1 million of additional rent costs relating to leased equipment for which the Group suffered double costs.

(b) For the year ended December 31, 2019, other adjustments consisted of costs arising out of our hedging derivative positions; these costs are not accounted for as finance interest and expenses; however, we consider these costs to be equivalent to "interest" and have included these costs as an adjustment to our EBITDA for such period. For the years ended December 31, 2020 and 2021, other adjustments consisted of costs associated with bank charges and factoring commissions. These costs are not accounted for as finance interest and expenses; however, we consider these costs to be equivalent to "interest" and have therefore included these costs as an adjustment to our EBITDA for such periods.

(c) For the years ended December 31, 2019, 2020 and 2021, the rent savings adjustment consisted of the rental costs relating to the Udine Plant, which prior to the Completion Date was owned by Victoria and operated by the Biofarma Group pursuant to a rent agreement with Victoria, and as a result of the Udine Plant Acquisition is currently owned and operated by Biofarma, as described under "*—The Transactions—The Acquisition, the Apharm Minority Interest Acquisition and the Udine Plant Acquisition*"), for an amount equal to €1.9 million, €3.3 million and €4.0 million, respectively, which correspond to the lease payments made by Biofarma to Victoria during the relevant periods and which we are adding back to EBITDA as we will no longer have to make these payments going forward.

(d) For the years ended December 31, 2020 and 2021, the Cura Beauty EBITDA adjustment consists of the amount equal to 45% of the EBITDA generated by our affiliate Cura Beauty GmbH for the respective periods. We hold a 45% stake in Cura Beauty GmbH as of the date of this Offering Memorandum. See also "*Certain Relationships and Related Party Transactions*."

(6) Adjusted EBITDA margin represents Adjusted EBITDA for the relevant period divided by the sum of (i) total net revenue and income and (ii) 45% of the revenue generated by Cura Beauty GmbH for the same period.

(€ in millions, except percentages)	**As of and for the year ended December 31,**		
	2019	**2020**	**2021**
Adjusted EBITDA	35.3	37.6	48.6
Total net revenue and income	169.0	183.4	206.6
Revenue of Cura Beauty[(a)]	4.0	4.2	4.5
Adjusted EBITDA margin	**20.4%**	**20.0%**	**23.0%**

(a) For the purpose of calculating Adjusted EBITDA Margin, 45% of the revenue generated by our affiliate Cura Beauty GmbH for the respective periods have been added to our total net revenue and income. We hold a 45% stake in Cura Beauty GmbH as of date hereof. See also "*Certain Relationships and Related Party Transactions*."

(7) Trade working capital is defined as the sum of inventories, trade receivables and trade payables. The following table sets forth the components of our trade working capital as of the dates indicated:

(€ in millions)	**As of December 31,**		
	2019	**2020**	**2021**
Inventories	25.5	29.4	33.8
Trade receivables	47.8	39.8	45.2
Trade payables	(39.7)	(38.4)	(46.6)
Trade working capital	**33.6**	**30.8**	**32.4**

Net working capital represents the sum of inventories, trade receivables, other receivables, prepaid expenses and accrued income, trade payables, advances, tax payables, social security payables, other payables and accrued expenses. The following table sets forth the components of our net working capital as of the dates indicated:

(€ in millions)	**As of December 31,**		
	2019	**2020**	**2021**
Inventories	25.5	29.4	33.8
Trade receivables	47.8	39.8	45.2
Trade payables	(39.7)	(38.4)	(46.6)
Tax receivables	6.3	8.6	9.3
Other receivables	1.1	1.8	2.2
Prepaid expenses and accrued income	1.0	0.5	0.5
Advances	n.m.	(0.1)	(0.3)
Tax payables	(1.0)	(2.1)	(2.9)
Social security payables	(1.2)	(1.2)	(1.2)
Other payables	(2.3)	(3.8)	(4.0)
Accrued expenses	(0.1)	(0.2)	(0.4)
Net working capital	**37.4**	**34.3**	**35.6**

(8) Capital expenditure represents the sum of payments for tangible assets and payments for intangible assets less the sum of proceeds from the sale of tangible assets and proceeds from the sale of intangible assets, for the relevant period. Capital expenditure is not a measure recognized by Italian GAAP. For further information, see "*Presentation of Financial and Other Information—Non-GAAP Measures*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital expenditure*."

The following table sets forth a calculation of capital expenditure to payments for, and proceeds from sale of, intangible assets and payments for, and proceeds from sale of, tangible assets, which are our most directly comparable measures under Italian GAAP, as for the periods indicated:

(€ in millions)	For the year ended December 31,		
	2019	2020	2021
Payments for tangible assets	12.4	12.2	5.2
Proceeds from sale of tangible assets	(1.3)	(3.5)	(0.3)
Payments for intangible assets	5.5	8.8	10.0
Proceeds from sale of intangible assets	—	(1.5)	—
Capital expenditure	**16.6**	**16.0**	**15.0**
of which:			
Maintenance capital expenditure[(a)]	3.9	3.2	3.2
Growth and R&D capital expenditure[(b)]	11.1	11.3	10.5
Other capital expenditure[(c)]	1.6	1.4	1.3

(a) Represents expenditure primarily related to replacement, capacity increase or increased automation of our equipment.

(b) Represents expenditure primarily related to growth investments to increase production capacity and new warehousing facilities and R&D growth projects (*e.g.*, microencapsulation and ad hoc R&D projects for specific clients) and innovation projects to expand our R&D offering.

(c) Represents expenditure primarily related to the improvement of the efficiency of our IT systems, increase digitalization and furniture and office maintenance.

(9) Adjusted operating free cash flow represents Adjusted EBITDA for the relevant period less changes in net working capital and capital expenditure for the same period. Adjusted operating free cash flow is not a recognized financial measure under Italian GAAP or any other generally accepted accounting principles and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures.*" The following table sets forth a calculation of adjusted operating free cash flow for the periods indicated:

(€ in millions)	For the year ended December 31,	
	2020	2021
Adjusted EBITDA	37.6	48.6
Changes in net working capital	0.8	—
Maintenance capital expenditure	3.2	3.2
Adjusted recurring operating free cash flow	**35.1**	**45.4**
Growth and R&D capital expenditure	11.3	10.5
Other capital expenditure	1.4	1.3
Adjusted operating free cash flow	**22.4**	**33.6**

(10) Recurring cash flow conversion rate represents the ratio of adjusted recurring operating free cash flow to Adjusted EBITDA for the relevant period. Recurring cash flow conversion rate is not a recognized financial measure under Italian GAAP or any other generally accepted accounting principles and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures.*"

Selected Financial Data of IHS

(€ in millions)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)
	As of and for the year ended December 31,		
Revenue of IHS[(a)]	**15.1**	**20.2**	**26.1**
of which:			
Health Supplements	8.7	11.5	13.8
Medical Devices	6.4	8.7	12.3
Gross margin of IHS[(b)]	**3.9**	**6.4**	**9.8**
of which:			
Health Supplements	2.5	4.0	6.2
Medical Devices	1.4	2.4	3.6
EBITDA of IHS[(c)]	**3.1**	**5.0**	**8.7**

(a) Revenue of IHS for the years ended December 31, 2019, 2020 and 2021 is based on management estimates and has been calculated based on the financial information and schedules prepared on the basis of accounting records of the carve-out business constituting IHS as of the date of its acquisition by the Biofarma Group. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*" and "*Presentation of Financial and Other Information—Other Unaudited Financial Data—IHS Unaudited Financial Data.*" The breakdown of IHS's revenue by business units is not based on accounting segments under Italian GAAP previously reported by Giellepi S.p.A., the relevant figures rely on management judgment and have not been audited or reviewed by our independent auditors. See "*Presentation of Financial and Other Information—Information by Business Unit and Geography.*"

(b) Gross margin of IHS for the years ended December 31, 2019, 2020 and 2021 is based on management estimates and has been calculated based on the financial information and schedules prepared on the basis of accounting records of the carve-out business constituting IHS as of the date of its acquisition by the Biofarma Group. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*" and "*Presentation of Financial and Other Information—Other Unaudited Financial Data—IHS Unaudited Financial Data.*" The breakdown of IHS's gross margin by business units is not based on accounting segments under Italian GAAP previously reported by Giellepi S.p.A., the relevant figures rely on management judgment and have not been audited or reviewed by our independent auditors. See "*Presentation of Financial and Other Information—Information by Business Unit and Geography.*"

(c) EBITDA of IHS represents profit for the period excluding income taxes, financial income and depreciation and amortization. EBITDA of IHS for the years ended December 31, 2019, 2020 and 2021 is based on management estimates and has been calculated based on the financial information and schedules prepared on the basis of accounting records of the carve-out business constituting IHS as of the date of its acquisition by the Biofarma Group. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*" and "*Presentation of Financial and Other Information—Other Unaudited Financial Data—IHS Unaudited Financial Data.*" EBITDA of IHS is a supplemental measure of IHS's 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 the overall operating performance of a company. However, this measure is not a measurement of the financial performance of IHS 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 of IHS 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.

Other *Pro forma* Financial Data of the Biofarma Group

	As of and for the year ended December 31, 2021 (€ in millions, except percentages and ratios)
Pro forma revenue[(1)]	232.7
Pro forma gross margin[(2)]	64.5
Pro forma Adjusted EBITDA[(3)]	57.3
Pro forma Structuring EBITDA[(3)]	64.0
Pro forma Structuring EBITDA margin[(4)]	27.5%
Pro forma adjusted cash and cash equivalents[(5)]	5.7
Pro forma adjusted net financial debt[(6)]	340.1
Pro forma adjusted net interest expense[(7)]	19.8
Ratio of *Pro for*ma adjusted net total financial debt to *Pro forma* Structuring EBITDA	5.3x
Ratio of *Pro forma* Structuring EBITDA to *Pro forma* adjusted net interest expense	3.2x

(1) *Pro forma* revenue for the year ended December 31, 2021 represents our total net revenue and income for such period, adjusted to give *pro forma* effect to the IHS Acquisition as if it had occurred on January 1, 2021 (*i.e.*, an additional amount of €26.1 million corresponding to the revenue of IHS for the year ended December 31, 2021, based on management's estimates and accounting records of IHS for the relevant period). See "*Summary—Recent Developments—IHS Acquisition.*" *Pro forma* revenue is a not recognized financial

measure under Italian GAAP and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures.*" *Pro forma* revenue generated by our Health Supplement and Medical Devices business units for the year ended December 31, 2021 amounted to €149.5 million and €49.5 million, respectively, reflecting the contribution of the revenue generated by the Health Supplement and Medical Devices business units of IHS for such periods equal to €13.8 million and €12.3 million, respectively, according to management's estimates. The breakdown of IHS's revenue by business units is not based on accounting segments under Italian GAAP previously reported by Giellepi S.p.A., the relevant figures rely on management judgment and have not been audited or reviewed by our independent auditors. See "*Presentation of Financial and Other Information—Information by Business Unit and Geography.*"

(2) *Pro forma* gross margin for the year ended December 31, 2021 represents our gross margin for such period, adjusted to give *pro forma* effect to the IHS Acquisition as if it had occurred on January 1, 2021 (*i.e.*, an additional amount of €9.8 million corresponding to the gross margin of IHS for the year ended December 31, 2021, based on management's estimates and accounting records of IHS for the relevant period). See "*Summary—Recent Developments—IHS Acquisition.*" *Pro forma* gross margin is a not recognized financial measure under Italian GAAP and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures.*" *Pro forma* gross margin generated by our Health Supplement and Medical Devices business units for the year ended December 31, 2021 amounted to €43.5 million and €16.5 million, respectively, reflecting the contribution of the gross margin generated by the Health Supplement and Medical Devices business units of IHS for such periods equal to €6.2 million and €3.6 million, respectively, according to management's estimates. The breakdown of IHS's gross margin by business units is not based on accounting segments under Italian GAAP previously reported by Giellepi S.p.A., the relevant figures rely on management judgment and have not been audited or reviewed by our independent auditors. See "*Presentation of Financial and Other Information—Information by Business Unit and Geography.*"

(3) *Pro forma* Structuring EBITDA represents *Pro forma* Adjusted EBITDA for the year ended December 31, 2021 (which represents the sum of our Adjusted EBITDA *plus* the EBITDA of IHS for such period), as further adjusted for certain estimated cost savings synergies in connection with the Acquisition and certain estimated cost savings synergies we expect to generate from the IHS Acquisition.

Pro forma Structuring 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. The *pro forma* adjustment relating to the impact of the acquisition of IHS used to calculate *Pro forma* Structuring EBITDA is based on the information available to us in connection with the IHS Acquisition, together with our management's assumptions and estimates. Such adjustment is inherently uncertain and subject to a wide variety of significant uncertainties. Such adjustment does not reflect the costs we will incur to, among other things, integrate IHS into the Biofarma Group or any potential synergies or other impacts related to or expected to derive from the IHS Acquisition, and, therefore, is not meant to represent what the Adjusted EBITDA contribution of IHS would have been for the year ended December 31, 2021, if we had acquired IHS on January 1, 2021. Accordingly, there can be no assurance that the estimated results will be realized. We believe that *Pro forma* Structuring EBITDA provides a useful indication of what our Adjusted EBITDA for the year ended December 31, 2021, would have been under the circumstances and assumptions described herein. 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 a substitute measure to operating result, operating cash flows or any other measures of performance or our liquidity. Neither our independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the presentation of *Pro forma* Structuring EBITDA, 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 presentation. See "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*" and "*Risk Factors—Risks Related to Our Financial Information—The pro forma financial information included in this Offering Memorandum, including the Unaudited Pro Forma 2019 Combined Financial Data and the pro forma adjustments relating to the IHS Acquisition, is for information purposes only, is only intended to simulate what our results of operations would have been had the relevant acquired businesses been included in our scope of consolidation for the entire period assumed and has been prepared on the basis of certain estimates and assumptions which we consider reasonable, but it is not a substitute for our Audited Financial Statements included elsewhere in this Offering Memorandum.*" See "*Description of Notes*."

The following table provides a reconciliation from Adjusted EBITDA to *Pro forma* Structuring EBITDA for the year ended December 31, 2021:

(€ in millions)	**As of and for the year ended December 31, 2021**
Adjusted EBITDA	48.6
EBITDA of IHS	8.7
***Pro forma* Adjusted EBITDA**	**57.3**
Biofarma cost savings synergies[(a)]	4.5
IHS cost savings synergies[(b)]	2.2
***Pro forma* Structuring EBITDA**	**64.0**

(a) Represents estimates of the yearly run-rate cost savings synergies that we expect to realize in connection with the Acquisition by 2023, consisting of (i) procurements savings for an estimated amount of €1.1 million in connection with the continuous integration of the supply chain, purchase price alignment, discounts on higher volumes and broader portfolio coverage across our four plants; (ii) cost savings synergies for an estimated amount of €1.1 million relating to the manufacturing in-sourcing of *Esoxx* (a medical device we developed for the treatment of gastroesophageal reflux), the production of which was previously outsourced to third parties; (iii) manufacturing efficiency initiatives for an estimated amount of €0.7 million, primarily relating to the implementation of automated packaging lines in our subsidiary Claire, the streamlining of production flows in Biofarma and the optimization of warehouse management in our subsidiary Nutrilinea; (iv) footprint optimization savings for an estimated amount of €0.6 million arising out of initiatives aimed at reducing use of sport products warehouses and the facilities operated by our subsidiary Claire, leveraging on the existing storage and operating capacity at our other plants; and (v) cost savings for an estimated amount of €1.0 million arising out of the closure of the Pharcoterm facility in Milan, with the simultaneous transfer of the related activities to our Varese and Udine plants, in each case, according to the report issued by the Consulting Firm. The above yearly run-rate cost savings synergies do not reflect the capital expenditures and other one-off costs which we expect to incur to realize such yearly run-rate cost savings synergies, expected to be less than €1 million as of the date of this Offering Memorandum.

(b) Represents estimates of the yearly run-rate cost savings synergies that we expect to realize in connection with the IHS Acquisition by 2023, consisting of (i) manufacturing efficiencies for an estimated amount of €1.7 million, which we expect to generate by the in-sourcing of the production of certain IHS's products that are currently outsourced to third parties; (ii) procurements savings for an estimated amount of €0.2 million, primarily in connection with a new framework agreement for probiotics markup; and (iii) organizational optimization for an estimated amount of €0.3 million, primarily relating to workforce optimization initiatives supported by the Biofarma Group's existing operational and R&D capabilities, in each case, according to the report issued by the Consulting Firm. As of the date of this Offering Memorandum, we do not expect to incur capital expenditures or other one-off costs to realize such yearly run-rate cost savings synergies.

(4) *Pro forma* Structuring EBITDA margin represents *Pro forma* Structuring EBITDA divided by the sum of (i) *pro forma* revenue and (ii) 45% of the revenue generated by Cura Beauty GmbH. For the purpose of calculating *Pro forma* Structuring EBITDA margin, 45% of the revenue generated by our affiliate Cura Beauty GmbH for the year ended December 31, 2021 has been added to our *pro forma* revenue. We hold a 45% stake in Cura Beauty GmbH as of the date of this Offering Memorandum. See also "*Certain Relationships and Related Party Transactions*." Neither our independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the presentation of *Pro forma* Structuring EBITDA margin, 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 presentation.

(5) *Pro forma* adjusted cash and cash equivalents represents our cash and cash equivalents as of December 31, 2021 (*i.e.* €24.9 million) as adjusted to give effect to the updated cash position of the Company as of the Completion Date (*i.e.* €21.8 million) and the Transactions, as described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*" and "*Summary—The Transactions—The Offering and the Bridge Facilities Refinancing*." As adjusted cash and cash equivalents does not reflect the amount of cash generated or otherwise utilized by the Biofarma Group after the Completion Date. For further information, see footnote (1) under "*Capitalization*" and "*Use of Proceeds*."

(6) *Pro forma* adjusted net financial debt represents our net financial debt (before the deduction of financing fees) as adjusted for the Transactions. IHS had no outstanding financial debt that was acquired by the Biofarma Group as a result of the IHS Acquisition. See "*Capitalization*."

(7) *Pro forma* adjusted net interest expense represents estimated finance cost less financial income for the year ended December 31, 2021 after giving *pro forma* effect to the Transactions, as if the Transactions had occurred on January 1, 2021 and assuming that the Revolving Credit Facility would have been undrawn for the entire period. This estimate reflects the issuance of the Notes carrying an interest rate of three-month EURIBOR plus 5.75% per annum (assuming the three-month EURIBOR rate as of the date hereof was in effect for the entire period). *Pro forma* adjusted net interest expense is calculated gross of the debt issuance costs in connection with the Transactions. *Pro forma* adjusted net interest expense does not include commitment fees on undrawn amounts under the Revolving Credit Facility. *Pro forma* adjusted net interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period or our financial condition at any future date. See "*Use of Proceeds*" and "*Capitalization.*" *Pro forma* adjusted net interest expense presented herein is not calculated in accordance with the provisions of the Indenture. See "*Description of Notes.*"

RISK FACTORS

An investment in the Notes is subject to a number of risks. Prospective investors should consider carefully the risks described below and the other information contained in this Offering Memorandum prior to making any investment decision with respect to the Notes. Each of the risks discussed below could have a material adverse effect on our business, financial condition, results of operations or prospects, which, in turn, could have a material adverse effect on the principal amount and interest, which investors will receive in respect of the Notes. In addition, each of the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment. 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.

This Offering Memorandum also contains forward-looking statements that 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 "Forward-Looking Statements."

Risks Related to Our Business

Adverse and uncertain global economic conditions, including factors affecting our, our customers' and our suppliers' access to credit, could negatively impact our business and ability to borrow or raise capital.

Our business may be impacted by fluctuations in consumer demand in the end markets where our customers operate, the global economic environment, changes in interest rates, instability in securities markets around the world, and international conflicts, including the ongoing conflict between Russia and Ukraine and the potential impact of financial and economic sanctions on the regional and global economy. Adverse economic conditions can affect consumer and business spending generally. In particular, a worsening economic climate can result in a decreased demand in the markets in which our products are used.

The supply-demand balance in the markets where we compete and prices for the goods we utilize in our business (*i.e.*, raw materials and packaging materials), are strongly influenced by the overall economic conditions in the United States, Europe, China and India. Despite an improvement in global economic conditions in 2021, the global economy has recently experienced one of its sharpest downturns in history as a result of the COVID-19 pandemic, and potential global turmoil that may occur in connection with the ongoing conflict between Russia and Ukraine, which is causing severe social and economic consequences for the countries directly involved as well as the European continent, as tension between Russia, the European Union, the United States and other countries continues to increase. In particular, the conflict has caused, among other things, a material surge in oil and natural gas prices. Soaring energy prices may drive inflationary pressures and adversely affect general economic conditions and, ultimately, consumer spending.

As of the date of this Offering Memorandum, the pace and extent of the global economic recovery remains highly uncertain, and certain markets, including emerging markets, may not in the future achieve the growth rates that they have historically observed. The aggravation of the ongoing Russia-Ukraine conflict and/or, more generally, an extended recession or other periods of declining economic conditions, either globally or in any of the markets in which we operate, could substantially decrease the demand for our products and adversely affect our business.

Similarly, a significant adverse change in a customer's financial position, as a result of adverse economic conditions, the COVID-19 pandemic or otherwise, could increase our credit risk relating to that customer's accounts receivable or limit our ability to collect trade receivables from that customer or to sell such receivables via our factoring lines or other similar financing means. Continued weakness in the global economy for a significant period of time, or a further deterioration of global economic conditions, could result in our customers experiencing less profitability in their businesses, cash flow shortages, and difficulty in obtaining financing, which may ultimately lead to liquidations or bankruptcies. Any of these occurrences could cause us to limit or discontinue business with those customers. Our suppliers may also experience similar conditions, which could impact their ability to fulfil their obligations. Any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects. See "*—We could be affected by the possibility of disruption in our supplier relationships, which could affect our ability to source the goods utilized in our business.*"

Furthermore, a number of our customers and suppliers rely on access to credit to adequately fund their operations, which may be limited due to adverse economic conditions. The inability of our customers to access credit facilities may adversely affect our business by reducing sales and increasing exposure to bad debt, thereby reducing profitability. In addition, the inability of our suppliers to access credit facilities may adversely affect our business by increasing prices for raw material and transportation, which could have an adverse effect on our margins.

The quality of our products is critical to the success of our business. This depends significantly on the effectiveness of quality control systems, which in turn depend on a number of factors, including the quality of the raw materials we use and our ability to ensure that personnel adhere to quality control guidelines and policies. Failure of the purchased raw materials to meet the required precise technical specifications could lead to significant expense for us.

Finally, adverse conditions in the credit and financial markets (including as a result of the effects of the COVID-19 pandemic) could prevent us from obtaining financing or credit at favorable terms in order to fulfil our financing needs (including the need to refinance or repay debt obligations, including the Notes). If we are unable to refinance or repay our debt obligations or access the credit and capital markets, we may not be able to pursue certain aspects of our business plans, which could materially adversely affect our business, financial condition, results of operations and prospects.

We are exposed to volatility in the availability and price of the raw materials on which our business relies, which may adversely impact our results of operations, and we may lose the ability to pass along fluctuations in the prices of our goods.

Our margins are significantly impacted by the relationship between the prices that we are able to charge for our products and the costs of the goods required to make these products.

The prices for our purchase of goods (*i.e.,* raw materials and packaging materials, accounting for approximately 72%, 79% and 80% and 28%, 21% and 20%, respectively, of our purchase of goods for the years ended December 31, 2021, 2020 and 2019, respectively), have historically been volatile. Purchase of good and changes in inventory amounted to 53%, 48% and 59% of our total operating costs for the years ended December 31, 2021, 2020 and 2019, respectively. During the years ended December 31, 2019, 2020 and 2021, the price of certain of our raw materials, such as lactoferrin, curcuma and vitamins, increased significantly primarily due to the general economic conditions and the impact of the COVID-19 pandemic. The availability and price of these raw materials are influenced by factors over which we have limited control, such as market conditions, general global economic prospects, production capacity, the financial stability of our suppliers, suppliers' commitments to others and production constraints, fluctuations in crude oil, natural gas and other commodity prices, infrastructure failures, political conditions, including conflicts such as the ongoing conflict between Russia and Ukraine, military action, terrorist attacks and general instability, particularly in energy-producing nations, weather conditions, regulations and other factors. Increase in energy prices may indirectly impact the cost of services, such as transportation or third party services, that we use in our business. We utilize financial hedges and forward purchasing, efficiently manage inventory build-up and use multiple sources of suppliers to mitigate cost fluctuations for our goods.

Although we generally seek to pass on raw material price increases and decreases to customers (in line with the industry norm), we may not be able to pass them on fully or at all, or we may only be able to pass them on with a significant time delay.

The relative scarcity of certain raw materials can impact our results. Although we generally have multiple global suppliers, our input goods (*i.e.*, raw materials and packaging materials) are available only from a small number of suppliers and in limited circumstances only from a single source, such as for the sourcing of certain raw materials used for sports nutrition products or certain products protected by trademarks. While we use a limited number of raw materials that are available only from a single source and order those materials in limited quantities, the loss of any of these raw materials could significantly impact our ability to deliver certain specific products, particularly in our Health Supplements business unit. Accordingly, sole source and limited source suppliers generally have greater pricing and supply leverage.

In limited cases, we may choose to sole source certain raw materials to obtain certain commercial advantages, including superior pricing and terms. Any disruption in raw material availability from one of these suppliers may require us to secure raw material supplies from alternative suppliers on less favorable terms. Such disruptions could result in substantial delays if we are not able to find suitable replacement raw materials on commercially viable terms.

While we utilize financial hedges, forward purchasing and multiple sources of suppliers to mitigate cost fluctuations for our goods, volatility in raw material prices could place strains on our working capital requirements. Additionally, interruptions in supply could place increased pressure on our margins and reduce our net cash flow. Either of these possibilities could materially adversely affect our business, financial condition, results of operations or prospects, as well as impair our ability to fulfil our financing needs (including the need to repay our obligations) or make further investments in our business.

Adverse global economic issues, market instability, including as a result of the COVID-19 pandemic, and volatile commodity price fluctuations make it increasingly difficult for us, our customers and our suppliers to accurately forecast future product demand and sales prices, which could cause us to procure raw materials in excess of end-product demand. This could cause a material increase in our inventory carrying costs and, in the event of falling market prices for our end products, result in significant charges to write-down inventory to market prices.

We could be affected by the possibility of disruption in our supplier relationships, which could affect our ability to source the goods utilized in our business.

For the year ended December 31, 2021, our top three and top 10 suppliers accounted for approximately 14% and 27%, respectively, of our purchases of our goods (*i.e.*, raw materials and packaging materials) and changes in inventory and cost of services, with eight of our top 10 suppliers located in Italy and two of our top 10 suppliers located in other EU countries. In some cases, we may choose to sole source certain raw materials to obtain certain commercial advantages, including superior pricing and terms. As a result, any disruption or delay in the supply of those materials from a particular supplier, an inability to source raw materials of appropriate quality, or loss of a supplier where we are unable to find a suitable alternative, may hinder our ability to fill customers' orders on a timely and cost-effective basis or in the required quantities, which could result in order cancellations, decreased revenue or loss of market share and damage to our reputation. Further, volatility in costs and pricing can result in contractual disputes with suppliers or an inability to contract on mutually satisfactory terms. Adverse resolution of any such disputes or contract negotiations could have a negative effect on our results of operations.

We have in the past been affected by supply shortages due to external events, such as natural disasters, the COVID-19 pandemic, supplier shutdowns and supplier manufacturing issues. If we experience further supply shortages, or if any of our suppliers were unable or unwilling to supply us with the raw materials required, we could experience disruptions in production. Such disruptions could result in substantial delays if we are not able to find suitable replacement raw materials on commercially viable terms.

We have long-standing relationships with our key suppliers, in most cases spanning between five and ten years, and our key supply contracts for the purchase of goods used in our processes have an average duration of three years. The majority of our raw materials are global commodities with short lived price differences between regions due to the logistics, cost and time to store and ship products from one region to another. As a result, while we retain monthly flexibility to buy spot and contract volumes, our ability to influence the pricing mechanisms in our supply agreements may be limited.

Many of our suppliers have operations that are subject to the environmental, health and safety risks associated with the use of hazardous materials. Any environmental or health and safety incidents affecting these suppliers may result in significant regulatory actions, fines and other penalties, including restrictions, prohibitions or sanctions on their operations. Such consequences in turn could impair their ability to meet their obligations to us under present or future supply agreements.

The key terms of the supply contracts for the raw materials that we acquire generally include hardship clauses and provide some flexibility to negotiate, and although we can modify such terms to better reflect current business conditions under certain contracts, there is a risk that this flexibility will be insufficient to adapt our contracts to prevailing business conditions, or in a way that is suitable to us, or at all. As a general matter, if a supplier is unable to meet its obligations under contractual agreements with us, we may be forced to incur higher costs to obtain the necessary raw materials elsewhere or, in certain limited cases, may not be able to obtain the raw materials at all, which could materially adversely affect our business, financial condition, results of operations and prospects.

The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity.

In December 2019, a novel strain of coronavirus surfaced and, since then, has spread around the globe, including in Italy, where we generated approximately 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. The resulting disease, COVID-19, has been declared a pandemic by the World Health Organization. In response to the COVID-19 pandemic, on March 9, 2020, the Italian government imposed a nationwide quarantine together with several other measures.

Additionally, even though the nationwide quarantine in Italy was lifted on May 4, 2020, significant restrictions and social distancing measures remain in place, which continue to adversely affect the overall Italian economy and end markets in which our customers operate and, in turn, our operations and our customers' operations. In particular, as the number of infections in Italy significantly increased in the fall of 2020, new drastic measures were taken, including a nationwide evening curfew and certain more stringent *ad hoc* measures for regions with higher infection rates, which has resulted in, among other things, protests and further economic and social turmoil. Between the end of 2020 and early 2021, restrictive measures continued to be implemented, in many instances with the imposition of localized lockdowns across Italy along with the nationwide evening curfew. Additional quarantine measures implemented in March 2021 further restricted interregional travel across the country, causing further disruption to business activities. The impact of the COVID-19 pandemic on global commerce has been far-reaching and will continue to be disruptive in the near future. In response to COVID-19, many countries around the world, including Italy, where we manufacture our products, implemented a variety of measures to reduce the spread of the virus, including travel restrictions and bans, social distancing required for both individuals and businesses, shelter-in-place and lockdown orders and required closures of non-essential businesses. These restrictions have resulted, among other things, in significant disruptions to business operations, supply chains and customer activity and demand, service cancellations or reductions and other changes. Given the essential nature of our business, all our manufacturing sites remained operational during the COVID-19 pandemic; however, these restrictions caused delays and difficulties in receiving raw materials from third-party suppliers as the COVID-19 pandemic has resulted in the shutdown of certain businesses which in turn resulted in disruptions or delays to our supply chain, required us to transition a portion of our workforce to working from home and adversely impacted our ability to arrange for the transport of raw materials at market prices. These restrictive measures also impacted the sale of certain of our products, such as probiotic-based products to be used in combination with antibiotics and "cough and cold" products, as a result of fewer incidences of seasonal and systemic viral infections during lockdown, and sun creams and other cosmetic products, as a result of lockdown measures.

As a result of the financial and social difficulties generated by the COVID-19 pandemic, we could also lose customers as a result of bankruptcy or other financial difficulties, or customers could otherwise become insolvent and be unable to continue to pay for our products and services, which could harm our liquidity.

The extent of the impact of COVID-19 on our future operational and financial performance will depend on future developments, including the effectiveness and availability of vaccines and further restrictive actions taken by various governmental authorities in response to new strains of the virus, including the Omicron variant, termination of government support programs and the timing of recovery of the overall economy, all of which are highly uncertain and cannot be predicted. While governments have initiated vaccination programs against the COVID-19 pandemic, such programs are progressing slowly in certain countries and there can be no assurance on if and when the population of those and other countries will be fully immunized, including as a result of new strains of the virus which may be characterized by higher transmission rates. Therefore, it remains unclear if or when the pandemic will cease and whether previously-lifted measures to reduce the spread of COVID-19 may be reinstated. Any future developments are highly uncertain and cannot be predicted, including the scope and duration of the COVID-19 pandemic (or any future outbreak of another virus or contagious disease) and actions taken by governmental authorities and other third parties in response to the pandemic. To the extent the COVID-19 pandemic adversely affects our business, financial condition, results of operations and prospects, as well as our ability to perform our obligations under the Notes, it may also have the effect of heightening any or all of the other risks described in this "*Risk Factors*" section.

We may be unable to implement our business strategies.

Our future financial performance and success largely depend on the ability to implement our business strategies successfully.

Our business strategies are based on assumptions about future demand for our products and services, the new products we are developing and on our continuing ability to produce products profitably. Each of these factors depends on, among other things, our ability to differentiate our offerings, innovate to keep up with changes in technology, customer preferences or the competitive environment, comply with the regulations imposed by the jurisdictions in which we operate, obtain necessary regulatory approvals of appropriate scope, acquire suitable targets, integrate acquired businesses, finance operations and product development activities, maintain and expand high-quality and efficient manufacturing operations, efficiently manage our supply chains, respond to competitive and regulatory changes, access quality raw materials in a cost-effective and timely manner, obtain or secure adequate intellectual property rights, and retain and attract highly-skilled technical, managerial, marketing, commercial and finance personnel. Additionally, even if we achieve our goals, the cost of implementing these initiatives could ultimately exceed their benefits.

Since the economic downturn in global markets in 2008, 2009 and, more recently, 2020, macroeconomic volatility has made it more difficult to predict GDP development in many economies, resulting in frequent modifications to GDP growth expectations published by economic research institutions, as well as in adjustments by market research specialists, sometimes giving rise to significant revisions to growth expectations for specific markets. Furthermore, the ongoing uncertainty of the COVID-19 pandemic may have a continued adverse effect on economic and geopolitical developments. As a result, many companies in our industry may find it difficult to accurately model and predict the prospects for their businesses, and it may be difficult for investors to use historical financial information as an indicator for future results. Any failure by us to accurately predict the economic environment and the development of our business could lead to misjudgments as to the level of production capacities needed for our business, increase the risk of failed investments and may materially affect our business, financial condition, results of operations and prospects.

We may fail to develop new, commercially viable products or find sufficient commercial use for those products that we have already developed.

Our business is partially driven by the continuous development of new and innovative products, including environmentally sustainable products, manufacturing technologies, delivery systems and formulation capabilities. We operate three R&D centers in northern Italy, with 44 dedicated FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021.

A significant amount of capital needs to be dedicated to develop new products, for which the process is lengthy and results are uncertain. For the years ended December 31, 2019, 2020 and 2021, we incurred aggregate capitalized R&D expenses of €0.9 million, €3.0 million and €5.6 million, respectively. In addition, we incur development costs in connection with the production of our new products, as well as other activities that facilitate their commercialization. Future results of operations depend, to a significant extent, on our ability to develop, manufacture and successfully commercialize new products in a timely manner. The product development, manufacturing and commercialization process is time-consuming. We must develop, test and manufacture our products as well as successfully register them in each relevant jurisdiction. All of our products must meet and continue to comply with regulatory and safety standards in each of the markets they are to be commercialized. Delays in the development process, or in obtaining regulatory approval, could impact the expected profitability of the relevant product, which in turn could adversely affect our business.

Our products currently under development, if and when fully developed and tested, may not perform as expected or may face greater than expected competition. In addition, our new products may be unable to achieve their planned value. Successfully developing and manufacturing new products also depends on our ability to secure, on a timely basis and on commercially reasonable terms, the required raw materials.

It is difficult to estimate the commercial success of new products unproven in the marketplace. Potential new products that appear promising during the development stage may fail to reach the market or have only limited commercial success. This could be attributable to any number of factors, including efficacy or safety concerns, an inability to obtain necessary regulatory approvals in certain geographic markets, difficulties in manufacturing or excessive manufacturing costs, erosion of patent terms as a result of a lengthy development period, infringement of patents or other intellectual property rights of others or an inability to differentiate the product adequately from our competitors. Any failure to develop commercially viable products or to develop additional uses for existing products could make us less competitive and could in turn have a material adverse effect on our financial results.

We may not be able to adjust our products or technologies to address our customers' changing requirements or competitive challenges in a timely manner, and our customers may substitute our products with other products.

The market segments where our customers compete are subject to periodic technological changes, ongoing product improvements, product substitution and changes in customer requirements. Increased competition from existing or newly developed products offered by our competitors or companies whose products offer a similar functionality to our products may negatively affect demand for our products. We work to identify, develop and market innovative products, underpinned by differentiated manufacturing technologies, delivery systems and formulation capabilities, on a timely basis to meet our customers' changing requirements and competitive challenges. However, if we are unable to substantially maintain or further develop our product portfolio, customers may elect to source comparable products from competitors, which could have a detrimental impact on our business, financial condition, results of operations and prospects.

Our R&D teams work closely with our customers to develop high-quality, innovative products and applications that are designed to meet their specific requirements, and we have become the partner-of-choice for large pharmaceutical companies (*e.g.*, Sanofi and Alfasigma), consumer health companies, (*e.g.*, Nestlé and Reckitt Benckiser), and international players (*e.g.*, Cosmax) in several co-development projects. However, we may not be able to develop products that adequately address our customers' needs. In addition, the timely commercialization of products that we are developing may be disrupted or delayed by manufacturing or other technical difficulties, regulatory approvals, industry acceptance or insufficient industry size to support a new product, competitors' new products, and difficulties in moving from the experimental stage to the production stage. For example, we experienced delays in obtaining regulatory approval for the commercialization of our *Esoxx* product in India due to the complexity of applicable laws and delays caused by the COVID-19 pandemic. If we are unable to satisfy our customers' requests on time and in full and therefore substantially maintain or further develop our product portfolio, customers may elect to source comparable products from competitors which could have a detrimental impact on our business, financial condition, results of operations and prospects.

Alternative materials, procedures or technologies may be developed, or existing ones may be improved, and replace those that are currently offered by us. If such newly developed or improved products are being offered at lower prices, have preferable features or other advantages, particularly from a regulatory perspective, and we are not able to offer similar new or improved products, we may lose substantial business, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our industry, as well as the markets of certain of our customers, is characterized by significant levels of competition, which may adversely affect our competitive position, sales and overall operations.

We are exposed to the competitive characteristics of different geographies, markets and industries in which we operate. In particular, the European nutraceutical CDMO industry is subject to significant competition and includes Italian contract development and manufacturing organizations ("**CDMOs**") such as Labomar and S.I.I.T. and large diversified international players and CDMOs, such as Fareva, Aenova, Lonza and Catalent. Some of our competitors may have greater financial, technical and R&D resources, may be able to manufacture products more economically and may be able to better withstand changes in market conditions. We are also exposed to significant competition from players in the cosmetics industry, such as Fareva, Aenova and Labomar.

In addition, if the markets for our products expand, we expect that there may be an increase in new competitors and that existing competitors may commit more resources to the markets in which we operate, further enhancing existing competition. The resulting pressure of increased competition on our margins could materially adversely affect our business, financial condition, results of operations and prospects.

Furthermore, a number of our customers are participants in markets that are undergoing consolidation. We could lose individual customers to competitors if they are acquired by, or consolidate with, other companies that have relationships with our competitors. In addition, ongoing consolidation in various industries continues to create individual customers with greater purchasing power and competitors with greater financial and other resources. Customers in established markets face their own competitive pressures, particularly from businesses in regions with lower overhead costs, such as businesses in Asia. Such competitive pressures may force us to reduce prices and attempt to offset such price reductions with improved operating efficiencies and reduced expenditures, which may not be possible.

Any future acquisitions may prove difficult for us to consummate and certain of our acquisitions, including the IHS Acquisition, may not deliver anticipated benefits.

We have historically built our perimeter through strategic acquisitions, such as Pharcoterm in 2018, and Apharm and Claire in 2019. More recently, on January 28, 2022, we acquired IHS, an Italian company focused on the R&D of medical devices for out-licensing to pharmaceutical and nutraceutical companies, with production fully outsourced to CDMOs. Its portfolio of products includes medical devices primarily in the areas of gynecology, musculoskeletal, gastroenterology, immunology and cardiology, and its probiotic-based products generated approximately 26% of IHS's revenue for the year ended December 31, 2021. For the year ended December 31, 2019, 2020 and 2021, IHS generated revenue of €15.1 million, €20.2 million and €26.1 million, respectively. Over the same periods, IHS generated EBITDA of €3.1 million, €5.0 million and €8.7 million, respectively. Through the IHS Acquisition, we expect to strengthen our Medical Devices and Health Supplements business units with significant R&D expertise (through IHS's R&D department, consisting of seven FTEs as of December 31, 2021) and a complementary product portfolio, achieve significant run rate cost savings synergies by in-sourcing the manufacturing of IHS's portfolio (expected cost savings synergies of €2.2 million on an annual run rate basis by 2023, according to management estimates, as further described under "*Summary Historical Financial Information and Other Data—Other Pro forma Financial Data*"), unlock cross-selling opportunities across our respective customer bases (including IHS's international network of distributors such as Cosmax) and expand our geographical presence, especially in Asia. See "*Summary—Recent Developments*." Our strategy may involve strategic and opportunistic acquisitions from time to time. We may continue to acquire companies or assets in the future if we identify appropriate acquisition targets or divest assets to streamline our business. It is possible that we identify targets that are not appropriate for our business or that we pay more to acquire a target than the value we are able to realize from it. Any acquisition that we make, including the IHS Acquisition, could be subject to a number of risks, including:

- problems with effective integration of operations;
- the inability to maintain key pre-acquisition business relationships;
- increased operating costs;
- costs related to achieving or maintaining compliance with laws, rules or regulations;
- the loss of key employees of the acquired company;
- exposure to unanticipated liabilities;
- difficulties in enforcing claims relating to a breach of representation and warranties that sellers provide under the relevant acquisition agreements; and
- difficulties in realizing projected efficiencies, synergies and cost savings.

We may also experience difficulties in getting regulatory approval in certain international jurisdictions in which IHS's products are distributed, which could result in delays in successfully and timely in-sourcing the manufacturing of IHS's products.

Moreover, the remaining 25% minority interest in Pasteur, the parent company of IHS, continues to be indirectly held by Giellepi S.p.A. and is subject to certain call and put options which may be exercised prior to, or shortly after the completion of this Offering (but in any event no later than May 19, 2022), upon notice to the other party, and will allow the Company to purchase from Giellepi S.p.A., and Giellepi S.p.A. to sell to the Company, respectively, such minority stake for an exercise price of approximately €16 million. Accordingly, in the event Giellepi S.p.A. exercises its put option right or we exercise our call option, we will be required to purchase such 25% minority interest in Pasteur from Giellepi S.p.A. and sustain the related exercise price costs, which we expect to fund through the issuance of additional PIKCo Private Notes (the proceeds of which will be contributed as equity to the Issuer and its subsidiaries) and/or the partial equity reinvestment in the Biofarma Group by shareholders currently indirectly holding the 25% minority interest in Pasteur.

In addition, in connection with any acquisitions, despite the due diligence we perform, we may encounter performance, funding or cash flow issues with the acquired business or inadvertently or unknowingly acquire actual or potential liabilities or defects, including legal claims, claims for breach of contract, employment related claims, environmental liabilities, hazardous materials or liability for hazardous materials or tax liabilities. If any of the above were to materialize, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, we may use debt financing for any acquisitions, which would increase our debt service requirements, or we may use operating cash flows to finance acquisitions, which would decrease our retained earnings and the amount of cash on our balance sheet. In order to manage any acquisitions we successfully complete, we will need to expand and continue to improve our operational, financial and management information systems.

If making acquisitions or integrating any acquired business diverts too much management attention from the operations or our current businesses, this could adversely affect our financial condition or results of operations. Any acquisition we consummate may not ultimately provide the benefits we originally anticipated. Furthermore, we may not succeed in identifying attractive acquisition candidates or financing, if necessary, on favorable terms.

In addition, our management and resources may be distracted during any acquisition or divestment planning and implementation process. This may reduce the capacity to pursue other business opportunities, cause a delay in other projects currently contemplated by our management or lead to an increase in the number of operational risk events, such as the level of administrative errors. A decline in production standards or a fault or interruption in production may result in an increase in customer complaints and customer and/or regulatory actions, which may lead to reputational damage and the loss of our customers or business and ultimately have an adverse impact on our business, financial condition, results of operations and prospects.

We may fail to achieve the targeted benefits from restructuring and operational improvement measures.

Efficiency improvements and cost savings are crucial for us to maintain our competitiveness and improve our profitability, and our future success will depend, in part, on our ability to implement operational improvement measures. Such operational improvement measures could seek to increase efficiency in manufacturing through restructuring and rightsizing of production (*e.g.*, the re-allocation of production lines from one plant to another to leverage the "best of breed" capabilities of each facility), and improving our existing enterprise resource planning ("**ERP**") systems (*e.g.*, the continued adoption at a group level of an integrated SAP offering to align manufacturing processes across our sites, having already adopted SAP at our manufacturing site in Varese in 2020 and planning to implement SAP at our Padova facility in 2022 and our Udine facility in 2023). In developing our financial targets relating to sales growth and profitability, we have made certain assumptions about the financial impact that these operational improvement measures will have on our future financial results. However, there can be no assurance that these initiatives will yield the targeted benefits, or that they will not entail higher implementation costs than expected or take longer to implement than expected.

In addition, certain adjustments made to calculate *Pro forma* Structuring EBITDA, annualizing the impact of certain cost saving measures and adding back expected synergies from certain operational improvement initiatives presented in this Offering Memorandum, should be treated with caution when making an investment decision. These adjustments are based on the Biofarma Group's analysis of multiple sources, including management's estimates and the reports prepared by the Consulting Firm in connection with the Acquisition. In preparing the reports, the Consulting Firm relied on information and data provided by our management, available data of comparable businesses and its own analyses and made various assumption regarding our existing operations and our ability to implement contemplated cost savings and optimization measures and their impact on our operations and cost base. The estimates and assumptions underlying the calculation of our *Pro forma* Structuring EBITDA involve factors that are beyond our control, may relate to future events and are subject to known and unknown risks, uncertainties and other factors. These factors include, in particular:

- claims and litigation that might be initiated by our workforce or the unions to which our workforce belongs, in connection with our personnel rationalization initiatives;
- our ability to integrate IHS;
- our ability to successfully re-negotiate our contracts as part of the continuous integration of our supply chain; and
- other risk factors identified in this Offering Memorandum.

Accordingly, the adjustments made to calculate *Pro forma* Structuring EBITDA that we present in this Offering Memorandum are based on current estimates and they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such *pro forma* financial information. Our anticipated cost savings and operational run-rate synergies are based upon assumptions about our ability to implement cost saving measures in a timely fashion and within certain cost parameters. Our ability to achieve planned cost saving and operational run-rate synergies is dependent upon a significant number of assumptions, some of which may be beyond our control, including assumptions about the development of the markets for our products and services, continued market growth that may not materialize, political, legal, fiscal, market and economic conditions, regulatory developments, and tariff and wage increases. If one or more of our underlying assumptions regarding these measures proves to have been incorrect, these efforts could lead to substantially higher costs than planned and we may not be able to realize fully, or realize in the anticipated timeframe, the expected benefits from our cost saving and operational measures. In addition, cost saving and operational efficiencies from improved production processes may not be able to be sustained due to changes in customer needs, changes in regulations, availability and cost of materials or other cost variables.

Our new business initiatives could also result in unintended consequences, such as the loss of key customers, suppliers and employees and strikes and other industrial actions by our employees, which could undermine the benefits of the operational improvements by disrupting production and leading to different costs. Operational efficiency measures generally require a significant amount of management attention and resources, which may disrupt or otherwise have an adverse effect on our ongoing business operations. These factors may offset the cost savings we anticipate and which we have included in our *Pro forma* Structuring EBITDA. Consequently, our inability to realize our anticipated cost savings could have a material adverse effect on our business, financial condition, results of operation and prospects.

Our headquarters, all of our manufacturing sites and most of our key suppliers are based in Italy, which exposes us to Italian economic and political uncertainty and volatility.

Our headquarters and all four of our manufacturing sites are located in the northern regions of Italy. For the year ended December 31, 2021, we generated 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) from products sold to customers in Italy. In addition, eight of our top 10 suppliers for the year ended December 31, 2021 were located in Italy. While the markets in which we operate are not directly tied to general economic and political development of one single country, given the nature of our business and the international scale of our activities, we are nevertheless partially dependent upon macroeconomic and political conditions in Italy and are exposed to any uncertainty and volatility thereof. A downturn in the Italian economy, including as a result of the COVID-19 pandemic and/or the ongoing conflict between Russia and Ukraine, could negatively affect the labor market and the creditworthiness of certain of our customers and other counterparties. Higher energy prices, increasing inflation, declining or stagnating gross domestic product, increasing or stagnating unemployment and generally unfavorably conditions in the Italian financial markets may cause a reduction in healthcare spending or in demand for the products we develop and manufacture for our customers, which could in turn result in a decrease in demand for our products and a resulting reduction of our sales or volumes. Italy's reliance on natural gas imports from Russia, which is Italy's largest supplier of natural gas, may also affect our ability to secure adequate energy supplies on commercially viable terms. In addition, a downturn in the Italian economy could result in fewer investments in infrastructure. Additionally, prolonged political instability in Italy may make conducting our business challenging. On January 26, 2021, Prime Minister Giuseppe Conte resigned, leaving Italy in an uncertain political situation with COVID-19 infections still very high. One week later, Mario Draghi, the former head of the European Central Bank, accepted the mandate from Italian President Sergio Mattarella to form a new unity government that would guide the country out of the pandemic and through economic recovery and, on February 13, 2021, Mr. Draghi became Prime Minister. The new Italian government received votes of confidence in both the Chamber of Deputies and the Senate on February 17, 2021 and February 18, 2021. Future events are difficult to predict and there can be no assurance that Mr. Draghi's leadership will last or that there may not be further political instability, with possible material adverse effects on the Italian market and our business.

Other macroeconomic or ratings events could also negatively impact us. In December 2021, Fitch Ratings upgraded Italy's sovereign credit rating to BBB from BBB- while indicating a stable outlook. Since May 2021, Moody's Investors Service has not changed Italy's sovereign credit rating, which remains at Baa3 with a stable outlook. In October 2021, S&P Global Ratings confirmed Italy's sovereign credit rating at BBB while indicating a positive outlook. Continuing or new sources of political instability in Italy could materially negatively affect the country's economic recovery and in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

We operate in a number of emerging markets, which exposes us to additional economic and political risks.

While all of our manufacturing sites are located in Italy, we benefit from a global commercial reach, with products distributed to end consumers in over 75 countries. We currently have, or in the foreseeable future anticipate commencing and expanding (including as a result of the IHS Acquisition), operations in a number of emerging markets, such as India, China, Brazil, Turkey, Russia and Ukraine, which may expose us to certain risks to a greater extent than in connection with our operations in more-developed markets. For the year ended December 31, 2021, we generated approximately 5.1% of our total net revenue and income from products distributed to end consumers in these emerging markets. As a result, we are subject to the risks of doing business internationally, including impositions of tariffs, embargoes or international economic sanctions, export controls, trade barriers and trade disputes, regulations related to customs and export/import matters, fluctuations in foreign economies and currency exchange rates, longer payment cycles and difficulties in collecting accounts receivable, the complexity and necessity of using foreign representatives, consultants and distributors, tax uncertainties and unanticipated tax costs due to foreign taxing regimes, the difficulty of managing and operating an enterprise spanning several countries, the uncertainty of protection for intellectual property rights and differing legal systems generally, compliance with a variety of laws and regulations, and economic and geopolitical developments and conditions, including international hostilities, armed conflicts, acts of terrorism and governmental reactions, inflation, trade relationships, and military and political alliances. In specific reference to the ongoing Russia-Ukraine conflict, although we do not have any direct customers in Russia, some our customers do sell certain of our products on to end customers in Russia, and our net revenue generated from products indirectly sold to customers in Russia and Ukraine accounted for approximately 2.1% and 0.2%, respectively, of our total net revenue and income for the year ended December 31, 2021. While, as of the date of this Offering Memorandum, we have collected on all of our outstanding trade receivables in relation to the Russian and Ukrainian end markets, we may not be able to generate future sales in Russia and Ukraine principally due to the ongoing conflict, related financial and economic sanctions.

Any of these factors could adversely affect the success and profitability of our operations in those countries. Moreover, developments in certain emerging markets often affect other emerging markets and, accordingly, adverse changes in emerging markets elsewhere in the world could have a negative impact on the markets in which we operate or intend to operate in the foreseeable future. Any failure by us to effectively manage these or other risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not have full control over some of our joint investments and other similar business arrangements, which may impede the strategic role of these entities within our operations.

We have made joint investments and acquisitions and entered into other strategic alliances with third-party business partners. For example, we made a joint investment in Apharm in which we initially acquired a 70% controlling stake in 2019 from the founders, who retained a 30% minority interest until April 8, 2022, when we purchased such remaining stake from them as part of the Apharm Minority Interest Acquisition, as further described under "*Summary—The Transactions—The Acquisition, the Apharm Minority Interest Acquisition and the Udine Plant Acquisition.*" More recently, on January 28, 2022, we acquired a 75% indirect controlling stake in IHS, with the seller, Giellepi S.p.A. retaining a 25% minority interest, subject to call and put options. We also own a 45% stake in Cura Beauty GmbH, an Austrian distributor of cosmetics in Austria and Germany, which purchases cosmetics from the Biofarma Group and accounted for approximately €11 million of our sales for the year ended December 31, 2021. Where these partnerships are established by means of joint entities, some of these entities may be subject to joint control or the relevant minority investor may retain veto or other rights in respect of certain key decisions regarding the business. Our ability to effectively control these joint investments, take strategic decisions, or receive dividends, royalties and other payments from joint investments generally depends not only on the joint investment's cash flow and profits, but also upon the terms of the agreements with our partners. There is a risk that the steps we have taken to protect our interests in these joint investments have not been, or will not be, effective. Further, there is a risk that our relationships with our partners will deteriorate in the future and result in a significant disagreement. Disagreements with our partners or termination of one or more of such partnerships would deprive us of a driving force in our development and could therefore have a material adverse effect on our business, financial condition, results of operations and prospects.

The success of joint investments and other similar arrangements is not always predictable, and we may not realize our anticipated objectives. The bankruptcy, insolvency or severe financial distress of our businesses or those of any of our partners could adversely affect our joint investments or similar business arrangements. Should these joint investments not perform as expected, we may be unable to execute on our expansion strategies as anticipated, and may incur losses or other liabilities that could adversely affect our business, financial condition, results of operations and prospects.

Our sales are concentrated among a relatively select group of customers. If the market for our products changes, or if customers benefit from increased negotiating power, our revenues may decline.

While we serve over 500 customers, we rely on a relatively select group of customers for a substantial percentage of our revenue. For example, for the year ended December 31, 2021, our top 15 customers accounted for approximately 58% of our total net revenue and income (*pro forma* for the IHS Acquisition), with our top two customers Alfasigma and Chr. Hansen accounting for approximately 14% and 9%, respectively, of our total net revenue and income (*pro forma* for the IHS Acquisition) over the same period.

Moreover, in the event our key customers reduce their demand for the products we supply to them, experience a major disruption in their business, such as a strike, work stoppage or slowdown, a supply chain problem or a decrease in orders from their customers or file for bankruptcy protection, our business, financial condition and results of operations could be materially adversely affected.

In addition, large companies in the nutraceutical CDMO industry are growing above market by acquiring other companies. If one of our current customers merges or consolidates with a company that relies on another provider for the products we offer, we may lose work from that customer or lose the opportunity to gain additional work if we are not successful in generating new opportunities from the merger or consolidation. See "*—Our industry, as well as the markets of certain of our customers, is characterized by significant levels of competition, which may adversely affect our competitive position, sales and overall operations.*"

If there is any disruption in the demand for our products, whether as a result of changes in our customer base, delays or deferrals of key projects by customers, alternative products being developed, the entry of significant competitors to the marketplace or otherwise, our revenues could decline. In addition, any increase in our customers' negotiating power or their use of their power to exert pressure on our prices may adversely affect profitability. This could materially and adversely affect our business, financial condition, results of operations and prospects.

Market perceptions concerning the instability of the euro, the potential reintroduction of individual currencies within the Eurozone or the potential dissolution of the euro entirely, could negatively impact our business or our ability to refinance our liabilities.

Economic and political events in recent years affecting European economies have raised a number of questions regarding the stability and overall standing of the European Monetary Union. Credit risk in these countries and in other Eurozone countries could have a negative impact on our business. Concerns also remain regarding 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 euro member states. In addition, continued hostilities in the Middle East and tensions in North Africa and Eastern Europe and other world events could adversely affect the economies of the European Union (which accounted for approximately 89% of our total net revenue and income for the year ended December 31, 2021) and those of other countries. Future developments are dependent upon a number of political and economic factors, including the effectiveness of measures by the European Commission and EU member states to address debt burdens of certain countries in Europe, the overall stability of the Eurozone, the influx of refugees in certain European countries and the rise of populism in Europe. In addition, political repercussions of responses to the COVID-19 pandemic by European Union institutions as well as by other countries in the European Union could have complex and hard-to-predict consequences for the future, including a destabilization of the European Union or its institutions or a slow-down or reversal of European integration. See "*—The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity.*"

On March 29, 2017, the Prime Minister of the United Kingdom officially triggered Article 50 of the Treaty of Lisbon, signaling the start of a two-year period in which the United Kingdom would negotiate the terms of its exit ("**Brexit**") from the European Union. The transition period ended on December 31, 2020, before which the United Kingdom and the European Commission reached an agreement on the future trading relationship between the parties (the "**UK-EU Trade and Cooperation Agreement**" or "**TCA**"). On December 30, 2020, the UK Parliament approved the European Union (Future Relationship) Bill, thereby ratifying the TCA. The TCA was applied provisionally from January 1, 2021 to April 30, 2021 as it was subject to formal approval by the European Parliament and the Council of the European Union before it came into effect. On April 27, 2021 and April 29, 2021, respectively, the European Parliament and the Council of the European Union formally approved the TCA, which entered into force permanently on May 1, 2021. While it is difficult to predict the effect of Brexit on the European and global economy (and notwithstanding our limited exposure to the United Kingdom, which accounted for approximately 1.2% of our total net revenue and income for the year ended December 31, 2021), uncertainty regarding new or modified arrangements between the United Kingdom and the European Union could result in additional volatility in the markets, increased costs and a material adverse effect on consumer demand in the end markets where our customers operate. The resulting political and economic uncertainty could also lead to further calls for other governments of other member states of the European Union to consider withdrawal from the European Union or the abandonment of the euro as a currency. Such developments, or the perception that any such developments could occur, could have a material adverse effect on global economic conditions, the stability of the global economy and our business, financial condition, results of operations and prospects.

The departure or risk of departure from the euro by one or more Eurozone countries or the abandonment of the euro as a currency, or the reintroduction of an individual currency in Italy, could have major negative effects on our existing contractual relations with our customers, and could adversely affect the economy in Italy, where we provide products and services to our customers. In particular, the departure of Italy from the euro would increase our exposure to changes in currency rates. In addition, the departure of Italy from the Eurozone may lead to the imposition of, *inter alia*, exchange rate control laws. Any of these developments could affect our ability to refinance our liabilities and have a material adverse effect on our business, financial condition, results of operations and prospects. The potentially severe impact of these events on Europe and the global financial system could also have a negative impact on the value and marketability of the Notes.

Our business is exposed to operational risks, and our employees and other persons at our premises are exposed to health and safety risks.

We are dependent on the continued operation of our four manufacturing sites in northern Italy. These sites are subject to hazards associated with the manufacturing, handling, storage, and transportation of chemical materials and products, including tank and pipeline leaks and ruptures, explosions, fires, inclement weather, natural disasters, mechanical failure, unscheduled downtime, labor difficulties, accidents, exposure to hazardous substances, transportation interruptions, and environmental risks. These hazards can cause personal injury and loss of life, severe damage to, or destruction of, property and equipment, and environmental contamination, which could lead to fines or work stoppage injunctions, cleanup costs and lawsuits, as well as disruptions to or curtailment of our operations and loss of revenues during the period of disruption and/or costly remediation plans. To the extent that any such events put our employees in danger, we may also be subject to civil and criminal liabilities, and suffer reputational damages.

As part of our regular maintenance of our manufacturing sites, we may also be required to shut down our sites for a certain period of time. Should maintenance be required more frequently, or should shutdowns be required for longer periods, this would have an adverse effect on our sales and operating results. The occurrence of material operating problems at any of our manufacturing sites may diminish or eliminate our ability to manufacture products or harm our customer goodwill. Further, from time to time, we may experience capacity limitations in our manufacturing operations. If we are unable to effectively forecast our customers' demand, it could affect our ability to successfully manage such operating capacity limitations. In addition, because of the nature of the industrial activities conducted at our production sites, our employees and other persons at our premises are subject to risks of injury or fatalities, including in relation to exposure to chemical substances.

For example, in March 2022, we experienced a fire incident in a limited area of our Padova facility, which resulted in certain injuries to one of our employees and damages to certain equipment used in our Medical Devices business unit. As of the date of this Offering Memorandum, remediation costs in relation to this fire incident are not expected to be material, our operations did not experience significant disruption and the production levels at our Padova facility are substantially in line with the production levels recorded prior to this fire incident. We have connected with our insurance providers to seek insurance coverage in relation to this fire incident, although there is no guarantee that we will be successful in obtaining such coverage. We have also promptly informed the competent authorities and we have been informed that the relevant public prosecutor opened an investigation on our employee responsible for health and safety matters. As of the date of this Offering Memorandum, we have not been notified of any involvement of our Group pursuant to the Legislative Decree No. 231/2001, but we cannot exclude that any such involvement will occur due to certain of the alleged charges being included in the scope of application of Legislative Decree No. 231/2001. Violations of, or liabilities under, applicable health and safety laws and regulations could result in fines, penalties and legal claims as well as increased operating costs, which could have a material adverse effect on our business, financial conditions, results of operations and prospects. In the event of an industrial accident, we may face business interruptions and claims for damages, which could be costly and time-consuming, in addition to being exposed to potential reputational damage, which could result in the loss of customers. If we are found negligent, or our insurance prove to be insufficient in scope and amount, we could be liable for the corresponding shortfall or lack of coverage. See "*Business—Health and Safety*," "*Business—Insurance*" and "*Business—Compliance with Applicable Regulations—Environmental, Health and Safety ("EHS") Matters*." Under applicable Italian law, in cases where workers become injured in connection with their employment duties and as a result are absent from work for more than 40 days, the relevant public prosecutor must open an investigation into workplace safety and, depending on the circumstances, may bring criminal proceedings against our officer in charge of workplace safety or against our management or chief executive officer. In addition, failures or omissions related to workplace safety may expose us to liabilities under Legislative Decree No. 231/2001 and could have a material adverse effect on our business, financial condition, results of operations and prospects. See "*—We may incur liabilities for the actions of our directors, employees, consultants, agents, representatives and intermediaries, including under the Legislative Decree No. 231/2001*" and "*Business—Compliance with Applicable Regulations—Italian Legislative Decree No. 231/2001*."

Compliance with environmental, health and safety, and mandatory hiring laws and regulations and the retention of requisite permits related to our operations could result in significant ongoing costs and may result in further obligations and liabilities associated with our businesses.

We are subject to a variety of environmental, health and safety laws and regulations. In particular, we are subject to a number of continually changing and increasingly stringent local, state, and international environmental and health protection requirements with regard to, among other things, air emissions, wastewater discharges and the use, handling and disposal of chemicals and hazardous substances. Compliance with such regulations can require significant expenditures (including for remediation and containment work) and a breach may result in the limitation or suspension of production or subject us to material monetary fines and penalties, civil or criminal sanctions, or other liabilities. Such remediation work can last indefinitely and we are typically reliant on third-party contractors to conduct such remediation. Furthermore, environmental laws may expose us to liability for the conduct of or conditions caused by others, and some environmental laws provide for joint and several strict liability for releases of hazardous substances into the environment, which could result in liability for environmental damage without regard to negligence or fault. Environmental legislation is evolving in a manner that is expected to result in stricter standards and enforcement, larger fines and increased liability, and potentially increased capital expenditures and operating costs for compliance. Environmental laws and regulations may result in an increase in our costs of operations.

The environmental, health and safety laws, regulations and permits that govern our operations tend to become increasingly stringent over time, including as a result of increasing public scrutiny of environmental issues, and we could in the future assume additional obligations and therefore incur substantial incremental costs to ensure our continued regulatory compliance. The pace of change together with the lack of regulatory harmony could result in unintentional noncompliance. If we do not accurately predict and adequately provision for the amount or timing of costs of any future compliance or if we misinterpret our obligations under any of these regulatory changes, we may find ourselves in violation of environmental, health and safety laws, regulations or permits. Given the nature of our business, violations of environmental, health and safety requirements, whether current or future, may result in substantial fines or penalties, the imposition of other civil or criminal sanctions, clean-up costs and other remediation or restoration requirements, claims for personal injury or property damages, the installation of costly pollution control equipment, or restrictions on, or the suspension of, our operating permits or activities. The impact on our business, financial condition, results of operations and prospects in any period in which such costs need to be incurred could be material.

Finally, we are subject to mandatory hiring obligations under which we must employ disabled or disadvantaged people. Non-compliance with such obligations may be punishable with administrative monetary sanctions and could prevent Italian companies from participating in public tenders.

We may face liabilities in connection with environmental matters and be subject to ongoing costs and regulations related to contamination or exposure impacts from our operations or products.

Many of our sites have an extended history of chemical processing, storage and related activities. Some environmental laws, regulations and court decisions impose liability on present and former owners, operators or users of, or the generators of waste disposed at, facilities and sites for contamination of soil, groundwater or surface water, and especially drinking water, or to natural resources in general at such facilities and sites without regard to causation, negligence or knowledge of contamination. We may also be liable for damage caused to human health as a result of hazardous substances. Historically, environmental assessments of certain of our sites have revealed recognized environmental conditions and from time to time, our internal audits have shown instances of recommendations of remediation. There are significant costs associated with such remediation as well as with general compliance with increasingly stringent environmental regulations. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at or in connection with our facilities, could result in substantial costs.

In addition, it is possible that government officials and/or governmental authorities or agencies responsible for enforcing environmental laws consider that an issue is more serious than we expect, or that we will fail to identify or fully appreciate an existing liability before we become legally responsible for addressing it. Moreover, government officials and/or governmental authorities or agencies responsible for enforcing environmental laws, including local ones, may interpret the environmental legislation generally applicable to our business, including, *inter alia*, the rules relating to the classification of the substances used in our production processes, differently than we do and in particular more restrictively. See "*Regulation*." In particular, with regard to the hazardousness of such substances for the environment and human health, any competent authority may require us to comply with particularly stringent safety standards, including in respect of the disposal of such substances or their release into the environment. Such requirements may even be temporarily applied before the actual level of hazardousness of the relevant substances is finally ascertained or it is clearly determined whether our conduct has caused or may actually damage human health and/or the environment.

While we typically seek to enforce contractual indemnities against prior owners or operators of the facilities and assets we acquire in respect of environmental liabilities or have insurance coverage relating to such costs, there is a risk that we will be unable to recover any or all potential costs under such indemnity provisions. In addition, our insurance coverage may not cover all the potential liabilities to which we may be subject and we may not be able to obtain insurance coverage in the future at reasonable costs or at all. If we dispense of sites, we may also indemnify subsequent owners or operators against some environmental liabilities and contamination remediation for sites that we formerly operated. We could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if we fail to accurately predict the amount or timing of such costs, the related impacts on our business, financial condition, results of operations and prospects in any period in which such costs need to be incurred could be material.

Our failure to adequately implement any temporary measure, such as monitoring systems, that may be imposed by the relevant authorities or the occurrence of any other circumstances mentioned above could result in the breach or alleged breach of the applicable environmental regulatory framework, which may expose us to investigations, administrative actions, criminal prosecution, civil, administrative and criminal penalties (also pursuant to Legislative Decree No. 231/2001), as well as to reputational damage and could in turn have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, some of the legal sanctions to which we could become subject could prevent us from using certain substances and/or from continuing to conduct our business through processes and methodologies that proved to be efficient through the years, cause the suspension or revocation of a required permit, prevent us from, or delay us in, obtaining or renewing permits to operate or expand our production sites, or harm our reputation. We could be required to dedicate higher and unforeseen resources to the replacement of certain substances that we use in our production processes or to transfer certain production activities to other sites. If we fail to accurately predict the amount or timing of such costs, the related impacts on our business, financial condition, results of operations and prospects could be material.

Delays in obtaining regulatory approvals and changes in rules and regulations governing our products could adversely impact our business.

While the majority of our product portfolio across our Health Supplements, Medical Devices and Cosmetics business units are not currently subject to stringent regulation, the process of seeking regulatory approval of certain new products, especially relating to our Medical Devices business unit, and production processes can be time-consuming and subject to unanticipated and significant delays, and such approvals may be granted untimely or ultimately not granted at all. Any delay in obtaining (including as a result of the COVID-19 pandemic), or any failure to obtain or maintain, these approvals would adversely affect our ability to introduce new products, to continue distributing existing products, and to generate revenue from those products, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition to the laws and regulations currently applicable to our products, new laws and regulations may be introduced in the future that could result in additional compliance costs, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution and sale of our products. For instance, EU Regulation No. 2017/745 (the "**Medical Devices Regulation**"), which took effect on May 26, 2021 and permits pre-existing certifications of medical devices under the previous regulatory regime up to 2024, amended the regulatory framework governing medical devices in the European Union by, among other things, expanding the definition of medical devices to previously unregulated products, requiring manufacturers to generate clinical data about the safety and performance of their medical devices, and introducing stricter rules relating to product safety, quality assurance and risk management. We believe that potentially stricter regulation in the future may continue to establish "pharma-like" standards for health supplements and medical devices.

Many of our customers are subject to similar regulations. If a significant customer or group of customers were to have an important permit, license, registration or authorization revoked, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are also exposed to global import and export tariffs as a result of our international operations. Any imposition of tariffs may affect our costs of obtaining raw materials necessary to our business. Any changes in the laws and regulations and tariffs to which we are subject, including the discontinuation of any tariff incentives that we currently use, could have a material adverse impact on our business, financial condition, results of operations and prospects.

In addition, we currently sell certain of our products to customers outside the European Union, including in the United States, and Asia. To sell our products in foreign jurisdictions, we are subject to registration requirements and we need to comply with numerous and varying requirements. In certain cases, any interaction for registration purposes between us and the competent regulatory authorities and/or agencies may occur only through appointed consultants located in those regions. Our reliance on third parties can introduce additional uncertainty into the process and result in additional costs.

Moreover, we are subject to inspections or other monitoring activities of such foreign regulatory authorities; if any regulatory authority in any countries in which we operate or sell our products concludes that we have violated the applicable laws and regulations in that country, including those relating to the product manufacturing, we could be subject to a foreign enforcement action, which could have a material adverse impact on our business, financial condition, results of operations and prospects.

We are subject to the risk of loss resulting from non-payment or non-performance by our customers.

Our credit procedures and policies may not be adequate to minimize or mitigate customer credit risk and our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations. These and other financial problems that may be experienced by our customers, as well as potential financial weakness in our industry, may increase the risk in extending trade credit to customers. Our credit collection performance as a percentage of our net revenue was nil, 0.2% and 0.3% as of December 31, 2019, 2020 and 2021, respectively. A significant adverse change in a customer relationship or in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's receivables or limit our ability to collect accounts receivable from that customer, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may incur litigation-related expenses and/or reputational damage, including in relation to our product quality.

We have been from time to time, and in the future may be, subject to claims made in relation to our property and operations or for personal injury. From time to time, we have been subject to various claims, proceedings and lawsuits related to products, services, contracts, employment, environmental, safety, intellectual property and other matters arising out of our business operations or the business operations of our predecessors. As of December 31, 2021, the reserve we set aside in our balance sheet in respect of such legal matters amounted to €0.1 million. Whether founded or unfounded, if any such claims, proceedings, or lawsuits are not resolved in our favor, they may result in significant financial liability, negatively impact our business operations (including by reason of potential judicial orders preventing the further distribution of one or more of our products), and harm our reputation. The costs of investigating and defending against claims can be substantial and the insurance we have may not be adequate. Further, the cost and ultimate outcome of litigation and other proceedings, including remedies and damage awards, cannot be predicted.

In addition, we may be subject to litigation and the cost or the ultimate outcome of such litigation or other proceedings, including remedies or damage awards, cannot be predicted. Adverse results in any litigation or other proceedings may materially harm our business. Litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, environmental, health and safety, joint venture agreements, labor and employment or other harms resulting from the actions of individuals or entities outside of our control.

Our products have widespread uses in a wide variety of end markets. Product quality and reliability are key elements of our competitive position and we may lose customers and potentially be liable to, among other things, our customers and the end consumers of our products, for regulatory penalties or damages for any quality issues. Our suppliers and customers may use and/or generate hazardous materials, and we may be required to indemnify our suppliers and customers or waste disposal contractors against damages and other liabilities arising out of the production, handling or storage of our products or raw materials or the disposal of related wastes.

Furthermore, we have in the past, and may in the future, be named as defendants in product liability and other claims. For example, a class action in the United States District Court for the District of Maryland is currently pending against several defendants, including our subsidiary Nutrilinea, based on the allegation that the defendants deceived consumers through alleged false and misleading advertising and marketing of VSL#3, a probiotic, which we manufacture in Italy and which a third party customer markets in the United States. See "*Business—Legal and Other Proceedings*." While we have contractual indemnification provisions in place under various supply agreements we enter into for the manufacture of our products, were any such product liability or other claim arising out of these various uses (particularly where the value of such claims are in excess of our insurance coverage, applicable indemnification agreements, or any provision we made) to be successful against us, it could have a material adverse effect on our business, financial condition, results of operations and prospects. We could be required to increase our debt or divert resources from other investments in our business in order to discharge any such claims, or might not be able to cover such claims at all. Additionally, new discoveries about the safety of our products may be made in the future and such discoveries may lead to a substantial decline of the sale of any affected products, both of which could materially affect the profitability of our operations.

We are subject to anti-corruption and anti-bribery laws and regulations and economic sanctions programs in the jurisdictions in which we operate.

We are subject to anti-corruption and anti-bribery laws and regulations in various jurisdictions in which we operate, including the U.S. Foreign Corrupt Practices Act, European Union legislation, the Italian Royal Decree 1398/1930 and Legislative Decree No. 231/2001, 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. See "*—We may incur liabilities for the actions of our directors, employees, consultants, agents, representatives and intermediaries, including under the Legislative Decree No. 231/2001*."

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, covering the U.S. Treasury Department's Office of Foreign Assets Control. For instance, although we do not have any direct customers in Russia, some of our customers do sell certain of our products on to end customers in Russia, with products indirectly sold to customers in Russia accounting for approximately 2.1% of our total net revenue and income for the year ended December 31, 2021. While we have collected on our outstanding trade receivables in relation to the Russian end market and have implemented a policy to settle all potential sales orders relating to the Russian end market in advance, we may not be able to generate future sales in Russia due to, among others, financial and economic sanctions relating to the ongoing conflict between Russia and Ukraine. Although we believe that we have adequate policies aimed at preventing offences specifically identified therein and enforcement mechanisms to ensure legal and regulatory compliance with these and other similar laws and regulations, we cannot be certain that any of our employees, subcontractors, agents or partners will not violate any such legal and regulatory requirements, which may expose our directors and employees to criminal consequences, and expose us and our directors and employees to civil investigations and enforcement actions, including penalties and temporary operational bans. If we fail to comply with legal and regulatory requirements, our business and reputation may be harmed. The materialization of any of the foregoing risks, including the involvement or association of our directors, employees or agents in any fraud, bribery or corruption and other crimes committed in relation to our activities or otherwise, or allegations or rumors relating thereto, could have a material adverse effect on our business, financial condition, results of operations and prospects or negatively affect our reputation.

Our future success depends on our ability to continue to retain and attract highly skilled employees. The loss of key personnel could have an adverse effect on our operations.

We believe that the members of our senior management team are key to our business and have been integral to our growth. We have put in place policies and remuneration designed to retain and incentivize management; however, there can be no guarantee that we will be able to retain and properly incentivize management or to find suitable replacements should any of them terminate their relationship with us. Should senior management leave in significant numbers or if a critical member of senior management were to leave unexpectedly, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

We believe that our future success also depends upon our ability to continue to train, retain, effectively manage and attract highly skilled technical, managerial and marketing personnel. If our efforts in these areas are not successful, the quality of our products and level of services offered to our customers, and therefore customer satisfaction, may decline, which could harm our reputation and, in turn, adversely affect our business and results of operations. Although we invest significant resources in recruiting and retaining highly skilled employees, we face intense competition for personnel and certain of our competitors are larger and have greater financial resources for attracting highly skilled employees. A material loss of key employees or the failure to retain and attract suitably qualified employees could have a material adverse effect on our continued ability to compete effectively. In addition, if our key management and operating personnel becomes infected with COVID-19, they could be unable to work for a period of time. Furthermore, the measures adopted in response to the COVID-19 pandemic could make the integration of newly hired personnel more challenging. See "*—The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity.*"

Third parties may infringe upon, or we may not be able to protect, our intellectual property rights.

Our success increasingly depends on establishing and protecting our intellectual property rights. Our processes and know-how are built around proprietary technologies underpinned by more than 85 patents and 70 trademarks registered in Italy, Europe and other geographies, in addition to more than 40 pending patents and trademarks. The IHS Acquisition adds a substantial portfolio of eight patents and eight trademarks registered in Italy, Europe and other geographies, along with 20 medical devices dossiers and three pending patents. We hold a diversified portfolio of proprietary innovative solutions resulting from a combination of manufacturing technologies, delivery systems and formulation capabilities. Our intellectual property rights include patents, national and EU trademarks, domain names and trade secrets, as well as confidentiality provisions. Aspects of our intellectual property contribute to our identity, and the recognition of our products and services are an integral part of our business. If we are unable to enforce our intellectual property rights successfully and in a timely manner, our competitive position may suffer which could, in turn, materially harm our operating results.

We also rely significantly upon trade secrets rights, also comprising unpatented proprietary know-how and continuing technological innovation, to develop and maintain our competitive position. Third parties (including our competitors) may develop such knowledge or technology independently without violating our trade secret rights. Preserving the confidentiality of our trade secrets according to our policy on safeguards and security measures, including by entering into confidentiality agreements with our employees and third parties, is subject to a number of risks, including:

- the safeguards and security measures implemented may be found to be insufficient to provide trade secrets protection to our confidential informations, documents and materials;
- our confidentiality agreements may be breached;
- such agreements may not provide meaningful protection for our trade secrets or proprietary know-how; or
- adequate remedies may not be available in the event of an unauthorized use or disclosure of these trade secrets and know-how.

We may need to spend significant resources monitoring or enforcing our intellectual property rights and we may or may not be able to detect infringement by third parties. In addition, our intellectual property may also be infringed by our employees and consultants through error or malfeasance. Employees and consultants may use our intellectual property to establish competing businesses or may disclose sensitive information regarding our patents or proprietary technologies. Our competitive position may be harmed if we cannot detect infringement and enforce our intellectual property rights quickly or at all. Moreover, potential actions taken to enforce our intellectual property rights, both in Italy and abroad, may not be effective and, in some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business or legal reasons. In addition, competitors might avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

Pending patent applications filed by us may not result in issued patents, or if such patents are issued to us, such patents may not provide meaningful protection against competitors or against competitive technologies. The expiration of a patent or the failure of our patents to protect our formulations, processes, apparatuses, technology or proprietary know-how could result in intense competition, with consequent erosion of profit margins. In addition, our competitors and any other third parties may obtain patents that restrict or preclude our ability to lawfully manufacture and market our products in a competitive manner, which could materially adversely affect our business, prospects, results of operations or financial condition.

If we are sued for infringing on intellectual property rights and related rights of third parties, it may be costly and time-consuming, and an unfavorable outcome in any litigation would harm our business.

The use of intellectual property may expose us to ongoing litigation, regarding either intellectual property claims made by or against us. For a description of the risks inherent in being a litigation defendant, see "*—We may incur litigation-related expenses and/or reputational damage, including in relation to our product quality*" above. We may spend significant time and effort and incur significant litigation costs if we are required to defend ourselves against intellectual property rights claims brought against us, regardless of whether the claims have merit. If we are found to have infringed on the patents or other intellectual property rights of others, we may be subject to substantial claims for damages, which could materially impact our business, financial condition and results of operations. The same may occur in connection with the potential misuse of intellectual property rights co-owned with third parties, especially where no specific co-ownership agreement has been entered into with the relevant co-owner. We may also be required to cease development, use or sale of the relevant products or processes, or we may be required to obtain a license on the disputed rights, which may not be available on commercially reasonable terms, if at all. Even where we initiate litigation, such legal activity is costly and may divert technical and management personnel from their normal responsibilities. Furthermore, we may not prevail in any such litigation or proceeding. A determination in an intellectual property litigation or proceeding that results in a finding of a non-infringement by others of our intellectual property or an invalidation of our patents may result in the use by competitors of our technologies or processes and sale by competitors of products that resemble our products, which may adversely affect our ability to compete as well as create increased supply and corresponding downward pricing pressure. In addition, under Italian law, if an employee performs inventive activity in the name of the employer without receiving specific remuneration for such activity, the employee is entitled to claim fair compensation (*equo premio*); in this regard, we may also be exposed to potential claims by our employees in connection with fair compensation requests.

We are subject to risks associated with security breaches of or damage to our IT systems.

We rely on numerous IT systems regarding customer relationship management and maintenance systems to coordinate our services (both in-house and with third-party partners), process transactions, summarize and report results of operations and comply with regulatory, legal or tax requirements. Our performance depends upon accurate, timely information and numerical data from key software applications to aid day-to-day business and decision-making processes. The administration of our business is increasingly dependent on the use of these systems. In addition, we outsource the operation and maintenance of certain of our IT systems to seek to ensure effective management of our IT resources, as well as to improve the cost efficiency of our IT infrastructure, systems and applications. We rely on the ability of our outsourcing partners to deliver agreed services. Their failure to perform satisfactorily could have an adverse impact on our business, financial condition, results of operations and prospects.

Although we seek to protect confidential technical information and know-how, we still face the risk of undue disclosure to third parties due to circumstances beyond our control. We may experience from time to time cyber-threats, cyber-attacks and cyber-security breaches, which can include unauthorized attempts to access, disable, use, modify or degrade our information, systems and networks, and the data within, or the introduction of computer viruses and other malicious codes and fraudulent "phishing" e-mails that seek to misappropriate data and information, or install malware onto users' computers. Cyber-threats and breaches vary in technique and sources, and are caused by criminal hackers, purveyors of financial fraud, hacktivists, state-sponsored intrusions, industrial espionage and employee malfeasance or error, among others. These threats are persistent and increasingly more sophisticated, targeted and difficult to detect. A breach of cyber/data security measures that impairs our IT infrastructure could disrupt normal business operations and affect our ability to control our sites, access customer information and communicate with third parties, and could lead to unauthorized disclosure of sensitive or confidential information, including business data, ancillary and general company data as well as personal data of, among others, our employees, customers, contractors, suppliers and other business partners. Any loss of confidential or proprietary data through a breach could have a material adverse effect on our business, financial condition, results of operations and prospects.

While we have dedicated resources for maintaining levels of cyber-security that we deem appropriate and we utilize third-party technology, products, and services to help identify, protect, and remediate our information technology systems and networks against security breaches and cyber-incidents, our measures may not be adequate or effective to prevent, identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance, or other disruptions. Furthermore, given the increasing complexity and sophistication of the techniques used to obtain unauthorized access or disable or degrade systems, such intrusions may be difficult to detect for periods of time. From time to time, we face cybersecurity attacks, including DDOS attacks, which occasionally require mitigation and remedial actions. While we maintain what we believe is sufficient insurance coverage to cover certain aspects of third-party cyber-security claims and business interruption, our insurance coverage may not always cover all costs or losses.

Upon the completion of an acquisition, we seek to integrate our IT systems with those of the acquired company. As part of our next planned phase of optimization, we also intend to continue replacing different ERP systems with an integrated SAP offering at a group level (which we have already adopted at our manufacturing site in Varese in 2020 and plan to implement at our Padova facility in 2022 and our Udine facility in 2023), with a focus on integrating manufacturing processes across our sites. Successful integration of information processes requires a number of factors including but not limited to experience and qualifications of information security specialists implementing the integration procedure, ability to ensure network controls and maintain confidentiality during network transmission and ability to design and implement a single, unified system. There is no assurance that there will not be any failure or delays in planned IT integration which may have a negative impact on our business, financial condition, results of operations and prospects.

We require various authorizations, licenses and permits to operate our business.

We require various authorizations, licenses and permits in the jurisdictions in which we operate and we are subject to extensive, complex, costly and evolving legal and regulatory regimes in Italy, the EU, and other foreign jurisdictions in which we operate and/or sell our products (including the United States and Korea). These regulations govern, among others, the development and manufacturing of our products and the authorization of our facilities. See "*Regulation.*" For example, our Udine and Padova facilities hold registrations by the U.S. Food and Drug Administration ("**FDA**") for the manufacture of health supplements and cosmetics products. In addition, the Udine Plant holds a Good Manufacturing Practice authorization from AIFA for the manufacture of probiotic-based products. In addition, we hold ISO 13485 certifications for the manufacture of medical devices. These authorizations, licenses and permits are generally subject to conditions stipulated in the licenses and permits and/or relevant laws or regulations under which such licenses and permits are issued. Any actual or alleged failure to comply with the stipulated conditions could result in the revocation or non-renewal of the relevant license or permit.

We continuously monitor and ensure our compliance with such conditions. Should there be any revocation of any of our authorizations, licenses and permits, or any failure to obtain or procure any necessary authorizations, licenses and permits, we may not be able to carry out our operations in the relevant jurisdiction. In such an event, our business, financial condition, results of operations and prospects could be materially adversely affected.

Furthermore, failure to comply, on an ongoing basis, with applicable permitting legislation either in relation to the activities we carry out (*e.g.*, a failure to apply for the renewal of requisite authorizations or implement the prescriptions provided in operating permits) or to the premises we operate (*e.g.*, a failure to obtain all necessary health authorizations, fit-for-use certifications or fire prevention certificates) may result in, among other things, the application of monetary fines or criminal sanctions, the suspension of our activities, the withdrawal of our products from the market, liability vis-à-vis third parties and customers, and the nullity of agreements executed for the sale of unauthorized or non-compliant products.

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, property damage insurance, general liability coverage and directors' liability insurance. 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 will need substantial additional capital in the future to fund our business, and may be unable to meet our future capital requirements, impairing our financial position and results of operations.

The development and manufacture of our products is a capital-intensive business and our ability to successfully develop and manufacture our products, commence commercial operations and projects, increase our production capacity and expand our business will depend on many factors, including our working capital needs, our ability to generate positive cash flows from operations as well as our capital expenditure requirements.

Over time, we may need to raise additional funds through a variety of possible methods, including, but not limited to, entry into joint ventures or other strategic arrangements, the issuance of equity, equity-related or debt securities or receipt of credit from financial institutions. These funds are expected to finance ongoing costs such as the upgrade, expansion and/or construction of manufacturing sites and production lines as well as expenditures in technology, quality, IT infrastructure, compliance and R&D investments and new equipment.

Accordingly, we may need to obtain substantial additional funding in connection with our continuing operations. If we are unable to generate sufficient cash flows or to raise capital when needed or on attractive terms, we could be forced to delay, curtail or discontinue any of our strategies. Our capital expenditures for the year ended December 31, 2021 amounted to €15 million and we currently expect our capital expenditures for the year ending December 31, 2022 to be approximately €17 million, primarily related to R&D expenditures, increase of the production capacity of our manufacturing sites and recurring capital expenditures. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect, or our business plan may change as a result of many factors unknown to us. These factors, among others, may necessitate that we seek additional capital sooner than currently planned and have a material adverse effect on our business, financial condition, results of operations and prospects.

Any negative impact on the reputation of, and value associated with, our brand could adversely affect our business.

Our brand represents an important business asset. We believe that the brand awareness, preference and loyalty that our customers show for our brand are an important competitive advantage. Any future negative perceptions of our brand, in respect of, for example, product quality, price level of our products and services, effectiveness and timeliness of our services or our commitment to environmental, health and safety issues, could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

Maintaining the reputation of and the value associated with our brand is central to the success of our business and there can be no assurance that we will be able to accomplish this objective. Substantial erosion in the reputation of or value associated with our brand could have a material adverse effect on our business, financial condition, results of operations and prospects.

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, 2021, 4.8% of our employees belonged to trade unions and all of our employees 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 example, challenge the validity of their dismissal, or party to employment disputes with certain of our current collaborators (*e.g.*, consultants, commercial agents, business brokers and employees of service providers) who could, for example, claim the existence of an employment relationship with us. 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, results of operations and prospects.

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.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

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 bolt-on acquisitions. Certain entities that 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. See "—*We may incur liabilities for the actions of our directors, employees, consultants, agents, representatives and intermediaries, including under the Legislative Decree No. 231/2001*."

More stringent regulations in the area of data privacy could adversely affect our business, financial condition, results of operations and prospects.

In the ordinary course of business, we process personally identifiable information on customers, business partners, employees, third parties and others (including name, address, age, bank details and personal sensitive information) and therefore we must comply with strict data protection and privacy laws and regulations. Any processing of personally identifiable information of individuals located in the European Economic Area in the course of the provision of services is governed by the European data protection laws and regulations, which restrict our ability to collect, process and use personally identifiable information relating to customers, potential customers, business partners, and employees, including for marketing purposes.

Such laws and regulations concern the collection, use, retention, security, processing and transfer of personally identifiable information. In particular, starting from May 25, 2018, our operations are subject to the provisions of Regulation (EU) 2016/679 of April 27, 2016 ("**General Data Protection Regulation**" or "**GDPR**") and to the Italian Privacy Code (Legislative Decree no. 196/2003, as amended by Legislative Decree no. 101/2018, which adapted Italian rules to GDPR). The GDPR increased both the number and the restrictive nature of the obligations binding us in particular with respect to the collection, processing and use of personally identifiable information. Such obligations include, for example, (i) the processing of personal data in accordance with the transparency, data minimization, accuracy, storage limitation, security and confidentiality principles, (ii) the ability to demonstrate compliance with such principles (accountability), (iii) the obligation to identify a legal basis before the processing, (iv) the obligation to ensure the rights of data subjects, such as, among others, transparency, a right of access, the right to rectification and the right to erasure (which would require us to permanently delete a user's personally identifiable information in certain circumstances), and (v) more onerous consent requirements, as consent will always have to be express/opt-in, while implied/opt-out consent has at times been deemed sufficient under the former regime. The GDPR obliges companies to implement several formal processes and policies to review and document the privacy implications of the development, acquisition, or use of all new products, technologies, or types of data.

The GDPR, *inter alia*, provides for significant applicable maximum fines, up to the higher of (i) €20 million or (ii) 4% of annual global turnover per breach, as opposed to fines of less than €1 million under the former regime. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease processing). In addition, according to the Legislative Decree No. 196/2003, certain criminal sanctions could be applied to individuals involved in unlawful processing activities.

We adapted our internal procedures and operations to the requirements imposed by the GDPR and the Italian Privacy Code and have taken actions to ensure the constant and complete implementation of the best practices for compliance with the applicable data protection regulatory framework. Nevertheless, there can be no assurance that we carried out the GDPR and the Italian Privacy Code implementation effort in an appropriate effective and timely manner, and any related failure in complying with the applicable data protection and privacy regulatory framework could have a material adverse effect on our business, financial condition, results of operations and prospects.

Finally, the European Commission has proposed to replace Directive 2002/58/EC on Privacy and Electronic Communications (the "**E Privacy Directive**") with a new regulation primarily aimed at aligning certain provisions of the E Privacy Directive to the GDPR. The Proposal for a Regulation on Privacy and Electronic Communications (the "**E Privacy Regulation**") was published by the European Commission on January 10, 2017 and is currently under negotiation in light of the draft proposals issued by the European Parliament and the European Council. The draft E Privacy Regulation proposes heightened regulatory requirements in connection with unsolicited communications, the use of cookies, security of personally identifiable information, confidentiality of communications, consent, data security and data integrity. In line with the GDPR, breaches of the E Privacy Regulation may result in maximum fines equal to the greater of €20 million and 4% of the annual global turnover of the sanctioned company.

The regulatory environment governing our use of data relating to identifiable individuals (customers, employees and others) is complex. Privacy and information security laws and regulations change frequently, and compliance with such laws and regulations may require us to incur significant costs to make necessary systems changes and implement new administrative processes.

Any failure, or perceived failure, by us to comply with any applicable data protection laws and regulations could result in proceedings, investigations or actions (including class actions) brought against us by governmental entities/agencies or private individuals/entities, significant fines, penalties, judgments and reputational damages to our business, requiring us to change business practices and increasing the costs and complexity of compliance, any of which could materially adversely affect our business, financial condition, results of operations and prospects. Even the perception of privacy concerns, whether or not valid, may harm our reputation and inhibit our business with current and future customers, which could have an adverse effect on our business, financial condition and results of operations. Furthermore, in the aftermath of temporary personnel initiatives implemented as a result of the COVID-19 pandemic, such as a reliance on remote working, as well as an increased amount of employee health data being processed, our exposure to this risk is temporarily heightened.

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, and we will be periodically subject to tax audits aimed at assessing our compliance with direct and indirect taxes. 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.

We are from time to time involved in various tax and social security audits and investigations and we may face tax and social security liabilities in the future.

We are from time to time subject to tax and social security audits and investigations by tax, social security and other public authorities, which may include, without limitation, investigations with respect to the direct tax and indirect tax regime of any of our transactions and value-added tax classification and social security contributions. For instance, as of December 31, 2021, we had provisions of € €0.1 million in connection with contingent liabilities with the Italian tax authority for social security expenses and sanctions. Adverse developments in laws or regulations, or any change in position by the relevant authorities regarding the application, administration or interpretation of these laws or regulations, could have a material adverse effect on our business, financial condition, results of operations and prospects or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, the relevant authorities may disagree with the positions we have taken or intend to take regarding the tax and social security treatment or characterization of any of our transactions, including the treatment or characterization of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expense, which could lead to disputes with such authorities, as a result of which we may be required to pay monetary fines or other administrative or other sanctions. We may also fail, whether inadvertently or for reasons beyond our control, to comply with tax and social security laws and regulations relating to the treatment of any of our transactions or financing arrangements, which could result in unfavorable tax and social security treatment for such transactions or arrangements, and possibly lead to significant fines or penalties. Whenever a reasonable settlement with the relevant tax and social securities authorities cannot be reached, we may have to defend ourselves before the competent courts, which could be costly and distract management from the other affairs of our business. In addition, audits and investigations by the competent authorities may generate negative publicity, which could harm our reputation with customers, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax or social security adjustment in connection with our business would not have a material adverse effect on our business, financial condition, results of operations and prospects.

We may incur liabilities for the actions of our directors, employees, consultants, agents, representatives and intermediaries, including under the Legislative Decree No. 231/2001.

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. In March 2022, we experienced a fire incident in a limited area of our Padova facility, which resulted in limited injuries to one of our employees. See "*—Our business is exposed to operational risks, and our employees and other persons at our premises are exposed to health and safety risks.*" 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, especially given our profile and size as well as 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 range 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. Finally, not all of our subsidiaries have adopted or fully implemented a compliance system pursuant to Legislative Decree No. 231/2001; therefore, there is no guarantee that we will be successful in defending against possible proceedings in relation to the administrative liability pursuant to Legislative Decree No. 231/2001.

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

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 and related surcharges ("**IRAP**"), 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 operate, or may operate, may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our goodwill will be subject to high amortization rates and we may need to recognize impairment charges related to goodwill, identified intangible assets and fixed assets.

We expect to have substantial balances of goodwill and identified intangible assets as a result of the Transactions. Pursuant to Italian GAAP, we are required to amortize goodwill and other intangible and to test each such assets for possible impairment if there are indicators of a possible impairment. There is significant judgment required in the analysis of a potential impairment of goodwill or identified intangible assets. If, as a result of a general economic slowdown, deterioration in the market in which we operate or impairment in our financial performance and/or future outlook, the estimated fair value of our long-lived assets decreases, we may determine that one or more of our long-lived assets is impaired. An impairment charge would be recorded if the estimated fair value of the assets is lower than the carrying value and any such impairment charge would adversely affect our income statement and could have a material adverse effect on our business, financial condition, results of operations and prospects.

For the year ended December 31, 2021, our amortization charges in respect of intangible assets amounted to €23.1 million. As a result of the Transactions, we will carry a significant amount of goodwill on our balance sheet, which we will be required to amortize in accordance with applicable Italian GAAP. As a result, our goodwill amortization rates may increase significantly going forward and we expect the risks described in the prior paragraph to intensify accordingly.

Risks Related to Our Financial Information

The pro forma financial information included in this Offering Memorandum, including the Unaudited Pro Forma 2019 Combined Financial Data and the pro forma adjustments relating to the IHS Acquisition, is for information purposes only, is only intended to simulate what our results of operations would have been had the relevant acquired businesses been included in our scope of consolidation for the entire period assumed and has been prepared on the basis of certain estimates and assumptions which we consider reasonable, but it is not a substitute for our Audited Financial Statements included elsewhere in this Offering Memorandum.

We have presented certain *pro forma* financial information in this Offering Memorandum, including the Unaudited *Pro Forma* 2019 Combined Financial Data and certain *pro forma* adjustments relating to the impact of the IHS Acquisition.

The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. In order to increase comparability of our results between the periods under review, the Unaudited *Pro Forma* 2019 Combined Financial Data also give *pro forma* effect to the acquisition of Apharm and Claire, which were acquired by Nutrilinea in June 2019 and July 2019, respectively (collectively, the "**2019 Acquired Companies**"), as if the 2019 Acquired Companies had been part of the Biofarma Group consolidation perimeter since January 1, 2019. No reconciliation has been provided in this Offering Memorandum from the Unaudited *Pro Forma* 2019 Combined Financial Data to the Audited Financial Statements. See *"Presentation of Financial and Other Information—Unaudited Pro Forma Combined 2019 Financial Data."*

While we believe that the Unaudited *Pro Forma* 2019 Combined Financial Data can be useful to potential investors seeking to evaluate our performance over time, such financial data has been prepared on a different basis than our Audited Financial Statements included elsewhere in this Offering Memorandum and such information is not intended to be compliant with Italian GAAP or any other accounting standards. Such Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared by, and is the responsibility of, management. Our independent auditors have not audited, reviewed, compiled or performed any procedures with respect to the Unaudited *Pro Forma* 2019 Combined Financial Data for the purpose of their inclusion in this Offering Memorandum. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule of the U.S. Securities Act.

The Unaudited *Pro Forma* 2019 Combined Financial Data is based on a number of assumptions and estimates that are subject to inherent uncertainties and you are strongly cautioned against placing undue reliance thereon. The preparation of the Unaudited *Pro Forma* 2019 Combined Financial Data requires management to exercise judgment and make assumptions with respect to issues such as the reconciliation of accounting policies (such as in respect of intercompany balances or revenue recognition). For these reasons, the Unaudited *Pro Forma* 2019 Combined Financial Data is only a simulation of our results had the relevant acquired businesses been owned for the whole period assumed and is not an indication of what our results would have been if the relevant acquired businesses had been part of the Biofarma Group for such period. The Unaudited *Pro Forma* 2019 Combined Financial Data is subject to significant business, economic, financial and competitive risks and uncertainties that could have caused actual results to differ materially had the relevant acquired businesses been owned for the entire period and there are significant differences between the Unaudited *Pro Forma* 2019 Combined Financial Data and the Audited Financial Statements.

We did not own or control Apharm and Claire prior to the dates on which control passed in accordance with the relevant acquisition agreements. Apharm and Claire may not have operated as standalone businesses and therefore certain allocation of headquarters and similar costs may have been estimated. Additionally, upon taking control of Apharm and Claire, we implemented our own strategy which in some cases may have differed in material ways from the prior owners' strategy.

In addition, the *pro forma* adjustment relating to the impact of the IHS Acquisition used to calculate *Pro forma* Adjusted EBITDA is based on the information available to us in connection with the IHS Acquisition, together with our management's assumptions and estimates. Such adjustment is inherently uncertain and subject to a wide variety of significant uncertainties. Such adjustment does not reflect the costs we will incur to, among other things, integrate IHS into the Biofarma Group or any potential synergies or other impacts related to or expected to derive from the IHS Acquisition, and, therefore, is not meant to represent what the EBITDA contribution of IHS would have been for the year ended December 31, 2021, if we had acquired IHS on January 1, 2021. IHS is a carve-out business that previously formed part of Giellepi S.p.A., which indirectly retains a 25% minority stake in IHS as of the date of this Offering Memorandum. See "*Summary—Recent Developments—IHS Acquisition*." Such *pro forma* adjustments have been excerpted from, prepared or calculated based on the historical financial information and schedules of the carve-out business constituting IHS as of the date of its acquisition by the Biofarma Group. Such financial information has been produced on the basis of management estimates and has not been subject to any audit or review procedures carried out by any independent auditor.

In addition, in this Offering Memorandum we present (i) a breakdown of IHS's revenue, gross margin by business units for the years ended December 31, 2019, 2020 and 2021 and (ii) a breakdown of our total net revenue and income, gross margin by the Health Supplements and Medical Devices business units, on a *pro forma* basis to give effect to the IHS Acquisition as if IHS had been acquired on January 1, 2021. Such breakdowns are based on management's estimates and assume that the results of IHS contributed to, as applicable, our Health Supplements and Medical Devices business units for the relevant period. The breakdown of IHS's results by business units are not based on accounting segments under Italian GAAP previously reported by Giellepi S.p.A.; the relevant figures rely on management judgment and have not been audited or reviewed by our independent auditors. As a result, such breakdowns are inherently subject to risks and uncertainties, may not give an accurate or complete picture of IHS's results or our results of operations following the IHS Acquisition and may differ materially from our actual results, and should not be relied upon when making an investment decision.

Accordingly, investors should not unduly rely on any of the *pro forma* financial information presented in this Offering Memorandum, as such data could significantly differ from our actual future performance. In addition, we will not provide holders with an analysis of any differences between the estimates contained herein and actual results later achieved, and we expressly disclaim any duty to update such estimates under any circumstances.

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 Audited 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 Audited 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.

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 Audited 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.

Risks Related to the Transactions

The Biofarma Group's historical financial information may not be representative of our future results.

Our Consolidated Financial Statements have not been adjusted to reflect the impact of any changes to the statement of profit or loss, statements of financial position or statement of cash flows that might occur as a result of purchase accounting adjustments to be applied as a result of the Transactions. However, we will account for the Acquisition using the acquisition method of accounting under Italian GAAP and will apply purchase accounting adjustments in connection with the Acquisition to the financial statements for accounting periods subsequent to the Completion Date. The application of purchase accounting could result in different carrying values for existing assets and liabilities and we may add additional assets to our statement of financial position, which may include, *inter alia*, intangible assets, such as goodwill, which is required to be amortized in accordance with applicable Italian GAAP. We may also recognize different amortization and depreciation expenses. Due to these and other potential adjustments, if we provide consolidated financial statements for periods after the Completion Date at the level of the Issuer (instead of the Biofarma Group), our future financial statements could be materially different once the adjustments are made and may not be comparable to our Consolidated Financial Statements included in this Offering Memorandum.

The Biofarma Group may have liabilities that are not known to us.

The Biofarma Group may have liabilities that we failed or were unable to discover in the course of performing due diligence investigations in connection with the Acquisition. We may learn of additional information about the Biofarma Group that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws and regulations. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the business of the Biofarma Group, or on the financial condition and results of operations of the Biofarma Group and our ability to fulfill our obligations under the Notes and any Guarantees. In conducting our due diligence, we have been required to rely on resources available to us, including public information, information provided by the Sellers and third-party advisers (including in the preparation of this Offering Memorandum). There can be no assurance that the due diligence we have undertaken has revealed or highlighted all relevant facts necessary or helpful in evaluating the Acquisition.

Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during the due diligence exercise or that such information will be accurate or remain accurate in the period from the conclusion of the due diligence exercise until the completion of the Acquisition. The due diligence process is inherently subjective. If the due diligence investigation failed to identify or appreciate material information regarding the Acquisition, the Biofarma Group may later be forced to write down or write off certain assets, significantly modify the business plan for the Biofarma Group or incur impairment or other charges. Similarly, the materialization of certain risks, which may or may not be identified during due diligence, may lead to a loss of property, loss of value and, potentially, subsequent contractual and statutory liability to various parties.

Any of these events, individually or in the aggregate, could have a material adverse effect on the business of the Biofarma Group, or on the financial condition and results of operations of the Issuer and our ability to fulfill our obligations under the Notes.

We may not be able to enforce claims relating to a breach of the representations and warranties that the Sellers have provided under the Acquisition Agreement.

In connection with the Acquisition, the Sellers have given certain customary representations and warranties and undertaken certain customary indemnification obligations in the Acquisition Agreement related to the Target's quota capital, the Biofarma Group and the Biofarma Group's business. Nonetheless, the Issuer may not be able to enforce any claims against the Sellers relating to breaches of these representations and warranties or obligations. Moreover, even if the Issuer is able to eventually recover any losses resulting from a breach of these representations and warranties or obligations, the Issuer may temporarily be required to bear these losses itself.

The Acquisition may entitle the Biofarma Group's customers or other business partners of the Biofarma Group to terminate their agreements as a result of change of control provisions.

The Acquisition may constitute a change of control under certain license and supply agreements and other contracts entered into by the Biofarma Group. The counterparties to such agreements will be entitled to terminate their agreements with us. Some of these counterparties may exercise their termination rights. Alternatively, some of these counterparties may seek to renegotiate their contracts with us to obtain more favorable terms. If we are unable to obtain relevant waivers or consents or renegotiate the contracts, we may lose some of these agreements, which could adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Our Structure and the Financing

Our substantial indebtedness and debt service obligations could materially adversely affect our business, financial condition, results of operations and prospects and preclude us from satisfying our obligations under the Notes and the Guarantees.

After completion of the Transactions, we will have incurred significant indebtedness and we will have substantial debt service obligations. As of December 31, 2021, after giving *pro forma* effect to the Transactions, we would have had total third-party financial indebtedness outstanding in the amount of €345.8 million represented by the Notes and €0.8 million of lease liabilities, and an additional €60.0 million available for drawing under the Revolving Credit Facility. We anticipate that we will continue to be highly leveraged for the foreseeable future. See "*Capitalization*," "*Description of Certain Financing Arrangements*" and "*Description of Notes.*"

The degree to which we will be leveraged following completion of the Transactions could have important consequences to holders of the Notes, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes, the Revolving Credit Facility and other debt and liabilities we may incur;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payments in respect of our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, R&D or other general corporate purposes;
- restricting us from pursuing acquisitions or exploiting business opportunities;
- limiting our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate;
- negatively impacting credit terms with our suppliers and other creditors;
- increasing our exposure to interest rate increases to the extent that our indebtedness bears a floating rate of interest;
- placing us at a competitive disadvantage compared to our competitors that are not as highly leveraged; and
- 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.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our obligations, including under the Notes. Although the terms of the Indenture and the Revolving Credit Facility will limit our ability to incur additional indebtedness, such limitations will be 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 our debt or to dispose of assets to obtain funds for such purpose. We cannot assure you that refinancing or asset dispositions could be effected on a timely basis or satisfactory terms, if at all, or would be permitted by the terms of our debt instruments. In addition, PIKCo, an indirect parent company of the Issuer, as part of the Transactions, has issued €106.0 million aggregate principal amount of its PIKCo Private Notes, and if interest on the PIKCo Private Notes is paid by PIKCo in cash (as opposed to in-kind), in light of the fact that PIKCo is a holding company with no cash generating activities, we expect the relevant interest payments to be funded via dividends or other contributions by the Issuer or its subsidiaries to PIKCo in accordance with applicable law and the limitations set forth in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement, which would reduce the amount of cash available to us to, among other things, operate our business and service our indebtedness. See "*Description of Certain Financing Arrangements—PIKCo Private Notes.*"

Each of the Issuer and BidCo is a holding company that has no revenue generating operations of its own and will depend exclusively on cash from the operating companies of the Biofarma Group to be able to meet its obligations under the Notes and the Guarantee.

The Issuer is a holding company that conducts no business operations and, after the Issue Date, its only material assets and liabilities are, and are expected to be for the foreseeable future (including after the consummation of the Post Completion Merger, to the extent it will occur), its equity interests in BidCo and, after the Post Completion Merger, MergerCo, as well as its outstanding indebtedness and inter-company balances incurred in connection with the Transactions, including its receivables under the BidCo Proceeds Loan and its indebtedness under the Notes and, if any, the Revolving Credit Facility Agreement. As a result, the Issuer will be dependent upon dividends, principal repayments under the BidCo Proceeds Loan and other payments from its subsidiaries to generate the funds necessary to meet its outstanding indebtedness service (including under the Notes) and other obligations, and such dividends and other payments may be restricted by law or the instruments governing our indebtedness, including any financing agreements of our subsidiaries. In addition, Bidco is a holding company that has no revenue generating operations of its own and will depend exclusively on cash from the operating companies of the Biofarma Group to be able to meet its obligations under the Notes and its Guarantee. The amounts of dividends and other payments available to the Issuer will depend on the profitability and cash flows of its subsidiaries and the ability of each of those subsidiaries to declare dividends under applicable law or otherwise transfer funds directly or indirectly to the Issuer. Our subsidiaries may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness, including the Notes. In addition, the Issuer's subsidiaries may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Issuer to make payments in respect of its indebtedness, including the Notes.

Various agreements governing our debt may restrict and, in some cases may prohibit, the ability of these subsidiaries to transfer cash to the Issuer or BidCo. Applicable tax laws may also subject such payments to further taxation. Applicable laws may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or prevent such payments. In particular, the ability of the Issuer's subsidiaries to pay dividends to the Issuer will generally be limited to the amount of distributable reserves available to each of them and the ability to pay its debt when due. In addition, while the aggregate amount of the BidCo Proceeds Loan is €345.0 million, which is equal to the aggregate principal amount of the Notes, the aggregate amount of the Biofarma Proceeds Loan is only €215.8 million, which is significantly lower than the aggregate principal amount of the Notes, and interest on each of the BidCo Proceeds Loan and the Biofarma Proceeds Loan accrues at a rate equal to the three month EURIBOR plus a margin expected to be, in each case, marginally higher than the interest rate on the Notes. Accordingly, the ability of the Issuer to make payments under the Notes will largely depend on the ability of the Issuer's subsidiaries to pay dividends or make other distributions to it, which will be subject to the risks described above and could be inefficient from a tax perspective.

The subsidiaries of the Issuer that do not guarantee the Notes have no direct obligation to make payments with respect to the Notes or the Guarantees. While the Indenture and the Revolving Credit Facility will limit the ability of the Issuer's subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments, these limitations will be subject to significant qualifications and exceptions, including exceptions for restrictions imposed by applicable law.

We may be unable to complete the Post Completion Merger within the anticipated time frame, or at all.

We intend to use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to implement the Post Completion Merger in accordance with Articles 2501-*bis* and following of the Italian Civil Code and other applicable provisions of Italian law, as soon as reasonably practicable following the Issue Date. Article 2501-*bis* of the Italian Civil Code is the central provision in the Italian legislation regulating merger debt push-downs (thus its application constitutes a safe-harbor vis-a-vis the risk that any such merger can be considered unlawful, also from a financial assistance perspective, with ensuing consequences). In order to complete the Post Completion Merger, there are various steps that we must take, including the preparation of a merger plan, a report by the directors of the companies involved in the Post Completion Merger (*relazione dell'organo amministrativo*) and a report by an independent expert appointed by the court, assessing the sustainability of debt at the level of the Company. Furthermore, Article 2501-*bis* of the Italian Civil Code is also based on the premise that the merger follows an acquisition of control of the target by another entity. Although there is no specific case law by Italian courts available on the interpretation of this requirement, according to the majority of legal scholars, a change in the direct shareholder holding the majority of the shares in a merging company is sufficient for the requirement to be satisfied (and thus for Article 2501-*bis* to apply).

Our estimation of the timing required to complete the Post Completion Merger is based upon market practice for leveraged buyouts in Italy, which typically involve acquisition vehicles in the form of joint stock companies (*società per azioni*) where an independent expert is required to be appointed by the competent court, which creates an inherent uncertainty as to the length of time in which the Post Completion Merger can be expected to take place. In addition, there can be no assurance that the independent expert will release its report or that the other steps required for the Post Completion Merger will be taken in a timely manner, or at all. Subject to certain exceptions, the Post Completion Merger can only be implemented following the expiration of 60 days after the latest filing with the competent companies' registry of the resolutions approving the Post Completion Merger. Within this 60-day deadline, the creditors of the companies involved in the Post Completion Merger are entitled to challenge the Post Completion Merger.

Following the consummation of the Post Completion Merger, MergerCo will assume the obligations of BidCo as Guarantor under the Indenture, while the Issuer will continue to be a holding company that conducts no business operations and depends on cash from its subsidiaries to be able to make payments on the Notes. As of the date of this Offering Memorandum we expect that the Company will be the surviving entity of the Post Completion Merger.

Concurrently with the Post Completion Merger and as a result thereof, certain Issue Date Collateral and/or Indirect Collateral will be extinguished by operation of law; in particular, the BidCo Share Pledge and the Biofarma Proceeds Loan will be extinguished by operation of law and, as a consequence, the security interest over the BidCo's receivables in respect of the Biofarma Proceeds Loan will automatically terminate.

In addition, subject to and on terms consistent with the Agreed Security Principles, within 90 days following completion of the Post Completion Merger, as applicable, MergerCo and the Issuer will grant or reconfirm, as applicable, the security interests in the Post Merger Collateral. In the event we are unable to consummate the Post Completion Merger, the Post Merger Collateral will not be granted for the benefit of the holders of the Notes. In addition, in the event that the Post Completion Merger does not occur on or prior to the Cut-Off Date, in addition to the Issue Date Collateral, the Issuer shall use commercially reasonable efforts to procure that the Notes will be secured, directly or indirectly, subject to the Agreed Security Principles, certain perfection requirements and certain significant limitations described under "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*," "*—Risks Related to the Notes, the Guarantees and the Collateral—The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future*" and "*—The Guarantees and 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 their validity and enforceability*" by security interests granted on a first-priority basis over the Biofarma Group Collateral within 90 days of the Cut-Off Date.

In addition, subject to the Agreed Security Principles and to certain significant limitations under Italian law, the Issuer shall use commercially reasonable efforts to procure that, no later than 90 days from the earlier of (i) the date on which the Post Completion Merger becomes effective and (ii) in the event the Post Completion Merger does not occur, the Cut-Off Date, the Company (to the extent the Post Completion Merger has not occurred), Nutrilinea and Apharm guarantee the Notes. Pursuant to the Indenture and subject to the Intercreditor Agreement and the Agreed Security Principles, each subsidiary of the Issuer that guarantees the Revolving Credit Facility or certain other indebtedness, in each case of the Issuer or a Guarantor (as defined below) that is a subsidiary of the Issuer, shall enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement as a debtor. There can be no assurance, however, that we will be successful in procuring such Guarantees within the time period specified, and in any event such Guarantees would be limited as set forth in "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

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

We may incur substantial additional debt in the future. We may borrow up to €60.0 million under the Revolving Credit Facility, which will be secured, directly or indirectly, by the same collateral as the Collateral for the Notes, and the Indenture will also permit the incurrence of additional debt. The Indenture and the Revolving Credit Facility Agreement will also permit us to incur a substantial amount of indebtedness at subsidiaries that do not guarantee the Notes and to incur indebtedness that shares in the Collateral or that benefits from security interests over assets that do not secure the Notes, and any such indebtedness could mature prior to the Notes. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions will be subject to a number of significant qualifications and exceptions, and the amount of indebtedness that could be incurred in compliance with these restrictions is substantial. If additional debt is incurred, the related risks that we now face would increase. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. Our inability to service our debt and other liabilities could have a material adverse effect on business, financial condition, results of operations and prospects and our ability to fulfil our obligations under the Notes.

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

The Indenture will contain, and the Revolving Credit Facility Agreement contains, covenants which impose significant operating and financial restrictions on us. These agreements will limit our ability to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries;
- repay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer or any of their restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities;
- impair the security interests for the benefit of holders of the Notes; and
- amend certain documents relating to the Notes.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of Notes—Certain Covenants.*" The covenants to which we are subject could limit our ability to operate our business, to finance our future operations and capital needs and to pursue business opportunities and activities that may be in our interest.

In addition, the Revolving Credit Facility Agreement requires us to comply with certain affirmative covenants while the Revolving Credit Facility remains outstanding. Furthermore, under certain circumstances, the Revolving Credit Facility Agreement requires us to comply with a financial ratio while amounts exceeding a certain threshold remain outstanding under the Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement.*" Our ability to meet the financial ratio under the Revolving Credit Facility may be affected by events beyond our control, and we cannot assure you that we will meet such financial ratio. A failure to meet the financial ratio under the Revolving Credit Facility (if required to be tested in accordance with the Revolving Credit Facility Agreement) will not result in a default or an event of default under the Revolving Credit Facility Agreement, but will instead result in a drawstop applicable to the Revolving Credit Facility until that failure is cured or the financial ratio is otherwise no longer required to be tested. A breach of the other covenants or restrictions under the Revolving Credit Facility Agreement could, subject to any applicable cure period, result in an event of default under the Revolving Credit Facility Agreement. Upon the occurrence of an event of default that is continuing under the Revolving Credit Facility Agreement, the relevant creditors will be entitled to cancel the availability of the Revolving Credit Facility and/or elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, a default, event of default and/or acceleration action under the Revolving Credit Facility could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, including (in the case of acceleration of obligations under the Revolving Credit Facility) the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries that would be due and payable and to make payments to enable us to repay the Notes. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

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

Our ability to make principal or interest payments when due on our indebtedness, including the Revolving Credit Facility and our obligations under the Notes, or to refinance our debt and to fund our ongoing operations or expansion plans, will depend on our future performance and ability to generate cash, which, to a certain extent, is subject to the success of our business strategy as well as general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated growth, or efficiencies will be realized or that future debt financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs including the repayment at maturity of the then outstanding amount under the Revolving Credit Facility. At the maturity of the Revolving Credit Facility (which will mature approximately six months before the Notes), the Notes or any other debt that we may incur, we may be required to refinance or restructure our indebtedness if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

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

The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In such an event, we may not have sufficient assets to repay any portion or all of our debt.

Any failure to make payments on 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 Indenture, the Revolving Credit Facility and the PIKCo Private Notes, will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition, results of operations and prospects. There can be no assurances that any assets that we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would 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 debtholders 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.

The Notes, drawings under the Revolving Credit Facility and any future variable interest rate debt we may incur in the future will bear interest at floating rates that could rise significantly, thereby increasing our costs and reducing our cash flow, or could otherwise be adverse to the interests of the holders of the Notes.

After giving effect to the Transactions, substantially all of our debt, including the Notes, will bear interest at a floating rate, and we will be exposed to the risk of fluctuations in interest rates. The Notes will bear floating rate interest based on the Euro Interbank Offered Rate ("**EURIBOR**"), plus an applicable margin. The Revolving Credit Facility will bear floating rate interest based on the EURIBOR, the Sterling Over Night Index Average rate ("**SONIA**") or the Secured Overnight Financing Rate ("**SOFR**"), as applicable, plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes.

Although we expect to enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurances that hedging will continue to be available on commercially reasonable terms. 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.*"

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

We expect to enter into interest hedging arrangements to hedge our exposure to fluctuations in interest rates, including under the Notes and the Revolving Credit Facility. 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—Interest Rate Risk*."

Risks Related to the Notes, the Guarantees and the Collateral

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

The Security Documents relating to the Notes (or those relating to the BidCo Proceeds Loan, with respect to the Indirect Collateral) will allow each of the Issuer, BidCo, MidCo and any other pledgor or grantor of Collateral, as applicable, to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral to the extent that it relates to their assets. So long as no acceleration event has occurred and subject to certain conditions, the Issuer, BidCo, MidCo and any other pledgor or grantor of Collateral, as applicable, may, among other things, without any release or consent by the Trustee or the Security Agent (and/or the Issuer, with respect to the Indirect Collateral), conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral in accordance with the Indenture and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of a direct or indirect enforcement of the liens on the Collateral.

The interests of the Sponsor may conflict with your interests as a holder of the Notes.

The Sponsor indirectly controls the majority of the shares of the Issuer. As a result, the Sponsor has and will continue to have, directly or indirectly, the power to affect our legal and capital structure as well as the ability to elect and change our management and to approve other changes to our operations and to influence the outcome of matters requiring action by our shareholder. The Sponsor's interests in certain circumstances may conflict with your interests as noteholders, particularly if we encounter financial difficulties or are unable to pay our debts when due. For example, the Sponsor could vote to cause us to incur additional indebtedness, pay dividends or make other distributions. The Sponsor is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. The Sponsor may also pursue acquisition opportunities that are complementary to our business and, as a result, those acquisition opportunities may not be available to us. In addition, the Sponsor may hold interests in suppliers or customers of the Biofarma Group. The Sponsor and its affiliates could also have an interest in pursuing acquisitions, divestitures (including one or more divestitures of all or part of our business or sales of our shares which would result in changes to our shareholding structure), financings, dividend distributions or other transactions that, in their judgment, could enhance their investment in the Biofarma Group through a combination of equity and shareholder loans, although such transactions might involve risks to you as a holder of Notes and may, in the future, own businesses that directly compete direct or indirectly with us or that operate in our markets or adjacent markets. In addition, certain minority investors, comprising Victoria and certain management investors indirectly own approximately 30.5% of the share capital of the Company. In connection with the Transactions, Ardian Buyout Fund VII B SLP and Victoria have entered into an investment agreement which sets forth, among other things, that the consent of Victoria is required for certain reserved matters, including, among other things, acquisitions and incurrence of indebtedness that exceed certain thresholds. If a matter is not approved by the board of directors due to a deadlock that is not solved through the procedure set forth in the investment agreement, the relevant resolution shall not be adopted, which may prevent us from pursuing favorable transactions or may otherwise adversely affect our business. See "*Principal Shareholders*."

Certain of the Collateral will not secure the Notes until after the Post Completion Merger or within 90 days of the Cut-Off Date.

The Post Merger Collateral or, if applicable, the Biofarma Group Collateral, will only be granted and/or confirmed (as applicable) within 90 days of the consummation of the Post Completion Merger or within 90 days of the Cut-Off Date, as further described under "*Description of Notes—Security.*" There can be no assurance, however, that we will be successful in procuring such liens within the time periods specified, the failure of which would result in an "event of default" under the Indenture. The security interests will be limited to the same extent as those under the Revolving Credit Facility and otherwise as set forth under "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*" and "*Description of Notes—Security,*" which limitations could be significant. See also "*—The Guarantees and 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 their validity and enforceability.*"

The Notes will be structurally subordinated to the existing or future indebtedness or obligations of all of the Issuer's subsidiaries that do not guarantee the Notes.

Not all of our subsidiaries will be Guarantors of the Notes. Generally, claims of creditors, including depositors, trade creditors and preferred stockholders (if any) of non-guarantor subsidiaries of the Issuer are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to their respective parent entity or the creditors of the Issuer and the Guarantors of the Notes. Accordingly, in the event that any non-guarantor subsidiary of the Issuer becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

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

As such, the Notes and the Guarantees will be structurally subordinated to the creditors, including depositors, trade creditors and any preferred stockholders (if any) of the non-guarantor subsidiaries of the Issuer. As of December 31, 2021, after giving *pro forma* effect to the Transactions, the Issuer's subsidiaries which are not expected to guarantee the Notes would have had no outstanding third-party financial debt. In addition, the Indenture will, subject to certain limitations, permit the guarantors and non-guarantor subsidiaries to incur substantial additional indebtedness without such incurrence constituting a default under the Indenture, and such indebtedness may also be secured. The Indenture will not contain any limitation on the amount of other liabilities, such as deposits and trade payables in the ordinary course of business that may be incurred by non-Guarantor subsidiaries.

The Indenture also will not limit the transfer of assets to, or the making of investments in, any of our restricted subsidiaries, including our restricted subsidiaries that do not guarantee the Notes. As payments on the Notes are only required to be made by Issuer and the Guarantors, no payments are required to be made from assets of subsidiaries that do not guarantee the Notes unless those assets are transferred by dividend or otherwise to the Issuer or one of the Guarantors.

Moreover, any Guarantees would be subject to the significant limitations described under "*Limitations on Validity and Enforceability of the Guarantees and the Collateral 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.

Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral.

MidCo, the Issuer, BidCo, the Company and the other Post-Closing Guarantors are, and following the Post Completion Merger, MergerCo will be, incorporated and organized under the laws of Italy. Enforcement of the obligations under a Guarantee against, and/or any Collateral provided by, as applicable, any such person will be subject to certain defenses available to the Issuer or the relevant Guarantor or the security provider, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance or transfer, financial assistance, transactions under value, corporate benefit, capital maintenance, preservation of share capital, liquidity maintenance, voidable preferences, thin capitalization or similar laws as well as regulations or defenses affecting the rights of creditors generally, by limiting the amounts recoverable under the Guarantees and Collateral, as applicable, and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed or secured by a Guarantor or security provider under applicable law and, with respect to BidCo, the Company, and following the Post Completion Merger, MergerCo, and the other Post-Closing Guarantors as set forth under "*—The Guarantees and 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 their validity and enforceability*," to the extent that the granting of such Guarantee or Collateral is not in the relevant Guarantor's or security provider's corporate interests, or the burden of such Guarantee or Collateral exceeds the benefit to the relevant Guarantor or security provider, or such Guarantee or Collateral would be in breach of capital maintenance, financial assistance, liquidity maintenance or thin capitalization rules or any other general statutory laws and/or would cause the directors of such Guarantor or security provider 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.

Accordingly, enforcement of any such Guarantee against the relevant Guarantor would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the Guarantees designed to ensure compliance with statutory requirements applicable to the relevant Guarantors. As a result, a Guarantor's liability under its Guarantee could be materially reduced or eliminated, depending upon the amounts of its other obligations and the law applicable to it.

It is possible that a Guarantor or creditor of a Guarantor, or the bankruptcy trustee in the case of a bankruptcy of a Guarantor, may contest the validity and enforceability of the Guarantor's Guarantee on any of the above grounds and the applicable court may determine that the Guarantee should be limited or voided. To the extent that agreed limitations on the Guarantees obligation apply, the Notes would to that extent be structurally subordinated to all liabilities of the applicable Guarantor, including trade payables of such Guarantor. Future Guarantees may be subject to similar limitations. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations.*"

The Guarantees and 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 their validity and enforceability.

Each Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. The obligations of each Guarantor, the enforcement of the relevant Guarantee and the obligations of the grantor of security and the ability of the Security Agent to enforce on the Collateral will be limited under the Indenture to the maximum amount that can be guaranteed by such Guarantor or provided by the grantor of security under the applicable laws of Italy, which has been determined so as to ensure that amounts payable will not result in violations of laws related to, among others, corporate benefit, capitalization, capital preservation, financial assistance or transactions under value, or otherwise cause the relevant Guarantor to be deemed insolvent under applicable law or such Guarantee to be deemed void, unenforceable or *ultra vires*, or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Guarantee.

In particular, enforcement of any Guarantee or Collateral against the relevant Guarantor or security provider would be subject to certain defenses available to guarantors or security providers generally or, in some cases, to limitations contained in the terms of the relevant Guarantee or security designed to ensure compliance with statutory requirements applicable to the relevant Guarantors or security providers. 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, capital maintenance or similar laws and regulation or defenses affecting the rights of creditors generally. As a result, the liability of a Guarantor under its Guarantee or of a security provider with respect to its Collateral could be materially reduced or eliminated, depending on the amounts of its other obligations and the law applicable to it.

As a result of the applicable limitations under Italian law with respect to, amongst others, financial assistance and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement, and/or the Intercreditor Agreement, as regards any Guarantor incorporated under the laws of Italy (an "**Italian Guarantor**"):

(i) the Guarantees and security interests granted by the relevant Italian Guarantor shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans advanced from time to time to the relevant Italian 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) on or following the Completion Date, and outstanding at the time of the enforcement of the relevant Guarantee and/or of security granted by such Italian Guarantor, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility, and/or the Intercreditor Agreement, and/or received upon the enforcement of any security interests granted by such Italian Guarantor; *provided further* that no Italian Guarantor shall be liable as a Guarantor in respect of any amounts in excess of the amount that such Italian Guarantor is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by such Italian Guarantor under the relevant Guarantee;

(ii) the maximum amount guaranteed and/or secured by any Italian Guarantor, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed 120% of the outstanding principal amount of the Notes;

(iii) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by an Italian Guarantor will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed and/or secured by the relevant Italian Guarantor at that time; and

(iv) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (i) maximum interest rates (including the Italian Usury Law and article 1815 of the Italian Civil Code) and (ii) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Legislative Decree No. 385 of 1 September 1993), the obligations of any of the Italian Guarantor under its Guarantee shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Legislative Decree No. 385 of 1 September 1993, respectively.

As a result of the applicable limitations under Italian law with respect to, amongst others, financial assistance and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement, and/or the Intercreditor Agreement, as regards to Bidco and, following the effectiveness of the Post Completion Merger, MergerCo:

(i) the Guarantees and security interests granted by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans (including the Bidco Proceeds Loan) advanced from time to time to Bidco and, following the effectiveness of the Post Completion Merger, MergerCo (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Completion Date, and outstanding at the time of the enforcement of the relevant Guarantee and/or of security granted by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility, and/or the Intercreditor Agreement, and/or received upon the enforcement of any security interests granted by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo; *provided further* that Bidco and, following the effectiveness of the Post Completion Merger, MergerCo shall not be liable as a Guarantor in respect of any amounts in excess of the amount that Bidco and, following the effectiveness of the Post Completion Merger, MergerCo is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by it under the relevant Guarantee; *provided further* that the maximum amount guaranteed and/or secured by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed 120% of the outstanding principal amount of the Notes;

(ii) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed and/or secured by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo at that time; and

(iii) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (i) maximum interest rates (including the Italian Usury Law and article 1815 of the Italian Civil Code) and (ii) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Legislative Decree No. 385 of 1 September 1993), the obligations of Bidco and, following the effectiveness of the Post Completion Merger, MergerCo, under its Guarantee shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Legislative Decree No. 385 of 1 September 1993, respectively.

In case the Post Completion Merger does not occur within the Cut-Off Date as regards to the Company and the other Post-Closing Guarantors, given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and/or the Intercreditor Agreement:

(i) the Guarantee and security interests to be granted by the Company and the other Post-Closing Guarantors (other than Apharm) will only guarantee and secure the Issuer's obligations under Tranche B and Tranche C of the Notes and shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans (including the Biofarma Proceeds Loan with respect to the Company and the relevant Subsidiary Proceeds Loan with respect to each of the Post-Closing Guarantors) advanced from time to time to the Company and the other Post-Closing Guarantors (other than Apharm) (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code)by the Issuer (whether directly or indirectly) on or following the Completion Date, and outstanding at the time of the enforcement of the relevant Guarantee and/or of security granted by the Company and the other Post-Closing Guarantors (other than Apharm), in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/ or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by the Company and the other Post-Closing Guarantors (other than Apharm); provided that each of the Company and the other Post-Closing Guarantors (other than Apharm) shall not be liable as a Guarantor in respect of any amounts in excess of the amount that it is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by each of the Company and the other Post-Closing Guarantors (other than Apharm) under the relevant Guarantee (as applicable);

(ii) the Guarantee and security interests to be granted by Apharm will only guarantee and secure the Issuer's obligations under Tranche B of the Notes and shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans (including the Apharm Proceeds Loan) advanced from time to time to Apharm (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Completion Date, and outstanding at the time of the enforcement of the relevant Guarantee and/or of security granted by Apharm, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/ or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by Apharm; provided that Apharm shall not be liable as a Guarantor in respect of any amounts in excess of the amount that it is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by Apharm under the Guarantee (as applicable);

(iii) the maximum amount guaranteed and/or secured by the Company and the other Post-Closing Guarantors (other than Apharm), also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed the lower of (a) 120% of the outstanding principal amount of the Notes, and (b) the aggregate amount of the original principal amount of Tranche B and Tranche C under the Notes, reduced, in each case and from time to time, by an amount equal to any repayment, prepayment or redemption of the principal amount of the Notes multiplied by the ratio of (A) the aggregate amount of the aggregate original principal amount of Tranche B and Tranche C under the Notes to (B) the original principal amount of the Notes;

(iv) the maximum amount guaranteed and/or secured by Apharm, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed the lower of (a) 120% of the outstanding principal amount of the Notes, and (b) the aggregate amount of the original principal amount of Tranche B under the Notes, reduced, in each case and from time to time, by an amount equal to any repayment, prepayment or redemption of the principal amount of the Notes multiplied by the ratio of (A) the aggregate amount of the original principal amount of Tranche B under the Notes to (B) the original principal amount of the Notes;

(v) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by each of the Company and the other Post-Closing Guarantors, as applicable, will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed and/or secured by the Company and the other Post-Closing Guarantors, at that time;

(vi) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (a) maximum interest rates (including the Italian Usury Law and article 1815 of the Italian Civil Code) and (b) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Legislative Decree No. 385 of 1 September 1993), the obligations of each of the Company and the other Post-Closing Guarantors under its Guarantee shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Legislative Decree No. 385 of 1 September 1993, respectively;

(vii) any guarantee, indemnity, obligation and liability granted or assumed pursuant to the relevant Guarantee and/or security interest by the Company and the other Post-Closing Guarantors (other than Apharm), as applicable, does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations other than the amounts and/or payment obligations under Tranche B and Tranche C under the Notes, and

(viii) any guarantee, indemnity, obligation and liability granted or assumed pursuant to the relevant Guarantee and/or security interest by Apharm, does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations other than the amounts and/or payment obligations under Tranche B under the Notes.

The abovementioned "virtual tranching" structure in respect of the Notes, which is aimed at identifying the relevant portion of the Notes' proceeds that do not constitute "acquisition debt" in respect of the Company and the other Post-Closing Guarantors and, therefore, does not fall within the prohibition under Italian financial assistance rules (namely, Article 2358 or 2474, as applicable, of the Italian Civil Code), is untested in Italian courts and it cannot be excluded that it might be deemed not sufficient to clearly distinguish and separate the non-acquisition portion of the Notes' proceeds from any portion of the Notes' proceeds to be utilized to support, directly and/or indirectly, the acquisition or subscription by BidCo of the share capital of the Company and/or of Apharm. Should the Guarantee and/or the security interests granted by the Company and the other Post-Closing Guarantors, as applicable, be deemed by a court or public authority to be contrary to any provisions regulating financial assistance, including Articles 2358 and 2474, as applicable, of the Italian Civil Code, such Guarantee and/or security interests could be declared null and void and the Notes documents will provide that, if and to the extent such Guarantee and/or security interest would result in a breach of any provisions regulating financial assistance, including Articles 2358 and 2474, as applicable, of the Italian Civil Code, applicable to the Company or the other Post-Closing Guarantors, each of the Company and the other Post-Closing Guarantors, as applicable, will be deemed to have no liability thereunder and the respective Guarantee and/or security interest shall not be in force and effect.

In addition, the obligations of any Italian Guarantor and/or Italian security provider that becomes a Guarantor and/or a security provider will be subject to the Agreed Security Principles and will be subject to the additional limitations set forth in the relevant supplemental indenture to the Indenture and/or in the applicable security documents, in order for the applicable Italian Guarantor and/or Italian security provider to comply with the above corporate law requirements on, among others, corporate benefit and financial assistance.

In any case, the maximum amount that an Italian Guarantor and/or Italian security provider may be required to pay in respect of its obligations as Guarantor under the Indenture and/or security grantor under the relevant security documents upon enforcement of the security interests granted by such Italian Guarantor will ratably concur and not cumulate with the corresponding amounts due by such Italian Guarantor and/or Italian security provider to any guaranteed and/or secured creditor pursuant to the Revolving Credit Facility Agreement and/or the Intercreditor Agreement (including any guaranteed and/or secured creditors with respect to any further *pari passu* indebtedness contemplated under the Intercreditor Agreement) and/or any security documents, and vice versa. For the avoidance of doubt, by virtue of the abovementioned limitations applicable to the Guarantees and the security interests granted by an Italian Guarantor, the obligations of each Italian Guarantor as guarantor and/or security provider under the Notes, the Indenture, the Revolving Credit Facility Agreement, the Intercreditor Agreement and any agreement regulating future *pari passu* indebtedness contemplated under the Intercreditor Agreement, and the security documents relating to the Collateral and any other transaction documents related thereto, shall not be deemed to be cumulative and shall be considered without duplication, and the transaction documents will provide that the aggregate amount of the proceeds deriving from any enforcement of any such guarantee and/or security obligations of the relevant Italian Guarantor and/or the security provider shall not exceed on an aggregate basis the limit of the relevant credit support as described above.

In addition to the above, under article 1938 of the Italian Civil Code, if a corporate guarantee is issued by a Guarantor incorporated under the laws of Italy 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). It has been held that such determination must be proportionate to the relevant Guarantor's assets. If such determination is deemed disproportionate to the assets of each of the Guarantors, there is a risk that the guarantee could be declared void.

The proceeds of the enforcement of said guarantees and/or security interests will be distributed amongst the guaranteed and/or secured creditors (including, without, limitation, the holders of the Notes) in accordance with the provisions of the Intercreditor Agreement. Accordingly, the holders of the Notes will be able to recover limited amounts under the relevant Guarantees and security. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

The enforcement of the Collateral will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation in the future.

On February 24, 2022, the Italian Golden Power Authority provided the Golden Power Clearance in respect of the transactions contemplated by the Acquisition Agreement, including the granting of the Collateral pursuant to the Italian Golden Power Legislation.

However, to the extent an enforcement of the Collateral would result in the acquisition of an equity interest in the Issuer, BidCo, the Company (or MergerCo) or any other Guarantor, or any other resolution, act of transaction included in the scope of application of the Italian Golden Power Legislation, as applicable, any such enforcement would also require a further clearance under the Italian Golden Power Legislation. Moreover, the Italian Golden Power Legislation will continue to be applicable to the Biofarma Group. Therefore, if any of the companies forming part of the Group is involved in any transaction, act or resolution falling within the scope of the Italian Golden Power Legislation, the Italian Golden Power Authority may veto or impose conditions in order to consent to the implementation of such transaction, act or resolution, which may, in each case, be material. Accordingly, we may not be permitted to undertake such transaction, act or resolution in a timely fashion, without remedies or undertakings, or at all.

Other limitations pursuant to bankruptcy or insolvency laws apply to the Guarantees.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of that Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the relevant Guarantor or, in certain jurisdictions, when the granting of the relevant Guarantee has the effect of giving a creditor a preference or the creditor was aware that the relevant Guarantor was insolvent when the relevant Guarantee was given;
- the relevant Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee or the relevant Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Guarantee was held to exceed the corporate objects of the relevant Guarantor or not to be in the best interests or for the corporate benefit of the relevant Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

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

Additionally, the grant of Collateral to secure (directly or indirectly) 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.

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

Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility are entitled to be repaid with proceeds from the enforcement of the Collateral in priority to the Notes.

The Intercreditor Agreement includes provisions governing the sharing of proceeds from enforcement of the Collateral. Such enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Notes. The Security Agent is required to apply turned over amounts and other recoveries by the Security Agent from enforcement actions towards discharging certain super senior obligations (including, among others, those under the Revolving Credit Facility, certain hedging obligations (if any) and future indebtedness that may be secured on a super senior basis in accordance with the terms of the Indenture and the Intercreditor Agreement (the "**Super Senior Liabilities**")) in priority to applying any such amounts towards discharging the Notes. We expect to enter into certain hedging instruments in connection with the issuance of the Notes, and any such instruments may constitute Super Senior Liabilities under the Intercreditor Agreement. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosures about Market Risk—Interest Rate Risk*."Any proceeds remaining from an enforcement sale of Collateral will, after all obligations under such Super Senior Liabilities have been discharged, be applied pro rata in repayment of the Notes and any other indebtedness that ranks *pari passu* with the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." Furthermore, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

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

The obligations under the Notes are secured, directly or indirectly, on a first-ranking basis with security interests over the Collateral that also secure our obligations under the Super Senior Liabilities. The Intercreditor Agreement provides that the Security Agent will only enforce the Collateral as provided for in the Intercreditor Agreement, and the Indenture will regulate the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action.

The Security Agent is not required to take enforcement action unless instructed to do so in accordance with the provisions described in the following paragraphs.

If either (i) the holders of the aggregate principal amount of the then outstanding Notes, the senior lenders, creditors in respect of indebtedness ranking *pari passu* with the senior creditors and creditors in respect of certain non-priority hedging obligations (the "**Senior Secured Credit Participations**") which aggregate more than 50% of the total Senior Secured Credit Participations at that time (the "**Majority Senior Secured Creditors**") or (ii) the creditors holding more than 66 2/3% of the total participations in Super Senior Liabilities at that time (the "**Super Majority Super Senior Creditors**") wish to issue enforcement instructions they shall deliver those instructions to the Security Agent and the other agents, trustees and hedge counterparties.

The Security Agent is required to act in accordance with instructions received from the Majority Senior Secured Creditors and the Super Majority Super Senior Creditors, subject to the consultation period of 15 days as set out in the Intercreditor Agreement; however, (i) if and to the extent the obligations under the Super Senior Liabilities have not been fully discharged in cash within six months of the end of the consultation period (or within 6 months of any notice delivered by the Majority Senior Secured Creditors to the Security Agent notifying the Security Agent and the creditor representatives of the Senior Secured Creditors and the Super Senior Creditors that the Collateral has become enforceable, if no consultation period is required) or (ii) the Security Agent has not commenced any enforcement action within three months of the end of the consultation period (or within 3 months of any notice delivered by the Majority Senior Secured Creditors to the Security Agent notifying the Security Agent and the creditor representatives of the Senior Secured Creditors and the Super Senior Creditors that the Collateral has become enforceable, if no consultation period is required) or (iii) an insolvency event has occurred with respect to a relevant company and the Security Agent has not commenced any enforcement action at that time with respect to such relevant company, then the Security Agent will act in accordance with the enforcement instructions provided by the Super Majority Super Senior Creditors. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." No consultation shall be required (and the Majority Senior Secured Creditors or the Super Majority Super Senior Creditors) shall be entitled to give any instructions to the Security Agent to take any enforcement action prior to the end of the consultation period, where: (a) any of the Collateral has become enforceable as a result of an insolvency event affecting a relevant company; or (b) if the Majority Senior Secured Creditors or the Majority Super Senior Creditors determine in good faith (and notifies each other representative agent of the other creditors party to the Intercreditor Agreement) 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 Intercreditor Agreement) the Super Senior Liabilities would not be discharged in full or to have a material adverse effect on the ability to effect an enforcement or a distressed disposal and, in each case any instructions will be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors or 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.

In the event that conflicting instructions (and, for these purposes, failure to give instructions is deemed to be a conflicting instruction) are received by the end of the consultation period (and have not been resolved), the Security Agent shall take any enforcement action in accordance with the instructions provided by the Majority Senior Secured Creditors, with such instructions to comply in each case with the security enforcement principles contained in the Intercreditor Agreement and the terms of all instructions received from the Super Majority Super Senior Creditors during the consultation period shall be deemed revoked.

The Security Agent may also refrain from acting in accordance with any instructions until it has been indemnified and/or secured to its satisfaction (including by way of payment in advance or otherwise).

To the extent we incur additional indebtedness that is secured on a *pari passu* basis with the Notes, the voting interest of holders of Notes in an instructing group will be diluted commensurate with the amount of such indebtedness we incur.

The creditors of any Super Senior Liabilities may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Notes to do so. In addition, if the Security Agent sells Collateral consisting of the shares of any of the Issuer's subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the relevant Guarantee and the liens over any other assets of such entities securing the Notes and the relevant Guarantee may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Notes—Security—Release of Liens*."

Delays in enforcement could decrease or eliminate recovery values. In addition, the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the Security Documents, except through the Security Agent as provided in the Intercreditor Agreement. By accepting the Notes, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against the Issuer and the Guarantors in the event of a default. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

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

The Notes will be secured, directly or indirectly, only to the extent of the value of the Collateral. See *"Description of Notes—Security*." Not all of our assets secure the Notes, and the Indenture will allow the Issuer and its restricted subsidiaries to secure certain future indebtedness permitted to be incurred with certain property and assets that do not secure the Notes. If an event of default occurs and the obligations under the Notes are accelerated, the Notes and the Guarantees thereof will not benefit from the assets securing such secured debt and will rank equally with the holders of other unsecured indebtedness of the Issuer and its restricted subsidiaries with respect to any property or assets excluded from the Collateral securing, directly or indirectly, the Notes. The claims of secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness. As of December 31, 2021, after giving *pro forma* effect to the Transactions, the Issuer and its subsidiaries would have had no indebtedness secured by assets that will not secure the Notes.

While the Indenture will create certain obligations to provide additional Guarantees and grant additional security over assets, or a particular class of assets, whether as a result of granting liens in favor of other indebtedness or the acquisition or creation of future assets or subsidiaries or otherwise, such obligations will be subject to certain exceptions and qualifications pursuant to the Agreed Security Principles. See *"Description of Notes—Security—General*." The Agreed Security Principles set out a number of limitations on the rights of the holders of the Notes to be granted security or Guarantee in certain circumstances. The operation of the Agreed Security Principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted over a particular type or class of assets. Accordingly, the Agreed Security Principles may affect the value of the Collateral.

In particular, even though the Notes and the Revolving Credit Facility are expected to share the same Collateral and Guarantors' package, this may not always continue to be the case and circumstances may arise in the future in which lenders under the Revolving Credit Facility may be granted the benefit of additional security or guarantees which are not otherwise permitted to be granted in favor of holders of the Notes due to the application of the Agreed Security Principles and, ultimately, Italian financial assistance and corporate benefit rules. Accordingly, in such circumstances holders of the Notes would have no direct claim for payment against any such additional guarantor nor any rights as a secured party with respect to any such additional collateral.

The principal amount of the Proceeds Loans forming part of the Collateral may be less than anticipated as a result of prepayments prior to the maturity date of the Notes.

On the Completion Date, (i) the Issuer used the amounts drawn under the Bridge Facility to fund the BidCo Proceeds Loan for an amount equal to €345.0 million (gross of applicable fees) and (ii) BidCo used the amounts drawn under the BidCo Proceeds Loan to fund (a) a portion of the consideration payable in connection with the Acquisition and (b) the Biofarma Proceeds Loan for an amount of €215.8 million, a portion of which was used by the Company, directly and indirectly through its subsidiaries Nutrilinea, Apharm and Pasteur (via the Subsidiary Proceeds Loans) to repay in full and cancel the Refinanced Company Indebtedness, including accrued interest thereon, and pay related fees and expenses. The principal amount of each of the Biofarma Proceeds Loan and the Subsidiary Proceeds Loans is therefore significantly less than the aggregate principal amount of the Notes offered hereby. The intercompany receivables arising under the BidCo Proceeds Loans will constitute part of the Issue Date Collateral, whereas the intercompany receivables arising under, respectively, the Biofarma Proceeds Loan will constitute part of the Indirect Collateral securing the BidCo Proceeds Loan, and the Subsidiary Proceeds Loans may constitute part of the Post Merger Collateral or the Biofarma Group Collateral, as applicable.

Repayments of the BidCo Proceeds Loan prior to the maturity date of the Notes would result in a reduction in the liability owed by BidCo, and following the Post Completion Merger, MergerCo, to the Issuer. Any reduction in the principal amount of the BidCo Proceeds Loan would reduce the value of the relevant receivable and the associated Collateral, as well as the value of, as applicable: (i) the Guarantee and/or the security interests in the Indirect Collateral granted by BidCo, and/or (ii) following the Post Completion Merger, the Guarantee and security interests to be granted by MergerCo.

Similarly, (i) repayments of the Biofarma Proceeds Loan prior to the maturity date of the Notes and prior to completion of the Post Completion Merger, would result in a reduction in the liability owed by, prior to completion of the Post Completion Merger, the Company to BidCo and any reduction in the principal amount of the Biofarma Proceeds Loan would reduce the value of such receivable, as well as the value of, in the event that the Post Completion Merger does not occur after the Cut-Off Date, the Guarantee and security to be granted by the Company (if any); and (ii) repayments of each of the Subsidiary Proceeds Loans prior to the maturity date of the Notes, would result in a reduction in the liability owed by, each of Nutrilinea, Apharm, Pasteur under the relevant Subsidiary Proceeds Loan, and any reduction in the principal amount of thereof would reduce the value of such receivable, as well as the value of the Guarantee and security to be granted by each of Nutrilinea, Apharm, Pasteur (if any).

Any reduction in the principal amount of the Proceeds Loans could also adversely affect the ability of the Issuer to make payments under the Notes if the Issuer is otherwise unable to cause its subsidiaries to pay dividends or make loans or other distributions to it. Subject to certain significant exceptions, the Proceeds Loans documentation, however, prohibits the repayment, reduction, extinction or equitization of the Proceeds Loans. Such exceptions include, but are not limited to, the repayment of the Proceeds Loans to enable, directly or indirectly, the Issuer to make payments of principal and interest on the Notes and, upon request, directly or indirectly, of the Issuer or BidCo, the partial repayment of (i) the BidCo Proceeds Loan and the Biofarma Proceeds Loan, respectively, in an amount not exceeding, in each case, €34.5 million during the tenor of the BidCo Proceeds Loan and the Biofarma Proceeds Loan, (ii) the Nutrilinea Proceeds Loan in an amount not exceeding €7.3 million during the tenor of the Nutrilinea Proceeds Loan, (iii) the Apharm Proceeds Loan in an amount not exceeding €0.5 million during the tenor of the Apharm Proceeds Loan and (iv) the Pasteur Proceeds Loan in an amount not exceeding €3.4 million during the tenor of the Pasteur Proceeds Loan. Moreover, the Indenture will not include any restrictions on the Issuer, BidCo or the Post-Closing Guarantors to amend the Proceeds Loans documentation, including to permit the repayment of the Proceeds Loans in order to allow the Issuer to discharge other debt secured by the Collateral. See also "*—Risks Related to Our Structure and the Financing—The Issuer is a holding company that has no revenue generating operations of its own and will depend exclusively on cash from the operating companies of the Biofarma Group to be able to make payments on the Notes*."The security interest in the Biofarma Proceeds Loan will cease to exist automatically upon completion of the Post Completion Merger. See "*Description of Certain Financing Arrangements—Proceeds Loans*" and "*Description of Notes—Security—Release of Liens*."

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

The security interests in the Collateral securing the BidCo Proceeds Loan, (represented by 100% of the equity interests of the Company and the receivables in respect of the Biofarma Proceeds Loan (collectively, the "**Indirect Collateral**") are not directly granted to holders of the Notes, but were and will continue to be instead granted by BidCo, as borrower under the BidCo Proceeds Loan, in favor of the Issuer, as creditor under the BidCo Proceeds Loan as security for BidCo's monetary obligations under the BidCo Proceeds Loan. The Issuer's rights under the BidCo Proceeds Loan will in turn serve as part of the Collateral, which will directly secure the obligations of the Issuer under the Notes. As a result, upon the occurrence of an event of default under the Notes, the Trustee and the holders of the Notes will not have the right to enforce the Indirect Collateral directly but, instead, may (i) first accelerate the Notes and enforce, through the Security Agent, the security assignment (*cessione dei crediti in garanzia*) of the Issuer's receivables rights under the BidCo Proceeds Loan and (ii) then seek to enforce, through the Security Agent, the Indirect Collateral. In addition, in such scenario, the enforcement of the Indirect Collateral could be blocked in the event an insolvency proceeding of the Issuer be pending, as such proceeding would, among other things, freeze the enforcement of the security assignment of the Issuer's receivables rights under the BidCo Proceeds Loan. These indirect enforcement mechanics could substantially delay or make more costly any enforcement of the Indirect Collateral. Furthermore, because the Indenture, the Notes, the Intercreditor Agreement, the BidCo Proceeds Loan and the security documents related thereto will be governed by the laws of a number of different jurisdictions, enforcement may be further delayed by court proceedings in multiple jurisdictions.

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

If we default on the Notes, holders of the Notes will be secured, directly or indirectly, only to the extent of the value of the assets underlying the security interests granted, directly or indirectly, in favor of holders of the

Notes. In the event of an enforcement of the security interests in respect of the Collateral, the proceeds from the sale of the assets underlying the Collateral may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. As described elsewhere, the extent of the Collateral is limited and, in accordance with the Agreed Security Principles, Guarantees and/or security shall only be granted by certain entities. See *"Description of Notes—Security*."

Trade receivables, inventories, intellectual property rights, real property and certain other assets of the Issuer and the restricted subsidiaries will not constitute part of the Collateral. No appraisal of the value of the Collateral has been made in connection with the offering of the Notes. The value of the assets underlying the pledges and the amount to be received upon a sale of the Collateral will also depend on many factors, including, among other things, whether or not the business is sold as a going concern, regulatory restrictions that could affect such sale, the ability to sell the assets in an orderly sale and the condition of the economies in which operations are located and the availability of buyers.

The shares and other Collateral that is pledged or assigned for the benefit, directly or indirectly, of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of the Collateral may not be liquid and its value to other parties may be less than its value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. In the event of foreclosure, the transfer of our business operations may be prohibited or only permitted to a limited group of investors eligible to hold such assets, thereby decreasing the pool of potential buyers. Furthermore, entry into the Security Documents, enforcement of the Collateral and any direct or indirect transfer of our operations may require, in Italy, governmental or other regulatory consents, approvals or filings similar to (or different from) those that have been or will be required to be obtained in relation to the Acquisition or the Post Completion Merger, or might otherwise be challenged. Such consents, approvals or filings may take time to obtain or may not be obtained at all. As a result, enforcement may be delayed, a temporary shutdown of operations may occur and the value of the Collateral may be significantly decreased. Most of our assets will not secure the Notes and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. With respect to any shares or quotas of our subsidiaries pledged to secure, directly or indirectly, the Notes, such shares or quotas may also have limited value in the event of bankruptcy, insolvency or other similar proceedings in relation to the entity's shares or quotas that have been pledged because all of the obligations of the entity whose shares or quotas have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity.

As a result, the creditors secured by a pledge of the shares or quotas of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of the Collateral may decline over time. If the proceeds of the Collateral are not sufficient to repay all amounts due on the Notes, the holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only a senior unsecured, unsubordinated claim against the Issuer's and any Guarantors' remaining assets.

The Indenture will also permit the granting of certain liens other than those in favor of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties are secured by liens, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to such assets which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. In particular by operation of the terms of the Intercreditor Agreement, security interests in the Collateral may be released if a lien is granted on the Collateral in favor of other indebtedness so long as such lien is a Permitted Collateral Lien (as defined under *"Description of Notes—Certain Definitions—Permitted Collateral Liens*"). Moreover, if we issue additional Notes under the Indenture, holders of such Notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

The Collateral and the Guarantees will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture 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 and the Guarantee, as well as the ability of the security Agent to realize or foreclose on such Collateral and the Guarantee. 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 applicable Italian law. The granting of the Guarantees and security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening or voidance periods for such security interests in accordance with Italian law.

The granting of the Guarantees and security interests to secure the Notes may create hardening, clawback or voidance periods for such Guarantees and security interests in Italy. The granting of shared security interests, including in connection with any release and retake of such security interest, to secure existing, new or future indebtedness (such as hedging obligations or any additional Notes issued under the Indenture) or the transfer or the assignment of the security interest may restart or reopen hardening or clawback periods in Italy. The applicable hardening, clawback or voidance period for these new security interests can run from the moment each new security interest has been granted, perfected, amended, shared or recreated (as applicable). At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening or voidance period applicable in such jurisdiction, it may be declared void, ineffective, clawed back and/or it may not be possible to enforce it. Under Italian law, in case any security interests (including security interests in the Collateral) is released and retaken at any time, such release and retaking of security interests may give rise to the start of a new hardening period in respect of such security interests. Under certain circumstances, other creditors, bankruptcy trustees, insolvency administrators 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 Collateral and Certain Insolvency Law Considerations*."

Immediately prior to the Post Completion Merger becoming effective, the Italian law governed pledge (*pegno*) over the entire equity interests of the Company securing BidCo's monetary obligations under the BidCo Proceeds Loan will be released. Following the completion of the Post Completion Merger, the Issuer will grant an Italian law pledge (*pegno*) over the entire equity interests of MergerCo.

The Indenture will provide that the Collateral securing, directly or indirectly, the Notes may be released and retaken in several circumstances, including in connection with a public offering of shares of common stock or other common equity interest and certain internal "permitted reorganizations." See *"Description of Notes—Security—Release of Liens*." In Italy, for example, such a release and retaking of Collateral may give rise to new hardening periods in respect of the relevant security interests in the Collateral that are granted, perfected or released and retaken, and the security interests in the relevant Collateral would be subject to the same risks described in the preceding paragraph.

Similar considerations also apply, in connection with the accession of further subsidiaries as additional guarantors of the Notes and the granting of security interest over their relevant assets and equity interests for the benefit of holders of the Notes, as applicable.

The Collateral will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture 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 applicable law. 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. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

Enforcing your rights as a holder of the Notes or under the Guarantees thereof or the Collateral across multiple jurisdictions may prove difficult and the recovery from the enforcement of the share pledges forming part of the Collateral may be complicated, involve long recovery times and a low recovery rate.

The insolvency, administration and other laws of the jurisdiction of organization of the Issuer and the Guarantors (*i.e.*, Italy) may be materially different from, or conflict 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. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations.*"

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 will 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 Issuer's debt obligations, which 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, as well as the value of any other pledge forming part of the Collateral over capital stock of subsidiaries of the Issuer with outstanding debt obligations at the time of enforcement, may be limited.

The security interests in the Collateral will not be granted directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law.

The security interests in the Collateral that will secure, directly or indirectly, the obligations of the Issuer under the Notes will not be granted directly to the holders of the Notes but to (i) with respect to the Collateral (other than the Indirect Collateral), the Security Agent and (ii) with respect to the Indirect Collateral to the Issuer but enforceable by the Security Agent pursuant to the terms Intercreditor Agreement, and thus the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the Security Documents except through the Security Agent as provided in the Intercreditor Agreement. By accepting a Note, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against us in the event of a default. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

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 Italian law. For example, the laws of Italy 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 Italy 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 the Republic of Italy. In certain jurisdictions, including Italy, 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 will provide for the creation of "parallel debt" obligations in favor of the relevant Security Agent ("**Parallel Debt**") mirroring the obligations of the Issuer and any Guarantors owed to holders of the Notes under or in connection with the Indenture, as applicable ("**Principal Obligations**"), but in jurisdictions such as Italy, these Parallel Debt provisions would not be applicable provided applicable case law in such jurisdictions has not ruled for its application. All or part of the pledges and other security interests in such jurisdictions will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under parallel debt structures, the Parallel Debt will typically 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 law in 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. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

For example, in Italy, the Collateral will not be granted directly to the holders of the Notes but, excluding the Indirect Collateral, will be created and perfected in favor of the Security Agent, acting also in its capacity as representative (*rappresentante*) of the holder of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. 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 guarantee 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 are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

Furthermore, 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**"). A longer period may apply to any Collateral governed by Italian law which may be granted after the Offering. 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 of the claims of other creditors, even if such claims are secured claims. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

The enforcement of any Collateral located in Italy or governed by Italian law is subject to mandatory provisions of Italian law, including in relation to limitations and defenses or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements.

In case of insolvency of any Guarantor, the enforcement of any Collateral provided by such Guarantor may be subject to certain restrictions. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

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

Under applicable law, a security interest in certain 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, as applicable. The liens on the Collateral securing, directly or indirectly, the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions necessary to perfect any of these liens. Any failure to perfect any security interest in the Collateral may result in the invalidity of the relevant security interest, the holder of the security interest having difficulty enforcing such holder's right in Collateral or adversely affect the priority of such security interest in favor of, directly or indirectly, the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral, which may have a material adverse effect on the ability of the holders of the Notes to receive proceeds from any enforcement of the Collateral. The Trustee and the Security Agent will not be under any obligation or responsibility to take any steps or action to perfect, or ensure the perfection of, any such liens.

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

Pursuant to the Indenture, under a variety of circumstances, the Collateral securing, directly or indirectly, the Notes will be released automatically, including a sale or other disposition of such Collateral in a transaction that does not violate the asset sale covenant of the Indenture, in connection with an enforcement sale permitted under the Intercreditor Agreement or, after the Post Completion Merger, in connection with certain initial public equity offerings. See "*Description of Notes—Security—Release of Liens*." Additionally, under a variety of circumstances, the guarantee of a Guarantor will terminate and release automatically. See "*Description of Notes—Release of Guarantees*." The Indenture will also permit us to designate one or more restricted subsidiaries that are Guarantors of the Notes as unrestricted subsidiaries. If we designate a Guarantor as an unrestricted subsidiary for purposes of the Indenture, all of the liens on the Collateral owned by such subsidiary and any Guarantee of the Notes by such subsidiary will be released under the Indenture, subject to certain conditions. Designation of an unrestricted subsidiary as such will reduce the aggregate value of the Collateral securing, directly or indirectly, the Notes to the extent of liens securing the shares of such unrestricted subsidiary or of its subsidiaries.

Upon an IPO pushdown, certain Collateral and Guarantees may be released, any retaken Collateral may be subject to hardening periods, and U.S. holders may have U.S. federal income tax consequences.

On, in contemplation of, or following an Initial Public Offering (as defined under *"Description of Notes*"), 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 and provided that such date falls on or after the date on which the Post Completion Merger is completed) as described in "*Description of Certain Financing Arrangements—Intercreditor Agreement—Release and/or transfer of claims and liabilities in respect of the Notes and the Transaction Security—Provisions following an IPO*," provided that a specified consolidated net leverage ratio is met. The Indenture will provide that, upon consummation of an IPO pushdown, among other things, certain Collateral or 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 any 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 addition, in the event that the Issuer of the Notes changes as a result of the provisions described under "*Description of Certain Financing Arrangements—Intercreditor Agreement—Release and/or transfer of claims and liabilities in respect of the Notes and the Transaction Security—Provisions following an IPO*," such change in the Issuer could result in a taxable exchange of the Notes for "new" Notes for U.S. federal income tax purposes. If so, 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 a greater amount of original issue discount ("**OID**") for U.S. federal income tax purposes. Please see "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*."

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.

The Indenture will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in *"Description of Notes—Meeting of Holders of Notes*," the majority required to pass an extraordinary resolution at any meeting of holders of Notes 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 holders of Notes who did not attend and vote at the relevant meeting, and holders of Notes 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 to change the amendment provisions. These and other changes may adversely impact rights of holders of Notes and may have a material adverse effect on the market value of the Notes.

Under Italian law, the approval of an extraordinary resolution typically requires the consent of more 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%. Furthermore, the interaction 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 is also largely untested in the Italian courts.

The insolvency laws of Italy may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar, other limitations on the Guarantee and the security interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

The Issuer and the Guarantors are incorporated under the laws of Italy. There is a rebuttable presumption that the "center of main interest" as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings (the "**Insolvency Regulation**") is the jurisdiction where the registered office is situated.

The insolvency laws of Italy may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that any one or more of the Issuer, a Guarantor or any other of the Issuer's subsidiaries experiences 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.

In particular, the Indenture and the Intercreditor Agreement could be limited in scope and effect by Italian courts to the extent their covenants and provisions, which are untested under Italian case law, could be considered to conflict with mandatory provisions of Italian law. In the event that the Issuer experiences 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 or their duration (which may be significantly longer than the duration of analogous proceedings in jurisdictions you may be familiar with).

As a consequence, enforcement of rights under the Notes, the Guarantees and the Collateral in an insolvency situation may be delayed and be complex and costly for creditors. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Although laws differ across jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer, the enforceability of a Guarantee against a Guarantor, the enforceability of any other guarantee of the Notes and the enforceability of the security interests in the Collateral. In certain circumstances the court may also void the security interest or the Guarantee if the company is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of a Guarantor or the appointed insolvency administrator may challenge the Guarantee and the security interests, and intercompany obligations generally, as preferences, transaction at an undervalue, invalid charges, fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee or the security interests provided by such security provider;
- direct that the Issuer and the holders of the Notes return any amounts paid under a Guarantee or any security interest on the Collateral to the relevant Guarantor or security provider or to a fund for the benefit of the Guarantor's or security provider's creditors; and
- take other action that is detrimental to you.

If we cannot satisfy our obligations under the Notes and any Guarantee or security interests are found to be a preferences, transactions at an undervalue, fraudulent transfers or conveyances or if otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor or security provider under its Guarantee or the security interests will be limited to the amount that will result in such guarantee or security interests not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside.

The amount recoverable from the Guarantor and security providers under the Security Documents will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire Guarantee or security interest may be set aside, in which case the entire liability may be extinguished. See also "—*The Guarantees and 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 their validity and enforceability*" and "—*Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and Enforceability of the Guarantee and the Collateral*."

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would, for example, need to find that, at the time the Guarantees were issued or the security interests created, the Guarantors or security provider:

- issued such Guarantee or created such security interest with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;
- issued such Guarantee or created such security interest in a situation where a prudent business person as a shareholder of such Guarantor or security provider would have contributed equity to such Guarantor or security provider or where the relevant beneficiary of the Guarantee or security interest knew or should have known that the Guarantor or security provider was insolvent or a filing for insolvency had been made;
- received less than reasonably equivalent value for incurring the debt represented by the Guarantee or security interest on the basis that the Guarantee or security interest were incurred for our benefit, and only indirectly the Guarantor's or security provider's benefit, or on some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the Guarantee or the creation of the security interest, or subsequently became insolvent for other reasons, (ii) was engaged, or was about to engage, in a business transaction for which the Guarantor's or security provider's assets were unreasonably small or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due;
- 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 collateral provider; or
- the amount paid or payable was in excess of the maximum amount permitted under applicable law.

Different jurisdictions evaluate insolvency on various criteria, but a Guarantor or security provider generally may, in different jurisdictions, be considered insolvent at the time it issued a Guarantee or created any security interest if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Although we believe that we are solvent, and will be so after giving effect to the Offering, there can be no assurance as to which standard a court would apply in determining whether a Guarantor or security provider was "insolvent" as of the date the Guarantee were issued or the security interests were created or that, regardless of the method of valuation, a court would not determine that a Guarantor or security provider was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor or security provider was insolvent on the date its Guarantee was issued or the security interests were created, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

Under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests granted to secure, directly or indirectly, the Notes could be subject to potential challenges by an insolvency administrator or by other creditors 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"). 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 the value 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 clawback 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 clawback 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 clawback action. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*" for further information.

Under Article 64 of the Italian Bankruptcy Law, all transactions without consideration are ineffective vis-a-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. In addition, under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-a-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.

If challenged successfully, the security interest in the Collateral 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 an overview of certain insolvency laws and enforceability issues as they relate to the Guarantee and security interests, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*."

The Issuer's and its relevant subsidiaries' right to receive payments under the respective Proceeds Loans may be subordinated by law to the obligations of other creditors.

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 in 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**"). According to Article 2467, paragraph 1 of the Italian Civil Code, 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. With the entering into force of the Insolvency Code (as defined below), which as of the date of this Offering Memorandum is scheduled for July 15, 2022, this provision will no longer be applicable.

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 of this Offering Memorandum, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that Article 2467 also applies to companies incorporated as *società per azioni*.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, it cannot be excluded that a court may find the requirements provided for by the relevant provisions of the Italian Civil Code to be applicable in respect of the BidCo Proceeds Loan borrowed by BidCo, the Biofarma Proceeds Loan borrowed by the Company, the Nutrilinea Proceeds Loan borrowed by Nutrilinea, the Apharm Proceeds Loan borrowed by Apharm and the Pasteur Proceeds Loan borrowed by Pasteur. Accordingly, an Italian court may conclude that each of BidCo's, the Company's, Nutrilinea's, Apharm's and/or Pasteur's respective obligations under the relevant Proceeds Loan are subordinated to all its obligations to other creditors. Should any of such company's respective obligations under the relevant Proceeds Loan be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, and, the relevant intercompany lender may not be able to recover any amounts under the relevant Proceeds Loan, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes. Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans (including the Proceeds Loans) or notes is subordinated by operation of law, the ability of the holders of the Notes to recover (directly or indirectly) under any Collateral created over such intercompany loans or any guarantees and/or security interest granted by such Italian subsidiaries (including, subject to the Agreed Security Principles certain significant limitations pursuant to applicable laws, the Guarantee provided by BidCo and to be provided by certain subsidiaries of the Company) may be impaired or restricted.

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

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

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

The Notes are new securities for which there is currently no market. We cannot assure you as to:

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

Future trading prices 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 an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market, we cannot assure you that the Notes will be or remain listed. Although no assurance is made as to the liquidity of 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 effect on a holder's ability to resell the Notes in the secondary market.

If the Notes are redeemed early, an investor may not be able to reinvest such proceeds in a comparable security.

In the event that the Notes are redeemed early in accordance with "*Description of Notes—Optional Redemption*" and depending on prevailing market conditions at the time, an investor who receives proceeds due to such an early redemption may not be able to reinvest such proceeds in a comparable security at an effective interest rate as high as that carried by the Notes.

The Issuer may not be able to repurchase the Notes upon a change of control or pursuant to an asset disposition offer. In addition, under certain circumstances, the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender.

If a change of control (as defined in the Indenture) occurs, the Issuer will be required to make an offer to purchase all the outstanding Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of purchase. In such a situation, the Issuer may not have enough funds to pay for all of the Notes that are tendered under any such offer and may need to obtain financing to pay for the tendered Notes. However, the Issuer may not be able to obtain such financing on acceptable terms, if at all. A change of control may also result in a mandatory prepayment under agreements governing any future indebtedness and may result in the acceleration of such indebtedness (even if such change of control under such other indebtedness may be deemed not to be a change of control for the purposes of the Indenture). Any failure by the Issuer to offer to purchase the Notes upon a change of control would constitute a default under the Indenture.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganizations, restructurings, mergers, recapitalizations or other similar transactions involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a change of control as defined in the Indenture.

Moreover, in certain circumstances specified in the Indenture, we will be required to commence an asset disposition offer (as defined under the Indenture) 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 Notes—Certain Covenants—Limitation 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 Notes—Optional Redemption*."

The term "all or substantially all" in the context of a change of control has no clearly established meaning under relevant laws and is subject to judicial interpretation such that it may not be certain that a change of control has occurred or will occur.

The definition of "change of control" and the covenant described under *"Description of Notes—Certain Covenants—Merger and Consolidation*" in the Indenture will include (with certain exceptions) a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries (taken as a whole) to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," it has no clearly established meaning under relevant law, varies according to the facts and circumstances of the subject transaction and is subject to judicial interpretation. Accordingly, in certain circumstances, there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person, and therefore it may be unclear whether a change of control has occurred and whether the Issuer are required to make an offer to repurchase the Notes.

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 (provided for by Article 96 of Presidential Decree No. 917 of December 22, 1986 ("**Article 96**"), as amended by Legislative Decree No. 142 of November 29, 2018) allows for the full tax deductibility of interest expense incurred by the Issuer in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of EBITDA (*i.e.*, *risultato operativo lordo della gestione caratteristica* or "**ROL**"), as well as 30% of ROL carried forward from previous fiscal years. The ROL is calculated on the basis of the value of the items of the Issuer's profit and loss account, which are comprised of the operating gross revenues and expenses (excluding depreciation of tangible and intangible assets, as well as leasing fees), as determined through the application of the tax rules concerning the determination of the corporate income taxable base. The amount of ROL not used for the deduction of the amount of interest expense in a fiscal year can be carried forward for the following five fiscal years. The amount of any interest income exceeding the interest expenses in a fiscal year can be carried forward without time limits. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years and deducted, provided that and to the extent that, in such fiscal years, the amount of interest expense that exceeds interest income (also carried forward from previous fiscal years) is lower than 30% of ROL. In the case of an Italian tax group (*consolidato fiscale nazionale*), interest expense not deducted by an entity within the tax group due to lack interest income or of ROL can be deducted at the tax unity level, within the limit of the excess interest income and excess of ROL of the other companies within the tax group. This 30% threshold applies to the Italian subsidiaries of the Issuer only. Article 96 does not apply to certain entities active in the insurance and financial sector.

In addition, the Italian tax authorities have in certain instances challenged merger leverage buyout transactions with respect to the deductibility of interest expenses arising in connection with acquisition financing. However, on March 30, 2016, the Italian Revenue Agency issued Circular Letter No. 6/E ("**Circular Letter**") clarifying, as a common principle, that interest on the acquisition bank loan in leveraged buy-out transactions are generally deductible for IRES purposes, subject only to ordinary limitations stated in Article 96 and excluding certain cases of reinvestment (also partial) by the seller(s). In case an acquisition is considered as entered into by one or more entities that are related parties to the seller(s), the deduction of interest expenses may be challenged by the tax authorities based on anti-abuse provisions, depending on the existence of non-marginal business reasons for the debt-financed acquisition.

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 expenses 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 does not relate to the business of the borrowing entity (as the relevant transaction is deemed as "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law). Italian tax laws and pronouncements of the tax authorities are subject to change and positions that the Biofarma Group takes for tax purposes may be challenged.

Furthermore, if the Italian tax authorities were to successfully challenge the use of proceeds from the Offering to make a refinancing under the "inherence" principle and/or to make an acquisition under the anti-abuse provision, we may be unable to deduct our interest expenses and/or be subject to significant penalties or other consequences that could have a material adverse effect on our financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

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 its subsidiaries), (ii) the tax treatment of interest expense arising from any indebtedness, including the Notes, (iii) the failure to satisfy the applicable legal requirements relating to the deductibility of interest expense or (iv) 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.

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 withholding 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 withholding tax. According to a strict interpretation of such circular, the Notes may not be eligible to benefit from such provision if the listing of the Notes is not effective as of 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 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.

Italian withholding taxes or deduction may be payable on amounts paid by an Italian resident Guarantor.

Under a certain interpretation, payments made to non-resident entities without an Italian permanent establishment to which the Notes are effectively connected by an Italian resident Guarantor 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 the resulting obligation to pay additional amounts to Holders of the Notes could have a material adverse effect on our financial condition and results of operations.

No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Decree No. 239 will be met.

The regime provided by Decree No. 239 and in particular the exemption from withholding tax in principle granted to Holders of the Notes who are the beneficial owners of the proceeds from the Notes (or, if the Holders are institutional investors not subject to tax, even if they are not the beneficial owners of the Notes) and who are resident in countries included in the White List applies if certain procedural requirements are met. It is not possible to assure that all non-Italian resident investors (including beneficial owners of the Notes sold to QIBs in reliance on Rule 144A (the "**Rule 144A Notes**")) can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime. See "*Certain Tax Considerations—Certain Italian Tax Considerations*."

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed 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 assurances can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Certain covenants and events of default will be suspended if the Notes receive investment grade ratings.

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

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. Moreover, 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.

Holders of the Notes are unlikely to be entitled to a gross-up for any Italian withholding taxes, unless such Italian withholding tax is caused solely by our failure to comply with certain procedures.

We are organized under the laws of Italy and are resident in Italy for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain or payment on the Notes, may be subject to Italian tax laws and regulations. All payments made by us or on our behalf 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. In that event, subject to a number of exceptions, we must pay such additional amounts as will result in the holders of the Notes receiving the amounts as they would have received in respect of such Notes had no such withholding or deduction been required. We will not be liable to pay any additional amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Decree No. 239 or pursuant to Decree No. 461, except where the procedures prescribed by Decree No. 239 and/or by Decree No. 461 in order to benefit from an exemption have not been complied with solely due to our (or our agents') actions or omissions. In such circumstances where we would not be liable to pay additional amounts, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of Notes—Withholding Taxes*" and "*Certain Tax Considerations—Certain Italian Tax Considerations*."

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 and/or Decree No. 461 where a holder of Notes is resident for tax purposes in a country or territory included in the White List, and such holder complies with certain certification requirements, there can be no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 after the date of this Offering Memorandum, including any change in the White List.

You may face foreign currency exchange risks or other adverse tax consequences as a result of investing in the Notes.

The Notes will be denominated and payable in euro. If you are a U.S. investor, 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 U.S. dollar because of economic, political and other factors over which we have no control. Depreciation of the euro against the U.S. dollar could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to U.S. investors on a U.S. dollar basis. Investing in the Notes by U.S. investors also may have significant tax consequences. See "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*."

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 Notes in definitive registered form, or definitive registered Notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holders of the Notes. Payments of principal, interest and other amounts owing on or in respect of the relevant Global Notes representing the Notes will be made to The Bank of New York Mellon, London Branch, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the Global

Notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, as applicable, the Issuer 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 in the Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and Clearstream on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers 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 and Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or timely basis.

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 and Clearstream. The Issuer cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

The Notes will be issued with OID for U.S. federal income tax purposes.

The Notes will be issued with OID in an amount equal to the difference between their “stated redemption price at maturity” and their issue price. As a result, holders subject to U.S. federal income taxation will generally be required to include the OID in gross income (as ordinary income) for U.S. federal income tax purposes as the OID accrues (using the constant yield method) in advance of the receipt of cash payments attributable to such OID, irrespective of their regular method of accounting for U.S. federal income tax purposes. See “*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations.*”

USE OF PROCEEDS

We estimate that the gross proceeds from the Offering will be €345.0 million. The gross proceeds from the Offering, together with cash on balance sheet, will be used to repay in full and cancel the indebtedness incurred by the Issuer under the Bridge Facilities, including accrued interest thereon, and pay certain fees and expenses in connection with the Offering and the Bridge Facilities Refinancing. The Issuer utilized the proceeds from (i) the Bridge Acquisition Tranche, the Bridge General Corporate Purpose Tranche and the Equity Contribution, together with cash on balance sheet of the Company to, indirectly, fund (a) the payment of the purchase price for the Acquisition, (b) the Udine Plant Acquisition, (c) the Apharm Minority Interest Acquisition, (d) the payment of a special bonus to management in connection with the Acquisition, (e) the payment of fees and expenses in connection with the Transactions (other than the Offering and the Bridge Facilities Refinancing) and (f) fund cash overfunding on balance sheet of the Issuer and its subsidiaries and (ii) the Bridge Refinancing Tranche of the Bridge Facilities, together with cash on balance sheet of the Company, to, directly and indirectly through its subsidiaries Nutrilinea, Apharm and Pasteur via the relevant Proceeds Loans, fund the repayment in full and cancellation of the Refinanced Company Indebtedness and complete the Refinancing. See "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*."

The estimated sources and uses of the funds necessary to complete the Bridge Facilities Refinancing are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including the amount of accrued and unpaid interest under the Bridge Facilities and differences in the actual amount of fees and expenses in connection with the Offering and the Bridge Facilities Refinancing compared to our estimates. This table should be read in conjunction with the table presented under *"Summary—The Financing of the Acquisition and the Refinancing*" and "*Capitalization*."

Sources	(€ million)	Uses	(€ million)
Gross proceeds from the Offering(1)	331.2	Repayment of the Bridge Facilities(3)	347.3
Cash on hand(2)	16.1		
Total sources	**347.3**	**Total uses**	**347.3**

(1) Represents the aggregate principal amount of the Notes of €345.0 million *less* the aggregate amount of original issue discount (€331.2 million, calculated by applying an issue price of 96.00% to the aggregate principal amount of €345.0 million).

(2) To the extent cash of the Issuer at the Issue Date will not be sufficient to complete the Bridge Facilities Refinancing, the subsidiaries of the Issuer may transfer cash to the Issuer through a partial repayment of the BidCo Proceeds Loan.

(3) Represents the €345.0 million aggregate principal amount of indebtedness outstanding under the Bridge Facilities, plus estimated accrued and unpaid interest on the Bridge Facilities in the amount of €2.3 million. In connection with the Bridge Facilities Refinancing, the Bridge Facilities will be repaid in full at par on the Issue Date, along with accrued and unpaid interest, with the proceeds from the Offering and cash on the Issuer's balance sheet. In particular, proceeds from a portion of the Notes designated as Tranche A, equal to an aggregate principal amount of €129.2 million ("**Tranche A**"), will be used to refinance the Bridge Acquisition Tranche of the Bridge Facilities, and proceeds from the remaining portion of the Notes designated as Tranche B, equal to an aggregate principal amount of €182.5 million ("**Tranche B**"), will be used to refinance the Bridge Refinancing Tranche of the Bridge Facilities, and proceeds from a portion of the Notes designated as Tranche C, equal to an aggregate principal amount of €33.3 million ("**Tranche C**"), will be used to refinance the Bridge General Corporate Purpose Tranche of the Bridge Facilities. The Bridge Facilities were granted by the Initial Purchasers or their respective affiliates. See "*Plan of Distribution*." For more information on the Italian law considerations applicable to Tranche A, Tranche B and Tranche C and the related limitations on guarantees and security interests granted by Italian companies, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations—Italy—Limitations to the Guarantees and Collateral*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*."

For the avoidance of doubt, the "virtual tranching" of the Notes is aimed at identifying the separate portions of the proceeds from the Offering to be used to refinance the Bridge Acquisition Tranche (the proceeds of which were used to pay the purchase price for the Acquisition, fund the Udine Plant Acquisition and pay bonuses, fees and expenses in connection with the Transactions (other than the Offering, the Bridge Facilities Refinancing and the Apharm Minority Interest Acquisition)), the Bridge Refinancing Tranche (the proceeds of which were used, together with cash on Company's balance sheet, to repay the Refinanced Company Indebtedness) and the Bridge General Corporate Purpose Tranche (the proceeds of which were used to, *inter alia*, fund cash to the Company's balance sheet for the funding of the Apharm Minority Interest Acquisition and payment of related fees and expenses), and will not entail issuing separate identifiers (ISINs or Common Codes) for each such virtual tranche of the Notes. See "*Capitalization,*" and "*Description of Notes.*"

CAPITALIZATION

The following table should be read in conjunction with "*Use of Proceeds,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" "*Description of Certain Financing Arrangements*" and the Audited Financial Statements and the accompanying notes included elsewhere in this Offering Memorandum.

The following table sets forth the consolidated cash and cash equivalents and the capitalization (i) of the Company on a historical basis, as of December 31, 2021 (therefore excluding the impact of the IHS Acquisition), and (ii) of the Issuer as adjusted to give effect to the consummation of the Transactions and the IHS Acquisition, as if they had occurred on December 31, 2021. Amounts presented in the table below exclude deferred debt issuance costs. Unless otherwise noted, the adjustments column does not give effect to movements in cash and cash equivalents or amounts borrowed or repaid after December 31, 2021. We believe that presenting the consolidated cash and cash equivalents and capitalization of the Issuer in this manner is the most meaningful way to present the financial position of the Issuer after giving effect to the Transactions as if they had occurred on December 31, 2021, given the Issuer is a holding company formed in connection with the Transactions with no revenue generating activities of its own and without any business operations, material assets, other than the shares it indirectly holds in the Company and its receivables under the BidCo Proceeds Loan, or material liabilities, other than those incurred in connection with its incorporation and the Transactions, including indebtedness incurred in connection with the Transactions.

	As of December 31, 2021	
(€ in millions)	**Actual**	**As Adjusted**
Cash and cash equivalents[1]	**24.9**	**5.7**
Revolving Credit Facility[2]	—	—
Notes offered hereby[3]	—	345.0
Other Company indebtedness[4]	102.0	0.8
Total gross financial indebtedness	**102.0**	**345.8**
Total shareholders' equity[5]	**124.1**	**877.7**
Total capitalization[6]	**226.1**	**1,223.5**

(1) As adjusted cash and cash equivalents reflects the cash and cash equivalents of the Issuer and its subsidiaries as of December 31, 2021 (*i.e.* €24.9 million) adjusted to give effect to the updated cash position of the Company as of the Completion Date (*i.e.* €21.8 million) and the Transactions, as described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*" and "*Summary—The Transactions—The Offering and the Bridge Facilities Refinancing.*" As adjusted cash and cash equivalents does not reflect the amount of cash generated or otherwise utilized by the Biofarma Group after the Completion Date. Following the completion of the Transactions, we intend to primarily rely on our operating cash flow as well as our Revolving Credit Facility to satisfy our working capital and other liquidity needs. As a result, our cash and cash equivalents as of the Issue Date, or as of any future date, may vary from the amount of cash and cash equivalents shown in the table above. For further information, see "*Summary—Transactions.*"

(2) Represents the €60.0 million Revolving Credit Facility entered into on March 16, 2022. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement.*" We currently expect the Revolving Credit Facility to be undrawn on the Issue Date.

(3) Represents the aggregate principal amount of the Notes offered hereby (excluding any deferred debt issuance costs). The proceeds of the Offering will be used to repay in full and cancel the indebtedness incurred under the Bridge Facilities. See "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*" and "*Use of Proceeds.*"

(4) Actual Other Company indebtedness consists of €101.2 million of bank loans and €0.8 million of leasing debts. Such amount does not include, *inter alia*, the amount of debt incurred to complete the IHS Acquisition and it is therefore materially different from the amount of the Refinanced Company Indebtedness (*i.e.* €183.3 million, including the amount of debt incurred to complete the IHS Acquisition) repaid on or about the Completion Date in connection with the Refinancing. As adjusted Other Company indebtedness reflects the financial indebtedness expected to remain outstanding following the Transactions, primarily consisting of leasing liabilities for an amount of €0.8 million.

(5) As adjusted shareholders' equity represents the Equity Contribution (net) received by the Issuer and its subsidiaries in connection with the Transactions. See "*Use of Proceeds.*"

(6) Represents total gross financial indebtedness *plus* shareholders' equity.

SELECTED HISTORICAL FINANCIAL INFORMATION

Selected Consolidated Income Statement Data

(€ in millions)	For the year ended December 31, 2019* (*pro forma* unaudited)	2020	2021
Net revenue	163.7	176.9	201.1
Other revenue and income	5.3	6.6	5.5
Total net revenue and income	**169.0**	**183.4**	**206.6**
Purchase of goods and changes in inventory	81.9	88.0	105.8
Cost of services	26.4	34.1	29.2
Use of third party assets	3.3	4.6	5.4
Personnel costs	25.6	29.7	31.7
Other operating costs	0.6	0.9	0.3
Capitalization in fixed assets for internal work	(0.9)	(3.0)	(5.6)
Depreciation—tangible assets	6.3	8.9	9.0
Amortization—intangible assets	21.8	21.3	23.1
Provisions for risks	0.1	0.1	0.4
Total operating costs	**165.1**	**184.6**	**199.4**
Operating profit	**3.9**	**(1.1)**	**7.2**
Financial income	(4.1)	(4.1)	(3.9)
Profit before taxes	**(0.2)**	**(5.2)**	**3.3**
Income taxes	(5.1)	(3.6)	(5.6)
Profit for the year	**(5.3)**	**(8.9)**	**(2.3)**

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

Selected Consolidated Balance Sheet Data

(€ in millions)	As of December 31, 2019* (*pro forma* unaudited)	2020	2021
Non-current assets	203.5	188.2	171.0
Current assets	96.3	112.3	116.6
Total assets	**299.8**	**300.5**	**287.7**
Total shareholders' equity	**135.9**	**125.6**	**124.1**
Non-current liabilities	99.7	100.9	82.8
Current liabilities	64.2	74.0	80.7
Total liabilities and shareholders' equity	**299.8**	**300.5**	**287.7**

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The

Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

Selected Consolidated Cash Flow Statement Data

	For the year ended December 31,	
(€ in millions)	**2020**	**2021**
Cash flow from operating activities	21.8	30.1
Cash flow from investing activities	(16.0)	(15.0)
Cash flow from financing activities	24.1	(20.3)
Increase/(decrease) in cash and cash equivalents	**30.0**	**(5.1)**
Cash and cash equivalents at the beginning of the year	**—***	**30.0**
Cash and cash equivalents at the end of the year	**30.0**	**24.9**

* The cash and cash equivalents amount as of January 1, 2020 included in our Audited Financial Statements reflects the amount of cash and cash equivalents (*i.e.*, nil) required to be presented as of the date on which the Biofarma Group Consolidation took effect and the Biofarma Group started producing consolidated financial statements. See "*Presentation of Financial and Other Information—Biofarma Group*" and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Comparability of Our Results of Operations—Consolidation of the Biofarma Group."*

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

The following is a discussion of the consolidated financial condition and results of operations of the Biofarma Group for the years ended December 31, 2019, 2020 and 2021. All references in this Offering Memorandum to the financial information as of and for the years ended December 31, 2019, 2020 and 2021 shall be deemed to be to the financial information for the period prepared in accordance with Italian GAAP.

The historical combined financial information of the Biofarma Group for the year ended December 31, 2019 (the "Unaudited Pro Forma 2019 Combined Financial Data") included in this Offering Memorandum has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, i.e., the Company and the Nutrilinea Group. See "Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data."

The following discussion should be read together with, and is qualified in its entirety by reference to, the Audited Financial Statements and the related notes thereto included elsewhere in this Offering Memorandum. The following discussion should also be read in conjunction with the sections entitled "Presentation of Financial and Other Information," "Summary Historical Financial Information and Other Data" and "Selected Historical Financial Information." Except for the historical information contained herein, the discussions in this section contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly in "Risk Factors" and "Forward-Looking Statements."

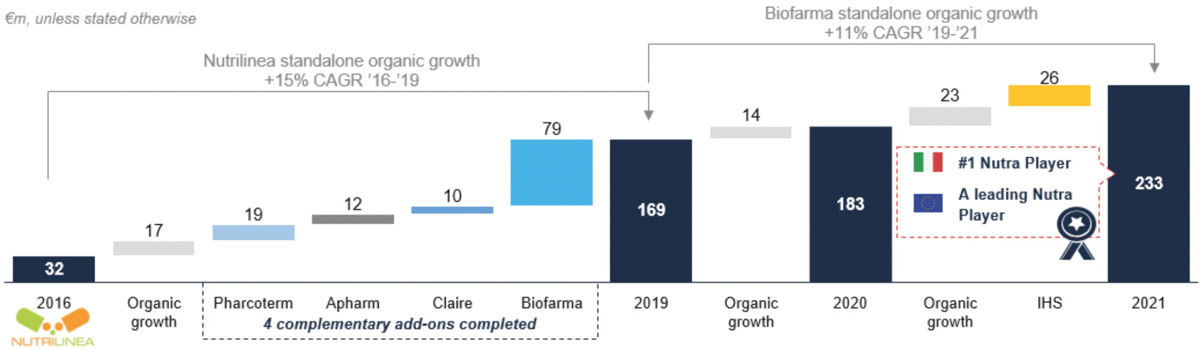
Overview

We are a leading European contract development and manufacturing organization ("**CDMO**") specialized in the development, manufacturing and packaging of nutraceuticals (comprising health supplements and medical devices) and cosmetics. We are the result of a buy-and-build strategy, commenced in 2017 with the acquisition of Nutrilinea and complemented by five strategic add-ons of nutraceuticals or cosmetics CDMOs or CMOs, the most recent of which was IHS, a carve-out business that previously formed part of Giellepi S.p.A., an Italian player in the nutraceutical market. See "*Our Business—History*."

We offer an integrated CDMO value proposition to our customers through a wide range of services, from market intelligence and R&D to finished dosage forms ("**FDFs**") formulation, manufacturing and packaging. We also offer regulatory services, primarily relating to the registration of nutraceutical product dossiers and the development of nutraceutical brands at both a local and an international level, through a dedicated team of approximately 20 full-time employees ("**FTEs**") as of December 31, 2021. We develop and offer innovative solutions by anticipating market trends through our "push innovation model" that relies on (i) our sizeable R&D and regulatory departments and (ii) our substantial portfolio of proprietary innovative solutions that combines differentiated manufacturing technologies (*e.g.*, microencapsulation), delivery systems (*e.g.*, T-Win and Dry-Cap) and formulation capabilities (*e.g.*, the development of several new products in areas such as sleep relaxation, pediatrics and anti-ageing, and probiotics combination). Our R&D department, which consisted of approximately 44 FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021, is key to our ability to assist customers with an innovative and differentiated product offering. As such, we derived 56% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products manufactured using innovative or patent-protected technologies. We manufacture our products through our four state-of-the-art manufacturing sites in northern Italy, which assure high quality levels in terms of operation, health and safety, with the Italian Medicines Agency ("**AIFA**") having approved a portion of the Udine Plant for the manufacture of pharmaceutical grade products. These capabilities have allowed us to become the partner-of-choice for large pharmaceutical companies (*e.g.*, Sanofi and Alfasigma), consumer health companies (*e.g.*, Nestlé and Reckitt Benckiser) and international players (*e.g.*, Cosmax) in several co-development projects, as well as the sole supplier of nutraceutical probiotic-based products in Europe for Chr. Hansen.

We believe that we have built a competitive advantage in the European nutraceutical CDMO space in terms of size, innovation and regulatory capabilities. We believe that we are a leading European CDMO manufacturer of probiotic-based products, with an estimated market share of approximately 29% by revenue as of December 31, 2021 according to management estimates. Furthermore, based on our estimates and the report commissioned from the Market Consulting Firm, we believe we are the leader in the Italian nutraceutical CDMO industry, with an approximately 18% market share by revenue as of December 31, 2021.

For the year ended December 31, 2021, excluding the results of IHS, we generated total net revenue and income of €206.6 million and EBITDA of €39.3 million. Over the same period, *pro forma* for the IHS Acquisition, we generated *pro forma* revenue and *Pro forma* Structuring EBITDA of €232.7 million and €64.0 million, respectively. A combination of the acquisition-driven growth through our buy-and-build strategy and double digit organic growth at a CAGR of 12% (*pro forma* for the IHS Acquisition) between 2019 and 2021 resulted in the increase of total net revenue and income from €184.1 million for the year ended December 31, 2019 to €232.7 million (in each case *pro forma* for the IHS Acquisition) for the year ended December 31, 2021. An overview of our growth story and revenue evolution, commencing with the acquisition of Nutrilinea, is set out below.



We operate our business across more than 20 therapeutic areas, including genitourinary, neurology, cardiology, sports nutrition, and vitamins and multivitamins, and hold a large and diversified portfolio of products, which include approximately 2,400 health supplements, over 30 product dossiers for medical devices and over 1,900 cosmetics. Probiotic-based products are our core area of expertise and represented approximately 29% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021.

We operate our business through three business units:

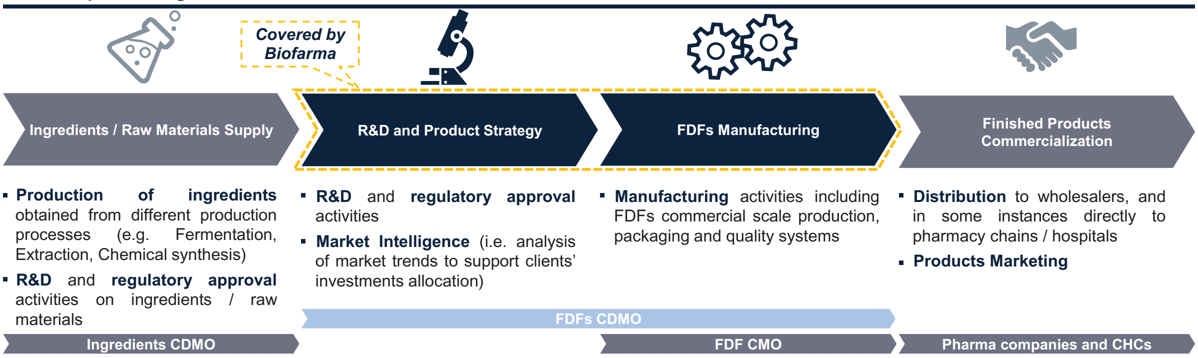
- **Health Supplements.** Through our Health Supplements business unit, we develop and manufacture health-enhancing products that primarily enable the maintenance of good health and support or enhance prevention treatments individually or in combination with pharmaceutical products, including for chronic diseases. While the purchase of Health Supplements does not require a formal doctor's prescription in most of our geographies, the initial purchase of health supplements by end consumers is usually driven by doctors' recommendations. For the year ended December 31, 2021, our Health Supplements business unit generated total net revenue and income (*pro forma* for the IHS Acquisition) of €149.5 million, representing 64.2% of our *pro forma* revenue for the period. Excluding the revenue of IHS, our Health Supplements business unit generated total net revenue and income of €135.7 million, representing 65.7% of our total net revenue and income for the period. Our Health Supplements total net revenue and income (*pro forma* for the IHS Acquisition) grew at a CAGR of approximately 13% between 2019 and 2021. For the year ended December 31, 2021, products within our Health Supplements business unit contributed 68% (€43.5 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin of 29% (as a percentage of the *pro forma* revenue generated by our Health Supplements business unit) over the same period.

- **Medical Devices.** Through our Medical Devices business unit, we develop and manufacture products that achieve their therapeutic effect through a physical (*e.g.*, aerosol) or mechanical (*e.g.*, a protective layer in the stomach) action to prevent and treat diseases. Medical devices are closer to pharmaceuticals (compared to health supplements) due to the specific regulatory framework they need to comply with at a national and European level. Similar to health supplements, medical devices are typically recommended by doctors and sold to end-customers through pharmacies. We have a portfolio of over 30 product dossiers in our Medical Devices business unit. For the year ended December 31, 2021, our Medical Devices business unit generated total net revenue and income revenue (*pro forma* for the IHS Acquisition) of €49.5 million, representing 21.3% of our *pro forma* revenue for the period. Excluding the revenue of IHS, our Medical Devices business unit generated total net revenue and income of €37.3 million, representing 18.0% of our total net revenue and income for the period. Our Medical Devices total net revenue and income (*pro forma* for the IHS Acquisition) grew at a CAGR of approximately 13% between 2019 and 2021. For the year ended December 31, 2021, products within our Medical Devices business unit contributed 26% (€16.5 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin (as a percentage of our *pro forma* revenue generated by our Medical Devices business unit) of 33% over the same period.

- **Cosmetics.** Through our Cosmetics business unit, we primarily develop and manufacture premium skin care products, such as anti-ageing creams, sun care and hair care products. Our strategic focus in this business unit is represented by "cosmeceuticals," consisting of cosmetic products that are purported to have therapeutic action. Our Cosmetics business unit includes certain differentiated innovative technologies, such as the Bag on Valve ("**BOV**") technology. For the year ended December 31, 2021, our Cosmetics business unit generated total net revenue and income of €33.7 million, representing 14.5% of our *pro forma* revenue for the period. Our Cosmetics total net revenue and income grew at a CAGR of 8% between 2019 and 2021. For the year ended December 31, 2021, products within our Cosmetics business unit contributed 7% (€4.4 million) to our gross margin, and generated gross margin of 13% (as a percentage of our *pro forma* revenue generated by our Cosmetics business unit) over the same period.

We offer an integrated CDMO value proposition to our customers, from market intelligence and R&D, to FDF formulation, manufacturing and packaging. The chart below illustrates our presence across the nutraceutical value chain.

Biofarma positioning within the value chain



We have a large, diversified and established customer base comprising over 500 customers, ranging from large pharmaceutical companies, such as Sanofi and Alfasigma, consumer health companies, such as GlaxoSmithKline, Nestlé and Reckitt Benckiser, and international distributors, such as Cosmax, to mid-sized nutraceutical commercialization players, such as Montefarmaco, Lo.Li. Pharma and Sofar. Our customers also include blue chip brands such as Chr. Hansen. We have long-standing relationships with the large majority of our customers, for which we are the priority one supplier with *de facto* exclusivity and we have an average relationship duration of approximately 7.5 years with our top 10 customers. Our position as *de facto* exclusive supplier for several of our key customers is supported by our significant capabilities in the co-development of products with, and high switching costs for, such customers, as well as our extensive portfolio of patent-protected products and technologies (such as Dry-Cap). For some of our key customers, we act as sole supplier of nutraceutical products by virtue of our contractual arrangements with them. In such cases, customers rely on our supply on an exclusive basis except in limited circumstances (*e.g.*, if second sourcing is necessary to ensure continuity of services) and subject to our right to receive advance notice of such second sourcing being sought. As a result, we have not lost a single key customer in the last three years, recording a customer retention rate of approximately 97% from 2019 to 2021 (expressed as a percentage of our net revenue generated from the customers retained over the 2019 to 2021 period to our net revenue over such period) according to the report commissioned from the Market Consulting Firm.

While our four manufacturing sites and three R&D centers are located in Italy, which accounted for 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021, we benefit from a global commercial reach, generating 45% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products sold to customers in Europe, Asia and the United States. Sales to customers in Europe (excluding Italy), Asia and the United States accounted for 36%, 6% and 3%, respectively, of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. As of December 31, 2021, we had approximately 800 FTEs (including employees deputed to us from third party agencies).

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.

Industry trends and consumer preferences

We are a CDMO specialized in the development, manufacturing and packaging of nutraceuticals and cosmetics. Within the EU5 nutraceuticals CDMO market, our main end-markets are health supplements and medical devices.

For the year ended December 31, 2021, we generated approximately 69% of our total net revenue and income in the EU5 countries (*i.e.*, United Kingdom, Germany, France, Italy and Spain). The nutraceutical CDMO market in the EU5 countries was estimated at approximately €1.7 billion in 2021 and benefits from high barriers to entry due to manufacturing complexity, innovative technologies protected by patents, sizeable capex requirements, high switching costs for customers and the ability to co-develop products with, and provide regulatory services to, customers. This market was also resilient to the COVID-19 pandemic, growing at approximately 6% CAGR between 2019 and 2021, compared to approximately 5% between 2016 and 2019. Our total net revenue and income generated from our Health Supplements and Medical Business units increased from €107.9 million and €32.2 million, respectively, for the year ended December 31, 2019 to €135.7 million and €37.3 million, respectively, for the year ended December 31, 2021. Such increase was driven, *inter alia*, by the positive trends affecting the nutraceutical market as well as our ability to build a competitive advantage in the European nutraceutical CDMO space by leveraging our size, innovation and regulatory capabilities, resulting in our organic revenue growth of 8.5% and 12.6% for the years ended December 2020 and 2021, respectively.

Among the EU5 countries, the Italian market is the largest and is considered as a more 'sophisticated' market compared to the market of other European countries in light of higher consumer awareness around health topics, an extensive history of pharmaceutical manufacturing and the strong influence of doctors' recommendations on consumers' decisions as key purchasing factors. Leveraging our strong position in the Italian market, our total net revenue and income generated in Italy recorded a significant increase over the periods under review, from €93.9 million for the year ended December 31, 2019 to €113.8 million for the year ended December 31, 2021.

The nutraceutical CDMO market in the EU5 countries is expected to further grow at a CAGR of approximately 5% between 2021 and 2025 mainly driven by, among other factors, increased awareness around health issues resulting in consumers prioritizing healthy lifestyles, a trend towards preventative healthcare resulting in the increased popularity of nutraceuticals, including herbal and botanical supplements, as both alternatives and complements to pharmaceutical products, the increasing trend of self-medication with consumers choosing therapy independently or consulting pharmacists and parapharmacists. We believe that these market trends, together with the foreseen structural evolution towards a more "science-based" approach, which is expected to favor more sizeable, sophisticated and 'innovative-driven' CDMOs like the Biofarma Group, will continue to support our growth.

Economic conditions and impact of COVID-19

For the year ended December 31, 2021, we generated 55% of our total net revenue and income in Italy. Our headquarters and all four of our manufacturing sites, as well as eight of our top 10 suppliers for the year ended December 31, 2021, are located in Italy. As such, we are partially dependent upon macroeconomic and political conditions in Italy and are exposed to any uncertainty and volatility thereof. A downturn in the Italian economy, including as a result of the COVID-19 pandemic, could negatively affect the labor market and the creditworthiness of certain of our customers and other counterparties. Declining or stagnating gross domestic product, increasing or stagnating unemployment and generally unfavorably conditions in the Italian financial markets may cause a reduction in consumers' healthcare spending or in demand for the products we develop and manufacture for our customers, which could in turn result in a decrease in demand for our products and a resulting reduction of our sales or volumes. In addition, a downturn in the Italian economy could result in fewer investments in infrastructure. Additionally, prolonged political instability in Italy may make conducting our business challenging. See "*Risk Factors—Risks Related to Our Business—Our headquarters, all of our manufacturing sites and most of our key suppliers are based in Italy, which exposes us to Italian economic and political uncertainty and volatility.*"

Following the outbreak of the COVID-19 pandemic, various governments, including the Italian government, imposed nationwide quarantines together with several other restrictive measures such as travel restrictions and bans, social distancing required for both individuals and businesses, shelter-in-place and lockdown orders and required closures of non-essential businesses. Given the essential nature of our business, we remained operational during the COVID-19 pandemic, with an organic total revenue growth of 8.5% and 12.6%, respectively, for the years ended December 31, 2020 and 2021, compared to the respective prior year periods; however, these restrictions caused delays and difficulties in receiving raw materials from third-party suppliers to manufacture our products as the COVID-19 pandemic has resulted in the shutdown of certain businesses which in turn resulted in disruptions or delays to our supply chain, required us to transition a portion of our workforce to working from home and adversely impacted our ability to arrange for the transport of raw materials at market prices. These restrictive measures also impacted the sale of certain of our products, such as probiotic-based products to be used in combination with antibiotics and "cough and cold" products, as a result of fewer incidences of seasonal and systemic viral infections during lockdown, and sun creams, as a result of lockdown measures. In addition, in order to be able to resume operations in accordance with appropriate health and safety measures, we incurred operating expenses of €0.8 million for the year ended December 31, 2021, primarily in relation to the increased use of our staff to manage periods of quarantine and the provision of personal protective equipment such as gloves, masks and gowns. By contrast, certain of our health supplements and medical devices products, such as probiotics that support immune functions and products treating sleep disorders, recorded an increase in sales during the COVID-19 pandemic, demonstrating our strong resilience and our ability to successfully exploit the asymmetric trends recorded in the markets in which we operate by leveraging the significant breadth of our product portfolio. The COVID-19 pandemic is expected to drive an acceleration of already strong underlying trends of increased awareness of the importance of healthy lifestyles, which in turn is expected to generate further growth in the nutraceutical market.

The extent of the impact of COVID-19 on our future operational and financial performance will depend on future developments, including the effectiveness and availability of vaccines and further restrictive actions taken by various governmental authorities in response to new strains of the virus, including the Omicron variant, termination of government support programs and the timing of recovery of the overall economy, all of which are highly uncertain and cannot be predicted. While governments have initiated vaccination programs against the COVID-19 pandemic, such programs are progressing slowly in certain countries and there can be no assurance on if and when the population of those and other countries will be fully immunized, including as a result of new strains of the virus which may be characterized by higher transmission rates. Therefore, it remains unclear if or when the pandemic will cease and whether previously-lifted measures to reduce the spread of COVID-19 may be reinstated. Any future developments are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic. See "*Risk Factors—Risks Related to Our Business—The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity.*"

Acquisitions

We have historically built our perimeter through strategic acquisitions, such as Apharm (in which we initially acquired a 70% controlling stake in 2019 from the founders, who retained a 30% minority interest until April 8, 2022, when we purchased such remaining stake from them as part of the Apharm Minority Interest Acquisition, as further described under "*Summary—The Transactions—The Acquisition, the Apharm Minority Interest Acquisition and the Udine Plant Acquisition*"), an Italian company focused on the R&D of medical devices for out-licensing to pharmaceutical and nutraceutical companies, with production fully outsourced to CDMOs, and Claire (which we acquired in July 2019), an Italian CDMO focused on the production of cosmetics and topical medical devices. Through these acquisitions, we were able to (i) expand our product portfolio, (ii) acquire new clients and unlock cross-selling opportunities across our business units and (iii) enlarge our operational perimeter to guarantee the critical size required to serve large pharmaceuticals and CHC companies, including through the increase of our manufacturing footprint.

More recently, on January 28, 2022, we acquired a 75% indirect controlling stake in IHS, an Italian company focused on the R&D of medical devices for out-licensing to pharmaceutical and nutraceutical companies, with production fully outsourced to CDMOs such as the Biofarma Group. IHS's portfolio of products includes medical devices primarily in the areas of gynecology, musculoskeletal, gastroenterology, immunology and cardiology, and its probiotic-based products generated approximately 26% of IHS's revenue for the year ended December 31, 2021. Through the IHS Acquisition, we expect to, *inter alia*, strengthen our Medical Devices and Health Supplements business units with significant R&D expertise (through IHS's R&D

department, consisting of seven FTEs as of December 31, 2021) and a complementary product portfolio; unlock cross-selling opportunities across our respective customer bases (including IHS's international network of distributors such as Cosmax) and expand our geographical presence, especially in Asia.

Acquisitions affect our results of operations in several ways. First, our results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired businesses in our consolidated results. As the acquired businesses are included in our consolidation perimeter from the date of completion of the relevant acquisition, their full impact is reflected in our financial statements only in the subsequent period. Further, our ability to effectively control joint investments, such as Apharm (until April 8, 2022, when we acquired the remaining 30% interest), IHS and Cura Beauty GmbH, take strategic decisions, or receive dividends, royalties and other payments from these joint investments generally depends not only on the joint investment's cash flow and profits, but also upon the terms of the agreements with our partners. See "*Risk Factors—Risks Related to Our Business—We may not have full control over some of our joint investments and other similar business arrangements, which may impede the strategic role of these entities within our operations.*" Following an acquisition, we seek to integrate the company into our structure. For example, we typically coordinate administration, finance and treasury, IT, human resources and other support functions with our central management functions. We also generally keep and strengthen local management teams, which we believe increases the chance of a smooth integration of the acquired company.

Cost savings and cross-selling initiatives

In the periods under review, we implemented several initiatives aimed at achieving cross-selling revenue synergies and cost savings and improve the way we run our business. As part of these initiatives, we have partially reorganized the structure of our business in order to enhance coordination and create synergies across business units, including through the optimization of our manufacturing footprint, the relocation of part of our workforce across plants and the reduction of use of warehouses, leveraging on the existing storage capacity across our existing facilities. We extracted significant cost savings synergies from leveraging the "best of breed" capabilities of each entity within the Biofarma Group. We have re-allocated production lines from one plant to another in line with their specific expertise, allowing us to optimize production flows and improve manufacturing efficiency. In addition, we have leveraged on the scale resulting from our M&A activity to centralize procurement activities and secure better pricing terms for raw materials with our suppliers.

In terms of cross-selling revenue synergies, we have been able to successfully cross-sell the complementary portfolios of the acquired companies across their respective customer bases. As an example, we promoted the cross-selling of Biofarma's portfolio of innovative technologies across Nutrilinea's customers in the European Union and APAC regions, expanded Biofarma's Medical Devices business unit by leveraging on Apharm's international network of distributors and supported the cross-selling of Biofarma and Claire product portfolios, generating in the aggregate approximately €1.2 million of cross-selling revenue synergies between 2019 and 2021 as a result. We also streamlined our organizational structure by merging certain wholly owned subsidiaries of the Company, with each of Pharcoterm and Claire, a former wholly-owned subsidiary of Nutrilinea, which was merged with and into Nutrilinea in March 2021, with the aim of simplifying our organization and reducing administrative costs.

Further to the IHS Acquisition, we expect to realize additional cost savings synergies, primarily driven by the planned in-sourcing the manufacturing of a substantial portion (approximately 60%) of IHS's medical devices, which are currently outsourced to other CMOs. As of December 31, 2021, we estimate that we had realized approximately €7.5 million of cross-selling revenue synergies and cost savings synergies from the acquisition of Nutrilinea and the strategic add-on acquisitions since 2019 on a cumulative basis. See "*Summary Historical Financial and Other Data—Other Financial Data and Key Performance Measures*."

Fluctuations in prices of the goods utilized in our business

Our margins are significantly impacted by the relationship between the prices that we are able to charge for our products and the costs of the goods required to make these products. The prices for our input goods, consisting of raw materials and packaging materials (accounting for 72%, 79% and 80% and 28%, 21% and 20%, respectively, of our purchase of goods for the years ended December 31, 2021, 2020 and 2019, respectively), have historically been volatile. Despite this volatility, the Group have historically been able to closely monitor raw materials prices and successfully set appropriate levels of supply, as testified by the increased stock in 2021 that allowed us to manage the prices increases and potential shortages of certain raw materials, especially curcuma and vitamins. Purchase of goods and changes in inventory amounted to 53%, 48% and 59% of our total operating costs for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in costs for certain of our raw materials, such as lactoferrin, curcuma and vitamins, over this period was primarily driven by general economic conditions and the impact of the COVID-19 pandemic. The availability and price of these raw materials are typically influenced by factors over which we have limited control, such as market conditions, general global economic prospects, production capacity, the financial stability of our suppliers, suppliers' commitments to others and production constraints, fluctuations in crude oil, natural gas and other commodity prices, infrastructure failures, political conditions, including conflicts such as the ongoing conflict between Russia and Ukraine, military action, terrorist attacks and general instability, particularly in energy-producing nations, weather conditions, regulations and other factors. We utilize financial hedges, forward purchasing and multiple sources of suppliers to mitigate cost fluctuations for certain of our goods. In line with industry practice, we are generally successful in passing raw material price increases on to our customers but we may experience delays in successfully doing so. While we have been negotiating passthrough mechanisms and other periodic price adjustments with our customers, which has fully offset and we expect will offset, the negative effects of such increases. In the last six months, we were able to finalize price increase negotiations in respect of over 85% of our product portfolio. See "*Risk Factors—Risks Related to Our Business—We are exposed to volatility in the availability and price of the raw materials on which our business relies, which may adversely impact our results of operations, and we may lose the ability to pass along fluctuations in the prices of our goods.*"

Regulatory, environmental and safety matters

While the majority of our product portfolio across our Health Supplements, Medical Devices and Cosmetics business units are not currently subject to stringent regulation, the process of seeking regulatory approval for the commercialization of certain new products and technologies, especially in respect of our Medical Devices business unit, can be time-consuming and subject to unanticipated and significant delays. For example, we experienced delays in obtaining regulatory approval for the commercialization of our *Esoxx* product in India due to the complexity of applicable laws and delays caused by the COVID-19 pandemic. In addition to the laws and regulations currently applicable to our products, new laws and regulations may be introduced in the future that could result in additional compliance costs, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution and sale of our products. For instance, the Medical Devices Regulation, which took effect on May 26, 2021 and permits pre-existing certifications of medical devices under the previous regulatory regime up to 2024, amended the regulatory framework governing medical devices in the European Union by, among other things, expanding the definition of medical devices to previously unregulated products, require us to generate clinical data about the safety and performance of their medical devices, and introducing stricter rules relating to product safety, quality assurance and risk management. Despite our significant regulatory capabilities, which allow us to navigate complex requirements in a number of jurisdictions, any delay in obtaining, or any failure to obtain or maintain, these approvals would adversely affect our ability to introduce new products, to continue distributing existing products, and to generate revenue from those products, which could have a material adverse effect on our results of operations. See "*Risk Factors—Risks Related to Our Business—Delays in obtaining regulatory approvals and changes in rules and regulations governing our products could adversely impact our business.*"

We are also subject to a variety of environmental, health and safety laws and regulations. In particular, we are subject to a number of continually changing and increasingly stringent local, state, and international environmental and health protection requirements with regard to, among other things, air emissions, wastewater discharges and the use, handling and disposal of chemicals and hazardous substances. Compliance with such regulations can require significant expenditures (including for remediation and containment work), and may result in an increase in our costs of operations. See "*Risk Factors—Risks Related to Our Business—Compliance with environmental, health and safety, and mandatory hiring laws and regulations and the retention of requisite permits related to our operations could result in significant ongoing costs and may result in further obligations and liabilities associated with our businesses.*"

R&D and innovation

Our R&D department is key to our growth and to our ability to assist customers in realizing their projects. We have consistently invested in our R&D department. We operate three R&D centers in Udine, Varese and, further to the IHS Acquisition, Monza, with 44 dedicated FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021, and incurred aggregate capitalized R&D expenses of €0.9 million, €3.0 million and €5.6 million, for the years ended December 31, 2019, 2020 and 2021, respectively. The significant increase recorded in 2021 is primarily attributable to the R&D activities we conducted in connection with the development of our microencapsulation technology and a food supplement launched in the first quarter of 2022 that we developed for a large pharmaceutical company. Expenses in research and new product development are a strategic enabler for our future growth and we expect to continue to make substantial investments in this area in the coming years. In 2022, we expect to incur approximately €3 million of R&D expenses.

Continuous innovation is critical to our business and we hold a strong portfolio of innovative solutions and patented technologies, consisting of manufacturing technologies, delivery systems, and formulation capabilities. For the year ended December 31, 2021, we derived 56% of our total net revenue and income (*pro forma* for the IHS Acquisition) from products manufactured using innovative or patent-protected technologies. Through continued spending in our R&D programs, we intend to drive revenue and profit growth through processes that will improve the quality of our products. For instance, our highly regarded formulation capabilities (such as probiotics combination) enabled us to secure contracts to develop several new products for large pharmaceutical and consumer health companies in areas such as sleep relaxation, pediatrics and anti-ageing. During the period under review, we launched over 50 new products to the market on average per year. For example, in 2021, we successfully developed sleep solutions for older adults, a health supplement that improves sexual health and a nutraceutical product for diabetes prevention. As such, it is difficult to estimate the commercial success of new products unproven in the marketplace and any failure to develop commercially viable products or to develop additional uses for existing products could make us less competitive and could in turn have a material adverse effect on our results of operations. See "*Risk Factors—Risks Related to Our Business—We may fail to develop new, commercially viable products or find sufficient commercial use for those products that we have already developed.*"

Product and business unit mix

Our results of operations are in part affected by the mix of products that we sell within the business units that we operate and products within each business unit can carry different price points, entail different production costs and generate different gross margins. For example, products within our Medical Devices business unit normally deliver the highest gross margin, with gross margin for our Cosmetics business unit typically being the lowest due to the more limited requirements in terms of R&D expenses and regulatory approvals, which in turn translate into higher pressure for competitive pricing. For the year ended December 31, 2021, products within our Health Supplements, Medical Devices and Cosmetics business units contributed 68% (€37.3 million), 24% (€12.9 million) and 8% (€4.4 million), respectively, to our gross margin and generated gross margins of 28%, 35% and 13%, respectively, over the same period.

Seasonality

We experience a limited degree of seasonal fluctuation in the demand for certain of our products, particularly in respect of our sun cream products (which typically see peak demand ahead of the summer period during the second quarter) and our anti-flu products (the sales for which generally peak during the first quarter). As a result, our sales are generally slightly higher in the first half of the financial year. Despite this limited seasonal effect, we believe our overall results are relatively stable on account of the diversification of our product portfolio.

Factors Affecting the Comparability of Our Results of Operations

Consolidation of the Biofarma Group

The Biofarma Group was formed in February 2020 from the aggregation of the Nutrilinea group with Esculapio S.r.l. (subsequently merged with and into the Company, with the Company being the surviving entity) and the Company, with the aggregation taking effect from January 1, 2020. See also "*Business—History*." At the time the Biofarma Group Consolidation took effect, the Nutrilinea group (the "**Nutrilinea Group**") consisted of the following entities: Nutrilinea, Apharm (a subsidiary of Nutrilinea, in which we initially acquired a 70% controlling stake in 2019 from the founders, who retained a 30% minority interest until April 8, 2022, when we purchased such remaining stake from them as part of the Apharm Minority Interest Acquisition), Pharcoterm and Claire, with each of Pharcoterm and Claire a former wholly-owned subsidiary of Nutrilinea which was merged with and into Nutrilinea in March 2021. The Biofarma Group has been preparing consolidated financial statements starting with the year ended December 31, 2020, and no consolidated financial statements of the Biofarma Group are available for any preceding periods. Due to the changes in our scope of consolidation as a consequence of the acquisitions we made in the periods under review, our results of operation over the periods under review may not be entirely comparable. See "*Presentation of Financial and Other Information—Biofarma Group—Historical Financial Information for the Years Ended December 31, 2021 and 2020.*"

The Unaudited Pro Forma 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. Prior to the Biofarma Group Consolidation, both the Company and the Nutrilinea Group prepared their respective financial information according to Italian GAAP. In order to increase comparability of our results between the periods under review, the Unaudited *Pro Forma* 2019 Combined Financial Data also give *pro forma* effect to the acquisition of Apharma and Claire (the "**2019 Acquired Companies**"), as if the 2019 Acquired Companies had been part of the Biofarma Group consolidation perimeter since January 1, 2019.

Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited Pro Forma 2019 Combined Financial Data may not be entirely comparable. The Unaudited Pro Forma 2019 Combined Financial Data has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data.*"

Description of Key Income Statement Items

Below is a summary description of the key line items of our income statement.

Net revenue

Net revenue represents proceeds from the sale of goods and revenues for services provided.

Other revenue and income

Other revenue and income represent sales of laboratory analysis, packaging, formula co-development recharge to customers, government grants for R&D activities, recharge of transportation, recharge of consultant costs and government incentives.

Purchase of goods and changes in inventory

Purchase of goods and changes in inventory represent purchase of raw materials, components and finished goods, change in inventories of finished goods and semi-finished products, and change in inventories of raw materials and goods.

Cost of services

Cost of services represents costs relating to services of an operational nature and general charges of the Biofarma Group, remuneration of our board of directors and our Board of Statutory Auditors, and our audit fees.

Other operating costs

Other operating costs represent consumption taxes and excise duties, non-income taxes and contingent liabilities and losses from disposals and other costs.

Use of third party assets

Use of third party assets represents rent, leasing and other similar costs.

Personnel costs

Personnel costs represent salaries and wages, social security contributions, employee severance indemnities and temporary worker costs.

Other operating costs

Other operating costs represent contingent liabilities and other expenses.

Capitalization in fixed assets for internal work

Capitalization in fixed assets for internal work represents capitalized amounts relating to ongoing R&D projects that we expect to launch in the mid-term.

Depreciation—tangible assets

Depreciation—tangible assets represents depreciation of property, plant and equipment.

Amortization—intangible assets

Amortization—intangible assets represents amortization of goodwill and amortization of other intangible assets.

Provisions for risks

Provisions for risks primarily represents prudential write-downs of certain receivables and contingent liabilities with the Italian tax authority for social security expenses and sanctions.

Financial income

Financial income represent interest on bank loans, amortized cost effects on bank loans, factoring charges and other charges, net of financial income.

Income taxes

Income taxes represent the amount of current taxes, deferred taxes and expenses (gains) from consolidated taxes.

Results of Operations

The table below summarizes our results of operations for the years ended December 31, 2019, 2020 and 2021.

	For the year ended December 31,		
(€ in millions)	**2019* (*pro forma* unaudited)**	**2020**	**2021**
Net revenue	163.7	176.9	201.1
Other revenue and income	5.3	6.6	5.5
Total net revenue and income	**169.0**	**183.4**	**206.6**
Purchase of goods and changes in inventory	81.9	88.0	105.8
Cost of services	26.4	34.1	29.2
Use of third party assets	3.3	4.6	5.4
Personnel costs	25.6	29.7	31.7
Other operating costs	0.6	0.9	0.3
Capitalization in fixed assets for internal work	(0.9)	(3.0)	(5.6)
Depreciation—tangible assets	6.3	8.9	9.0
Amortization—intangible assets	21.8	21.3	23.1
Provisions for risks	0.1	0.1	0.4
Total operating costs	**165.1**	**184.6**	**199.4**
Operating profit	**3.9**	**(1.1)**	**7.2**
Financial income	(4.1)	(4.1)	(3.9)
Profit before taxes	**(0.2)**	**(5.2)**	**3.3**
Income taxes	(5.1)	(3.6)	(5.6)
Profit for the year	**(5.3)**	**(8.9)**	**(2.3)**

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

Year ended December 31, 2021 compared to year ended December 31, 2020

The table below sets out our consolidated results of operations for the year ended December 31, 2021, compared to the year ended December 31, 2020.

(€ in millions, except percentages)	For the year ended December 31, 2020	2021	Percentage change
Net Revenue	176.9	201.1	13.7%
Other revenue and income	6.6	5.5	(16.4)%
Total net revenue and income	**183.4**	**206.6**	**12.6%**
Purchase of goods and changes in inventory	88.0	105.8	20.2%
Cost of services	34.1	29.2	(14.5)%
Use of third party assets	4.6	5.4	18.1%
Personnel costs	29.7	31.7	6.9%
Other operating costs	0.9	0.3	(70.0)%
Capitalization in fixed assets for internal work	(3.0)	(5.6)	83.7%
Depreciation—tangible assets	8.9	9.0	1.8%
Amortization—intangible assets	21.3	23.1	8.4%
Provisions for risks	0.1	0.4	484.2%
Total operating costs	**184.6**	**199.4**	**8.1%**
Operating profit	**(1.1)**	**7.2**	**n.a.**
Financial income	(4.1)	(3.9)	(5.7)%
Profit before taxes	**(5.2)**	**3.3**	**n.a.**
Income taxes	(3.6)	(5.6)	54.1%
Profit for the year	**(8.9)**	**(2.3)**	**(73.8)%**

Our total net revenue and income by business unit for the years ended December 31, 2020 and 2021 was as follows:

(€ in millions, except percentages)	For the year ended December 31, 2020	2021	Percentage change
Health Supplements	117.9	135.7	15.0%
Medical Devices	33.6	37.3	11.0%
Cosmetics	31.9	33.7	5.6%
Total net revenue and income	**183.4**	**206.6**	**12.6%**

Our total net revenue and income by geography for the years ended December 31, 2020 and 2021 was as follows:

(€ in millions, except percentages)	For the year ended December 31, 2020	2021	Percentage change
Italy	96.8	113.8	17.6%
Rest of Europe	78.5	83.5	6.4%
Asia	0.9	1.0	11.1%
North America	6.7	7.6	13.4%
Others	0.5	0.5	—
Total net revenue and income	**183.4**	**206.6**	**12.6%**

Net revenue

Net revenue increased by €24.2 million, or 13.7%, from €176.9 million for the year ended December 31, 2020 to €201.1 million for the year ended December 31, 2021, primarily due to organic growth across all the business, particularly in our Health Supplements and Medical Devices business units, as compared to 2020 levels, driven by customer penetration and geographic expansion in Asia and North America.

Other net revenue and income

Other revenue and income decreased by €1.1 million, or 16.4%, from €6.6 million for the year ended December 31, 2020 to €5.5 million for the year ended December 31, 2021, primarily due to a reduction in government R&D incentives received in 2020 and decreased income from laboratory analysis services.

Purchase of goods and changes in inventory

Purchase of goods and changes in inventory increased by €17.8 million, or 20.2%, from €88.0 million for the year ended December 31, 2020 to €105.8 million for the year ended December 31, 2021, primarily due to volume increase and increased costs for the purchase of certain of our raw materials, such as lactoferrin and curcuma.

Cost of services

Cost of services decreased by €4.9 million, or 14.5%, from €34.1 million for the year ended December 31, 2020 to €29.2 million for the year ended December 31, 2021, primarily due to certain cost reduction initiatives that were implemented in 2021 relating, in particular, to the in-sourcing of certain phases of our manufacturing cycle and more favourable terms negotiated with our services suppliers, such as our suppliers of maintenance services.

Use of third party assets

Use of third party assets increased by €0.8 million, or 18.1%, from €4.6 million for the year ended December 31, 2020 to €5.4 million for the year ended December 31, 2021, primarily due to the increase in rental costs for certain areas of the Udine Plant.

Personnel costs

Personnel costs increased by €2.1 million, or 6.9%, from €29.7 million for the year ended December 31, 2020 to €31.7 million for the year ended December 31, 2021, primarily due to an increase in salaries and wages, social security contributions and employee severance indemnities driven by an increase in our workforce, partially offset by a decrease in costs for temporary workers.

Other operating costs

Other operating costs decreased by €0.7 million, or 70.0%, from €0.9 million for the year ended December 31, 2020 to €0.3 million for the year ended December 31, 2021, primarily due to a reduction in contingent liabilities associated with tax credit accounted in 2020.

Capitalization in fixed assets for internal work

Capitalization in fixed assets for internal work increased by €2.5 million, or 83.7%, from €3.0 million for the year ended December 31, 2020 to €5.6 million for the year ended December 31, 2021, primarily due to a significant increase in R&D activities, principally in connection with the development of our microencapsulation technology and a food supplement launched in the first quarter of 2022 that we developed for a large pharmaceutical company.

Depreciation—tangible assets

Depreciation—tangible assets slightly increased by €0.2 million, or 1.8%, from €8.9 million for the year ended December 31, 2020 to €9.0 million for the year ended December 31, 2021, primarily due to higher depreciation of production equipment.

Amortization—intangible assets

Amortization—intangible assets increased by €1.8 million, or 8.4%, from €21.3 million for the year ended December 31, 2020 to €23.1 million for the year ended December 31, 2021, primarily due to the beginning of the amortization of certain intangible assets associated with sport-related health supplements.

Provisions for risks

Provisions for risks increased by €0.4 million, or 484.2%, from €0.1 million for the year ended December 31, 2020 to €0.4 million for the year ended December 31, 2021, primarily due to the higher provisions for risks recorded in connection with prudential write off on raw materials.

Operating profit

For the year ended December 31, 2020, we recorded an operating loss of €1.1 million, while for the year ended December 31, 2021 we recorded an operating profit of €7.2 million, primarily due to the reasons discussed above.

Financial income

Financial expenses decreased by €0.2 million, or 5.7%, from €4.1 million for the year ended December 31, 2020 to €3.9 million for the year ended December 31, 2021, primarily due to a decrease in interest on bank loans and amortized cost effects on bank loans and an increase in financial income, partially offset by an increase in factoring and other bank charges.

Profit before taxes

For the year ended December 31, 2020, we recorded a loss before taxes of €5.2 million, while for the year ended December 31, 2021 we recorded a profit before taxes of €3.3 million, primarily due to the reasons discussed above.

Income taxes

Income taxes increased by €2.0 million, or 54.1%, from €3.6 million for the year ended December 31, 2020 to €5.6 million for the year ended December 31, 2021, primarily due to an increase in current taxes and expenses from consolidated taxes, partially offset by an increase in deferred taxes.

Profit for the year

Loss for the year decreased by €6.6 million, or 73.8%, from €8.9 million for the year ended December 31, 2020 to €2.3 million for the year ended December 31, 2021, primarily due to the reasons discussed above.

Year ended December 31, 2019 compared to year ended December 31, 2020

The table below sets out our consolidated results of operations for the year ended December 31, 2020, compared to the year ended December 31, 2019.

(€ in millions, except percentages)	For the year ended December 31, 2019* (*pro forma* unaudited)	2020	Percentage change
Net revenue	163.7	176.9	8.1%
Other revenue and income	5.3	6.6	24.5%
Total net revenue and income	**169.0**	**183.4**	**8.5%**
Purchase of goods and changes in inventory	81.9	88.0	7.4%
Cost of services	26.4	34.1	29.2%
Use of third party assets	3.3	4.6	39.4%
Personnel costs	25.6	29.7	16.0%
Other operating costs	0.6	0.9	50.0%
Capitalization in fixed assets for internal work	(0.9)	(3.0)	n.a.
Depreciation—tangible assets	6.3	8.9	41.3%
Amortization—intangible assets	21.8	21.3	(2.3)%
Provisions for risks	0.1	0.1	—
Total operating costs	**165.1**	**184.6**	**11.8%**
Operating profit	**3.9**	**(1.1)**	**n.a.**
Financial income	(4.1)	(4.1)	—
Profit before taxes	**(0.2)**	**(5.2)**	**n.a.**
Income taxes	(5.1)	(3.6)	(29.4)%
Profit for the year	**(5.3)**	**(8.9)**	**n.a.**

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Our total net revenue and income by business unit for the years ended December 31, 2019 and 2020 was as follows:

(€ in millions, except percentages)	For the year ended December 31, 2019* (*pro forma* unaudited)	2020	Percentage change
Health Supplements	107.9	117.9	9.3%
Medical Devices	32.2	33.6	4.3%
Cosmetics	28.9	31.9	10.4%
Total net revenue and income	**169.0**	**183.4**	**8.5%**

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures

carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

Our total net revenue and income by geography for the years ended December 31, 2019 and 2020 was as follows:

	For the year ended December 31,		
(€ in thousands, except percentages)	**2019* (*pro forma* unaudited)**	**2020**	**Percentage change**
Italy	93.9	96.8	3.1%
Rest of Europe	61.1	78.5	28.5%
Asia	10.2	0.9	(91.2)%
North America	2.6	6.7	157.7%
Others	1.3	0.5	(61.5)%
Total net revenue and income	**169.0**	**183.4**	**8.5%**

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

Net revenue

Net revenue increased by €13.2 million, or 8.1%, from €163.7 million for the year ended December 31, 2019 to €176.9 million for the year ended December 31, 2020, primarily due to organic growth across all our business units and increased customer penetration and focus on geographic expansion, especially in North America.

Other revenue and income

Other revenue and income increased by €1.3 million, or 24.5%, from €5.3 million for the year ended December 31, 2019 to €6.6 million for the year ended December 31, 2020, primarily due to the increase in the income generated by services for formula analysis and other ancillary services.

Purchase of goods and changes in inventory

Purchase of goods and changes in inventory increased by €6.1 million, or 7.4%, from €81.9 million for the year ended December 31, 2019 to €88.0 million for the year ended December 31, 2020, primarily due to the increase in the volume of goods, and raw materials for sport-related products in particular, purchased to support the organic growth of our business.

Cost of services

Cost of services increased by €7.7 million, or 29.2%, from €26.4 million for the year ended December 31, 2019 to €34.1 million for the year ended December 31, 2020, primarily due to the streamlining of our production processes, which involved the outsourcing of certain minor manufacturing phases with low added value, such as packaging filling, thereby increasing our cost of services.

Use of third party assets

Use of third party assets increased by €1.3 million, or 39.4 %, from €3.3 million for the year ended December 31, 2019 to €4.6 million for the year ended December 31, 2020, primarily due to the increase in rental costs for the Udine Plant.

Personnel costs

Personnel costs increased by €4.1 million, or 16.0%, from €25.6 million for the year ended December 31, 2019 to €29.7 million for the year ended December 31, 2020, primarily due to increased compensation and work-related benefits for our employees and costs relating to the introduction of new operational managerial roles.

Other operating costs

Other operating costs increased by €0.3 million, or 50.0%, from €0.6 million for the year ended December 31, 2019 to €0.9 million for the year ended December 31, 2020, primarily due to increased costs for consulting services relating to our strategic business plan.

Capitalization in fixed assets for internal work

Capitalization in fixed assets for internal work increased by €2.1 million, from €0.9 million for the year ended December 31, 2019 to €3.0 million for the year ended December 31, 2020, primarily due to the roll-out of a seven-month program of extraordinary maintenance in our facilities as well as the installation of new equipment for microencapsulation and liquid form fillings.

Depreciation—tangible assets

Depreciation—tangible assets increased by €2.6 million, or 41.3%, from €6.3 million for the year ended December 31, 2019 to €8.9 million for the year ended December 31, 2020, primarily due to the increased depreciation of production equipment.

Amortization—intangible assets

Amortization—intangible assets was substantially stable, slightly decreasing from €21.8 million for the year ended December 31, 2019 to €21.3 million for the year ended December 31, 2020, primarily reflecting the amortization related to certain of our products and technologies (*i.e.*, Aminotrofic, Dulcosoft, T-win), as well as the intangible cost amortization on expenses relating to real estate improvements.

Provisions for risks

Provisions for risks was stable, marginally decreasing from €148 thousand for the year ended December 31, 2019 to €76 thousand for the year ended December 31, 2020.

Operating profit

For the year ended December 31, 2019, we recorded an operating profit of €3.9 million, while for the year ended December 31, 2020 we recorded an operating loss of €1.1 million, primarily due to the reasons discussed above.

Financial income

Financial expense was stable, amounting to €4.1 million for the year ended December 31, 2019 and €4.1 million for the year ended December 31, 2020.

Profit before taxes

For the year ended December 31, 2019, we recorded a loss before taxes of €0.2 million, while for the year ended December 31, 2020 we recorded a loss before taxes of €5.2 million, primarily due to the reasons discussed above.

Income taxes

Income taxes decreased by €1.5 million, or 29.4%, from €5.1 million for the year ended December 31, 2019 to €3.6 million for the year ended December 31, 2020, primarily due to the reduction in taxable profit.

Profit for the year

For the year ended December 31, 2019, we recorded a loss for the year of €5.3 million, while for the year ended December 31, 2020 we recorded a loss for the year of €8.9 million, primarily due to the reasons discussed above.

Liquidity and Capital Resources

Historically, our principal sources of our liquidity have been: (i) cash flow from operating activities, (ii) medium and long facility agreements and other bilateral facilities agreements with primary bank institutions, and (iii) short term facility agreements and credit lines. In addition, we have entered into, and expect to continue to enter into, non-recourse factoring and reverse factoring agreements to optimize our working capital and support cash generation. Our cash requirements consist mainly of the following:

- operating activities, including our working capital requirements;
- servicing our indebtedness, including leases;
- funding capital expenditures; and
- paying taxes.

Following the consummation 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 also expect to continue to use non-recourse factoring and reverse factoring agreements. We expect that our principal uses of cash following the consummation 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.

We believe that our operating cash flows and borrowing capacity under the Revolving Credit Facility will be sufficient to meet our requirements and commitments for the foreseeable future. However, following the Transactions, we will have significant debt service obligations. Our actual financing requirements will depend on a number of factors, many of which are beyond our control. See "*Risk Factors—Risks Related to Our Structure and the Financing—The Issuer is a holding company that has no revenue generating operations of its own and will depend exclusively on cash from the operating companies of the Biofarma Group to be able to make payments on the Notes*."

The following table illustrates our cash flows from the indicated sources:

	For the year ended December 31,	
(€ in millions)	**2020**	**2021**
Cash flow from operating activities	21.8	30.1
Cash flow from investing activities	(16.0)	(15.0)
Cash flow from financing activities	24.1	(20.3)
Increase/(decrease) in cash and cash equivalents	**30.0**	**(5.1)**
Cash and cash equivalents at the beginning of the year	**—***	**30.0**
Cash and cash equivalents at the end of the year	**30.0**	**24.9**

* The cash and cash equivalents amount as of January 1, 2020 included in our Audited Financial Statements reflects the amount of cash and cash equivalents (*i.e.*, nil) required to be presented as of the date on which the Biofarma Group Consolidation took effect and the Biofarma Group started producing consolidated financial statements. See "*Presentation of Financial and Other Information—Biofarma Group*" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Comparability of Our Results of Operations—Consolidation of the Biofarma Group."

Cash flow from operating activities

Our cash flow from operating activities increased by €8.3 million from €21.8 million for the year ended December 31, 2020 to €30.1 million for the year ended December 31, 2021. The increase was primarily due to a loss for the year of €2.3 million in 2021 compared to a loss for the year of €8.9 million in 2020, an increase in income taxes of €2.0 million, an increase in depreciation and amortization adjustments of €2.0 million, an increase in trade payables of €8.2 million in 2021 compared to a decrease of €1.3 million in 2020 and an increase in other working capital of €4.3 million. The increase in cash flow from operating activities in 2021 reflects our increase in sales and improved EBITDA position over the period.

Cash flow from investing activities

For the year ended December 31, 2020, our cash flow used in investing activities amounted to €16.0 million, reflecting, among other things, payments for tangible assets of €12.2 million and payments for intangible assets of €8.8 million.

For the year ended December 31, 2021, our cash flow used in investing activities amounted to €15.0 million, reflecting, among other things, payments for tangible assets of €5.2 million and payments for intangible assets of €10.0 million.

Cash flow from financing activities

For the year ended December 31, 2020, our cash flow generated from financing activities amounted to €24.1 million, reflecting, among other things, proceeds of bank loans of €55.5 million, capital injections of €51.3 million from our shareholders in connection with the acquisition of the Nutrilinea Group and net cash from the aggregation of the Nutrilinea Group (consisting of Nutrilinea, Pharcoterm, Apharm and Claire) with Biofarma S.r.l. of €13.2 million.

For the year ended December 31, 2021, our cash flow used in financing activities amounted to €20.3 million, reflecting repayments of bank loans of €20.3 million.

Net working capital, net working capital days, trade working capital and trade working capital days

We focus on the management of our net working capital. Our net working capital represents the sum of inventories, trade receivables, tax receivables, other receivables, prepaid expenses and accrued income, trade payables, advances, tax payables, social security payables, other payables and accrued expenses and trade working capital represents the sum of our inventories, trade receivables and trade payables. The following table sets forth the components of our trade working capital as of December 31, 2019, 2020 and 2021.

	As of December 31,		
(€ in millions)	**2019**	**2020**	**2021**
Inventories	25.5	29.4	33.8
Trade receivables	47.8	39.8	45.2
Trade payables	(39.7)	(38.4)	(46.6)
Trade working capital[(1)(2)]	**33.6**	**30.8**	**32.4**

The following table sets forth the components of our net working capital as of December 31, 2019, 2020 and 2021.

	As of December 31,		
(€ in millions)	**2019**	**2020**	**2021**
Inventories	25.5	29.4	33.8
Trade receivables	47.8	39.8	45.2
Trade payables	(39.7)	(38.4)	(46.6)
Tax receivables	6.3	8.6	9.3
Other receivables	1.1	1.8	2.2
Prepaid expenses and accrued income	1.0	0.5	0.5
Advances	n.m.	(0.1)	(0.3)
Tax payables	(1.0)	(2.1)	(2.9)
Social security payables	(1.2)	(1.2)	(1.2)
Other payables	(2.3)	(3.8)	(4.0)
Accrued expenses	(0.1)	(0.2)	(0.4)
Net working capital[(1)(3)]	**37.4**	**34.3**	**35.6**

(1) Trade working capital and net working capital are not recognized measures of financial performance or liquidity under Italian GAAP and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial Information—Non-GAAP Financial Measures*."

Our net working capital decreased by €3.0 million, from €37.4 million as of December 31, 2019 to €34.3 million as of December 31, 2020, primarily due to our strong focus on the reduction of trade receivables levels (which more than offset the impact from the growth of our business) driven by a favourable mix of customers and associated payment terms and the strengthening of credit collection procedures.

Our net working capital increased by €1.3 million, from €34.3 million as of December 31, 2020 to €35.6 million as of December 31, 2021. This increase was primarily due to our increased inventory, which was strategically increased compared to 2020 in order to address price increases and potential shortages of certain raw materials, especially curcuma and vitamins, and increase in trade receivables, primarily due to the increase in volumes recorded in 2021.

(2) The table below summarizes our trade working capital days for the years ended December 31, 2019, 2020 and 2021:

	As of December 31,		
	2019	**2020**	**2021**
Trade working capital days[(a)]	73	61	57

(a) Trade working capital days is not a recognized measure of financial performance or liquidity under Italian GAAP and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial Information—Non-GAAP Financial Measures*." Trade working capital days is calculated as trade working capital as of the relevant end of period divided by total net revenue and income for the relevant period multiplied by 365.

Trade working capital days decreased by 16.4% from 73 days as of December 31, 2019 to 61 days as of December 31, 2020 and further decreased by 6.6% to 57 days as of December 31, 2021, primarily due to increased efficiency of our working capital management.

(3) The table below summarizes our net working capital days for the years ended December 31, 2019, 2020 and 2021:

	As of December 31,		
	2019	**2020**	**2021**
Net working capital days[(a)]	81	68	63

(a) Net working capital days is not a recognized measure of financial performance or liquidity under Italian GAAP and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of Financial Information—Non-GAAP Financial Measures*." Net working capital days is calculated as net working capital as of the relevant end of period divided by total net revenue and income for the relevant period multiplied by 365.

Net working capital days decreased by 16.0% from 81 days as of December 31, 2019 to 68 days as of December 31, 2020 and further decreased by 7.9% to 63 days as of December 31, 2021, primarily due to increased efficiency of our working capital management.

Capital expenditure

Capital expenditure consists of the sum of payments for tangible assets and payments for intangible assets less the sum of proceeds from the sale of tangible assets and proceeds from the sale of intangible assets, for the relevant period. Our capital expenditure incurred in the periods under review is set out below:

	For the year ended December 31,		
(€ in millions)	**2019* (*pro forma* unaudited)**	**2020**	**2021**
Payments for tangible assets	12.4	12.2	5.2
Proceeds from sale of tangible assets	(1.3)	(3.5)	(0.3)
Payments for intangible assets	5.5	8.8	10.0
Proceeds from sale of intangible assets	—	(1.5)	—
Capital expenditure	**16.6**	**16.0**	**15.0**
of which:			
Maintenance capital expenditure[(a)]	3.9	3.2	3.2
Growth and R&D capital expenditure[(b)]	11.1	11.3	10.5
Other capital expenditure[(c)]	1.6	1.4	1.3

(a) Represents expenditure primarily related to replacement, capacity increase or increased automation of our equipment.

(b) Represents expenditure primarily related to growth investments to increase production capacity and new warehousing facilities and R&D growth projects (*e.g.*, microencapsulation and ad hoc R&D projects for specific clients) and innovation projects to expand our R&D offering.

(c) Represents expenditure primarily related to the improvement of the efficiency of our IT systems, increase digitalization and furniture and office maintenance.

* The Unaudited *Pro Forma* 2019 Combined Financial Data has been excerpted from, prepared or calculated based on the audited financial statements and schedules of the entities that were subsequently aggregated pursuant to the Biofarma Group Consolidation, *i.e.*, the Company and the Nutrilinea Group. The Unaudited Pro Forma 2019 Combined Financial Data and its comparability with the historical periods covered by the Audited Financial Statements are impacted by the effects of the acquisition of the 2019 Acquired Companies. Due to the changes in the scope of consolidation as a consequence of the acquisition of the 2019 Acquired Companies, our results of operations reflected in the Unaudited *Pro Forma* 2019 Combined Financial Data may not be entirely comparable. The Unaudited *Pro Forma* 2019 Combined Financial Data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Biofarma Group's financial reporting and has not been subject to any audit or review procedures carried out by any independent auditor. See "*Presentation of Financial and Other Information—Biofarma Group—Unaudited Pro Forma 2019 Combined Financial Data*" and "*Annex B—Unaudited Pro Forma 2019 Combined Financial Data*."

For the year ended December 31, 2020, our capital expenditure was €16.0 million, a decrease of €0.6 million from €16.6 million for the year ended December 31, 2019. This decrease was mainly due to a moderate reduction in maintenance capital expenditure.

For the year ended December 31, 2021, our capital expenditure was €15.0 million, a decrease of €1.0 million from €16.0 million for the year ended December 31, 2020. This decrease was mainly due to reduced proceeds from sale of tangible assets, particularly in respect of one of our manufacturing lines for liquid products.

As of the date of this Offering Memorandum, we expect our capital expenditure for 2022 to be moderately higher than our capital expenditure for 2021 (*i.e.*, €17 million) mainly driven by growth and R&D capital expenditures, increase of the production capacity of our manufacturing sites and recurring capital expenditures.

Qualitative and Quantitative Disclosures about Market Risk

Our activities and debt financing expose us to a variety of financial risks, the most significant of which are interest rate risk, currency risk, credit risk and liquidity risk. Our overall risk management strategy seeks to minimize the potential adverse effects of such risks.

Credit risk

Our credit risk represents our exposure to potential losses due to counterparties' inability to discharge the obligations undertaken. This exposure relates almost exclusively to trade receivables deriving from the sale of products and services. Our credit collection performance has historically been successful and losses incurred in the past have been relatively modest. As of December 31, 2019, 2020 and 2021, our bad debt provision was nil, €0.4 million (or 0.2% of our net revenue for the year ended December 31, 2020) and €0.7 million (or 0.3% of our net revenue for the year ended December 31, 2021), respectively. The following table sets forth our bad debt provision for the years ended December 31, 2020 and 2021.

	For the year ended December 31,	
(€ in millions)	**2020**	**2021**
Opening bad debt provision	**—**	**(0.4)**
Business combination	(0.8)	—
Use for losses on receivables	0.3	—
Releases	—	—
Provision	—	(0.3)
Closing bad debt provision	**(0.4)**	**(0.7)**

Currency risk

The euro is the functional currency used for our consolidated financial statements; however, we purchase certain raw materials and sell certain of our products in currencies other than the euro; thus, we are exposed to a limited degree of currency risk. Our risk management policy seeks to reduce the impact on our margins and cash flows from currency movements, minimizing at the same time protection costs against these events.

Interest rate risk

This risk concerns the possibility that an increase in market rates results in higher interest charges. We typically seek to mitigate this risk by entering into interest rate swaps, and we expect to enter into such hedging instruments in connection with the issuance of the Notes and the Revolving Credit Facility. This type of hedge seeks to minimize interest rate changes generated by loans at variable rates. The exposure to interest rate risk is calculated on the basis of the loan repayment plans and the parameters used to calculate interest.

As of December 31, 2021, we had in place interest rate swaps for a notional total amount of €75.7 million. These agreements were terminated in connection with the Transactions.

Liquidity risk

Liquidity risk is the risk we will not have enough financial resources available to meet our financial obligations and commitments when due. We have put in place certain procedures aimed at optimizing cash flow management and reducing the liquidity risk, including:

- the maintenance of an adequate level of available liquidity;
- the obtainment of adequate borrowing facilities being put in place; and
- the control of prospective liquidity conditions.

In connection with the Transactions, we have entered into the Revolving Credit Facility Agreement which provides for a €60.0 million Revolving Credit Facility. We do not expect any amounts to be drawn under the Revolving Credit Facility on the Issue Date.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements requires our management to apply accounting principles and methods which, in certain circumstances, are based on difficult and subjective estimates and assumptions based on historical experience and assumptions that are considered reasonable from time to time and realistic according to the relative circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements and other information provided in this Offering Memorandum. These estimates and assumptions used are based on past experience and other factors considered relevant. However, actual results could differ from the estimates. Estimates and assumptions are reviewed periodically and the impacts of any resulting changes are recognized directly in the income statement in the period in which the estimates are revised, if the revision impacts only that period, or also in future periods, if the revision impacts both the current and future periods. The most significant accounts concerned by these uncertainties are: (i) valuation of goodwill; (ii) evaluation of the recoverable value of property, plant and equipment, goodwill and other intangible assets; (iii) depreciation of property, plant and equipment and the amortization of goodwill and other intangible assets; and (iv) provision for risks and charges and bad debt provision.

Valuation of Goodwill

Valuation of goodwill involves a complex procedure that requires the application of various valuation methods, including the identification and measurement of the fair value of the assets acquired and the liabilities taken on, and is often carried out by independent experts.

Evaluation of the recoverable value of property, plant and equipment, goodwill and other intangible assets

At the end of each reporting period, we analyze our property, plant and equipment, goodwill and other intangible assets to determine any indicators of impairment. If such indicators are found, we conduct impairment tests allocating any write-downs to our income statement. If the reason for a write-down previously made no longer applies, the carrying value of the asset, with the exception of goodwill, is restored and allocated to the income statement, up to the amount of the net carrying value that such asset would have had if the write-down had not been made.

Depreciation of property, plant and equipment and the amortization of goodwill and other intangible assets

Depreciation rates of the property, plant and equipment and the amortization rates of goodwill and other intangible assets are calculated based on the best estimate of the residual useful life of such assets.

Provisions for risks and charges and bad debt provision

Our financial statements reflects the estimate of liabilities based on the best knowledge of solvency of the counterparts and the status of litigation, on the basis of the information provided by legal and tax advisors as well as considering the outstanding contracts with our counterparts. The estimate of these risks is subject to uncertainties.

INDUSTRY

The information that we present below is based on management estimates and information and third-party sources. Neither we nor any of the Initial Purchasers make any representation or warranty as to the accuracy or completeness of the industry and market data set forth in this Offering Memorandum, and neither we nor any of the Initial Purchasers have independently verified this information and therefore cannot guarantee its accuracy. See "Forward-looking Statements."

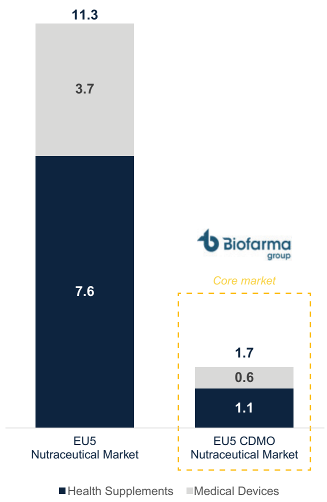
EU5 Nutraceuticals Market

Overview

Nutraceuticals are non-pharmaceutical substances with health benefits, including the prevention and treatment of diseases. Nutraceuticals include food additives, dietary supplements, herbal products, and processed or engineered foods, commercialized through multiple and specialized technologies (*e.g.*, tablets, powders, capsules, gummies, etc.) aimed at improving bioavailability of active principles.

Aging population, lifestyle changes and the increased focus on prevention and self-medication (with customers choosing therapy independently or consulting pharmacists and other health and wellness advisors, such as parapharmacists) are contributing to increasing popularity of nutraceuticals and their development into alternatives or complements to pharmaceutical products. This development is also supported by the imposition of stricter regulation, akin to pharmaceutical standards, on nutraceuticals.

We operate in the large and fast-growing nutraceutical markets of Germany, France, Italy, the United Kingdom and Spain (the "**EU5**"). According to the report issued by the Market Consulting Firm, the EU5 nutraceutical market is expected to reach a value of €11.3 billion in 2021, growing at CAGR of 3% from €9.8 billion in 2016, and is expected to grow to €13.2 billion by 2025 with a CAGR of 4% per annum. Within the underlying EU5 nutraceuticals market, we are active in the EU5 CDMO nutraceuticals market, our core market, worth approximately €1.7 billion in 2021. Our reference market consistently over-performed the underlying nutraceuticals market in the last five years, growing at a CAGR of 5% from 2016 to 2021.



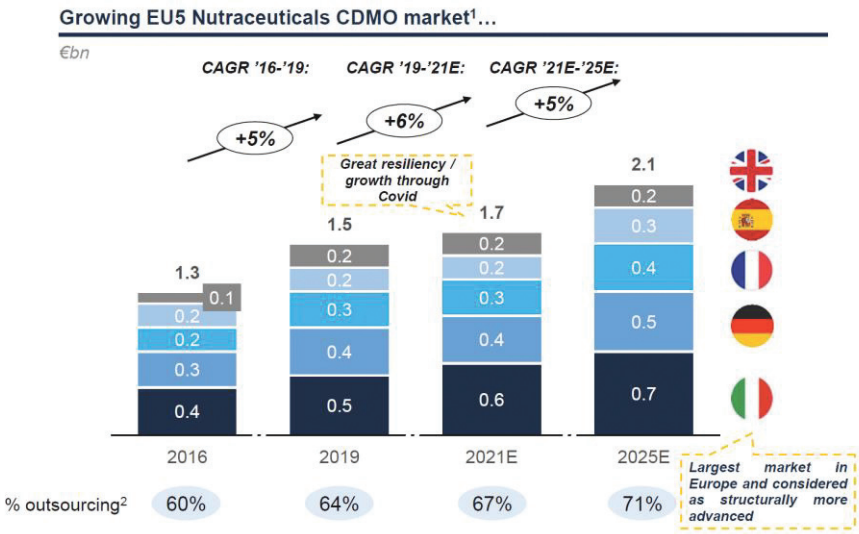
Source: Market Consulting Firm

Within the EU5 nutraceuticals CDMO market, our main end markets are health supplements ("**HS**") and medical devices ("**MD**"). Our corresponding business lines for these markets accounted for 64.2% and 21.3%, respectively, of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021.

HS are substances with health-enhancing properties that aim to prevent disease or enhance and support medical treatments in combination with pharmaceutical products. MD primarily consist of over-the-counter products that achieve their therapeutic effect through a physical or mechanical action, compared to the chemically enabled therapeutic effect of pharmaceuticals.

EU5 Nutraceuticals CDMO Market

The chart below provides a summary of the market growth in the EU5 CDMO nutraceuticals market.



(1) Includes health supplements and medical devices.
(2) Represents the manufacturing outsourcing average in the EU5 countries.

Source: Market Consulting Firm

The EU5 CDMO nutraceuticals market, valued at €1.7 billion for the year ended December 31, 2021, is expected to grow at a CAGR of 5% from 2021 to 2025. Among these markets, Italy is the largest and most sophisticated market on the back of (i) Italian consumers' higher awareness of healthy lifestyles boosting the demand of more advanced and premium products, (ii) specialists' recommendation playing a key role in HS and MDs first time consumption, and (iii) strong pharmaceutical heritage in Italian manufacturing.

The forecasted growth of the EU5 CDMO nutraceuticals market is expected to be generated by the following key drivers.

Increasing importance of healthy lifestyles and prevention

Consumers' heightened awareness of health issues and self-care has increased their attention to healthy lifestyles and prevention of illness.

Increasing popularity of nutraceuticals

In parallel, there is an increasing trend towards preventive healthcare and self-medication with customers choosing therapy independently or consulting pharmacists or other health and wellness advisors (such as parapharmacists). As a result, nutraceuticals such as supplements, are growing in popularity as alternatives or complements to pharmaceutical treatments.

Development of innovative and easy-to-use formulations

As demand in nutraceuticals is in part driven by innovation, large pharmaceutical companies ("**PharmaCo**") and consumer health clients ("**CHC**") proactively seek partnerships with CDMOs to co-develop innovative products by relying on the R&D resources, manufacturing technologies, delivery systems and formulation capabilities of CDMOs.

Increasing development of easy-to-use formulations such as gummies and soft-gels is widening the customer base (*e.g.*, kids' supplements available in gummies format). Gummies and soft-gels are among the highest growing delivery systems due to consumers' preferences for "non-medical appearance" products.

Continued outsourcing trends

PharmaCos and CHCs are increasingly outsourcing services to CDMOs to leverage the latter's flexibility and ability to quickly meet complex market needs in the development and manufacturing processes for both established and new products, technologies and delivery systems. This trend results in cost savings and reduced investment requirements in new equipment and technologies for PharmaCos and CHCs. In addition, CDMOs can offer highly specialized expertise and knowledge that clients do not possess in-house, as they tend to focus their investments on specialty niches of pharma (*e.g.*, biotech, oncology and rare diseases).

In light of the above, PharmaCos' and CHCs' average product outsourcing level across EU5 is expected at 67% in 2021, with Italy and Spain ahead in the trend at 75%, followed by the UK at 65% and France and Germany at 60%. These trends are expected to further increase in the years to come, with outsourcing level forecasted to reach more than 70% by 2025 across the EU5.

Shift towards a more "science-based" approach

A shift in the market towards a more 'science-based' approach is taking place, underpinned by:

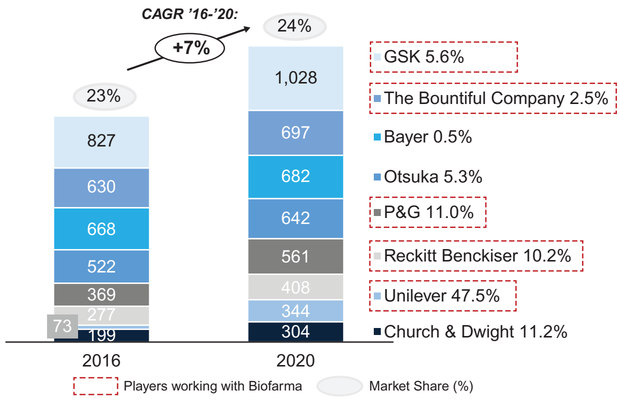
- PharmaCos and CHCs seek to identify additional growth routes (also in light of primary care 'genericization', with more and more brand drugs losing market share to generics), trying to develop new ways to differentiate their products (*e.g.*, with clinical studies) and growing above market leveraging on international brands acquisition to complete their product offering; and
- a tightening in regulation towards stricter and more 'pharma-like' standards for HS and MDs products

Large PharmaCos / CHCs strong investments

Large consumer groups such as Unilever and P&G are increasing their focus and interest on nutraceuticals, as confirmed by some recent acquisitions:

- in April 2021, Nestlé Health Science acquired a majority stake in The Bountiful Company's brands for $5.8 billion. The deal establishes Nestlé Health Science as the industry leader in vitamins, minerals, herbals and supplements in mass retail, specialty retail, e-commerce and direct-to-consumer sales;
- in April 2018, P&G acquired Merck CH for $3.8 billion to strengthen its healthcare commercial and supply capabilities. P&G's global scale and strategic interest in health provide excellent basis for growth; and
- in April 2019, Unilever acquired Olly Nutrition, a premium U.S. business in the vitamins, minerals, and supplements segment, specialized in functional foods and gummy supplements ranging from multivitamins to beauty-from-within products.

Revenue of top 8 market leaders in food supplements (€m)



Source: Market Consulting Firm

The increased focus of big PharmaCos and CHCs on ways to differentiate and thus on more innovative products leads to a shift toward a more "science-based" approach in the nutraceuticals market, which is expected to favor larger and more innovative nutraceuticals CDMOs like our Group, which are able to:

- proactively approach and partner-up with customers, such as large consumer health companies, to co-develop new innovative products and launch them in a timely manner to the market leveraging on the shorter innovation cycle in the nutraceutical space of an average of six to 18 months compared to the average 36 to 60 month cycle in the pharmaceutical space according to management estimates;
- provide clients with end-to-end solutions from market intelligence and R&D to finished dosage forms manufacturing and packaging;
- offer highly valued regulatory capabilities on a global scale by helping clients conduct clinical studies to validate the clinical efficacy of products. Such regulatory capabilities are extremely valuable to support clients in providing additional elements of differentiation to their products and the penetration of new markets; and
- guarantee high-quality manufacturing standards and strict quality control processes (*i.e.*, Quality Control and Quality Assurance).

In this context, large PharmaCos and CHCs are looking to work with fewer partners and develop strategic long-term partnerships with CDMOs that (i) have sufficient scale to support them at a global level with end-to-end capabilities and offering a wide array of product technologies, (ii) provide them with adequate reliability in supply (*e.g.*, through the presence of back-up facilities), and (iii) have manufacturing facilities able to address their stricter-than-regulatory manufacturing standards.

Favourable changes in regulations

HS are regulated as foods and not medicine. Manufacturers must comply with EU regulations on manufacturing quality, product traceability, information provision and recall of harmful products. The European Food Safety Authority plays a key role in HS regulation, as it:

- advises the European Commission in compiling the list of approved substances in HS;
- provides the European Commission scientific insights indicating labelling requirements;
- assesses nutrition and health claims of HS; and
- establishes tolerable intake levels for different population groups.

Within five to seven years, new regulation is expected to be implemented at the EU level, which will likely (i) toughen manufacturing practices and (ii) increase quality and production standards closer to pharmaceutical grade.

The product development of MD is governed by specific regulatory frameworks at the national and European levels, notably by Regulation (EU) 2017/745, which was fully implemented in May 2021, regarding the use of substance-based MD. This new regulation:

- introduces a list of quality, safety and efficacy standards that MD should meet;
- gives member states authority to designate bodies that provide CE certification before MD are marketed in the EU and exercise oversight over manufacturers of MD; and
- creates a list of four classes under which MD are categorized based on their risk profile.

As a result of such changes in regulation, smaller CDMOs with limited resources and large food supplement CDMOs that are less specialized in HS are less competitive as they lack the relevant in-house manufacturing and regulatory capabilities. We do not believe to be challenged by the higher barriers to entry imposed by stricter-than-standard regulatory requirements due to our advanced positioning (e.g., we already perform clinical studies and benefit from state-of-the-art manufacturing facilities with pharma-like features). As a consequence, we are able to work with large clients such as Nestlé, P&G and Unilever, who ask for stricter-than-standard regulatory requirements.

Competitive Landscape and Our Positioning

A Leading European nutraceutical CDMO by estimated 2021 revenues (€m)

(1) Pro forma net revenue and income actual, incl. Cosmetics.

Source: Management estimates

The EU5 CDMO Nutraceuticals market is fragmented market and no player has yet emerged as a global leader. In such environment, Italian CDMOs are widely recognized for their long tradition in the nutraceuticals space (Italy being the largest nutraceuticals CDMO market) and a strong pharma heritage in manufacturing. Among them, Biofarma Group clearly stands out as a market leader in terms of (i) size, (ii) innovation capabilities, (iii) product quality and (iv) regulatory know-how, well-positioned to be the partner-of-choice for large CHCs and PharmaCos.

The market can be split in two categories of players:

- innovation-driven players (Labomar, SIIT, Fareva, Aenova and the Group); and
- manufacturing-driven players (FineFoods, Catalent, Lonza and Aminolabs)

Innovation-driven players partner with clients during the "design phase" of new innovative projects by leveraging on (i) R&D and innovation capabilities (*i.e.*, expertise to deliver and develop the required products), (ii) product quality (granted by operational excellence and approval from relevant regulatory agencies) and (iii) regulatory know-how (ability to comply with international regulatory standards). These factors allow innovative CDMOs to proactively anticipate market trends and develop new products with a reduced time-to-market.

Among the innovation-driven players, the competitive arena is mainly composed of:

- Italian innovative CDMOs such as Labomar and SIIT. These CDMOs have good innovation capabilities and certain differentiated technologies, but have a lower scale compared to the Group (*e.g.*, Labomar and SIIT have approximately 20 R&D and regulatory and 35 R&D department FTEs, respectively, compared to approximately 64 R&D and regulatory department FTEs (*pro froma* for the IHS Acquisition) for the Group as of December 31, 2021), which is critical for substantial investment in innovation and the anticipation of market trends; and
- diversified international players such as Fareva and Aenova. For such CDMOs, nutraceuticals are not the main business focus (*e.g.*, Fareva is also engaged in pharmaceuticals and cosmetics, and Aenova is mostly focused on pharmaceuticals). Nevertheless, they couple solid innovation capabilities with adequate scale, thus making them direct competitors of the Group at a European level.

The Group stands out for its innovation capabilities and its differentiated portfolio of innovative technological solutions, supported by a proven track record of anticipating market trends and client needs. This represents the most important differentiating factor to secure long-term partnerships with large clients such as Chr. Hansen and Sanofi, which are willing to launch new innovative nutraceuticals products with a quick time-to-market. In addition, the Company boasts a highly differentiated portfolio of (i) manufacturing technologies (*e.g.*, microencapsulation, a unique technology in the nutraceuticals market), (ii) delivery systems (*e.g.* T-Win and Dry-Cap), and (iii) formulation capabilities.

The Group can also capitalize on its strong manufacturing capabilities, driving product quality and security of supply, relying on state-of-the-art manufacturing facilities. This allows us to secure long-term relationships with entrusted customers (who are also locked into these relationships by high switching costs) and to win, over time, several new large PharmaCos or CHC clients. As an example, a tier-1 multinational CHC company chose Biofarma precisely for its capabilities in quality control to implement a so-called "Pathogenic Monitoring System" which allows us to track pathogen contamination across the whole manufacturing process (compared to a finished product level).

The Group is well-recognized in the market also for its pan-European regulatory capabilities, supported by a dedicated team of approximately 20 FTEs who are able to support clients in registering product dossiers both at the local and international level. As an example, following a recent global leading CHC's acquisition of a nutraceutical brand, we proactively approached the customer and prepared a detailed overview of the EU regulatory framework for each of the raw materials used in one of the acquired brand's products. We also proposed revised formulations to adapt the product to the regulatory requirements of other EU countries for a potential market entry.

Manufacturing-driven players focus on high-volume production at competitive prices, driven by production efficiencies. Such players also include large diversified pharmaceutical CDMOs, such as Lonza and Catalent, who are not direct competitors of the Group as they (i) prioritize the biotech, oncology and rare disease areas in their strategy, leaving nutraceuticals as a second priority, and (ii) with respect to nutraceuticals, are focused on the production of large volumes, while pure-play nutraceuticals players, such as the Group, adopt a more flexible manufacturing process that offers clients the option of small-batch manufacturing.

Among manufacturing-driven players, we can also find the Italian player Fine Foods. Fine Foods is a manufacturing-oriented player (mainly a CMO as opposed to a CDMO), focused on pharmaceuticals, which account for approximately 20% of its revenue in 2021, but does not have significant innovation capabilities, as indicated by the absence of trademarks and product patent rights and by the significantly lower EBITDA margin (historical Adjusted EBITDA margin of approximately 11% compared to 24.6% for the Group for the year ended December 31, 2021 (*pro forma* for the IHS Acquisition)).

Barriers to Entry

The Nutraceuticals CDMO market is characterized by high barriers to entry due to (i) infrastructural barriers related to R&D capabilities, manufacturing complexity and sizeable capital expenditure requirements, (ii) high clients' stickiness, and (iii) regulatory expertise required.

At the infrastructural level, building in-house R&D expertise and a professional experienced team requires significant time and resources, making it difficult to replace incumbent CDMOs' portfolio of existing patents and trademarks licensed to clients. The ability to offer a full range of innovative solutions, leveraging on proprietary technologies, innovative delivery systems and formulation expertise, is essential to win large clients with broad product portfolio needs.

Multiple manufacturing plants and production flexibility are required to ensure business continuity to highly demanding clients. Indeed, significant time is necessary to design and implement adequate quality assessment and control systems and to obtain relevant certifications from authorities (*e.g.*, nutraceutical products are considered pharma-like in certain countries and therefore must be produced in certified production facilities) and a high level of upfront capital expenditure is required to support production and quality requirements.

The extensive capability to co-develop different products and formats and to ensure registration services in different geographies is critical to clients. As a result, the high cost of technical transfer and significant time required for the initiation of new CDMO providers typically translates into increased customer stickiness, as long as high quality standards are maintained. At last, given the high complexity of legislations worldwide, customers require full knowledge of local and international regulatory requirements.

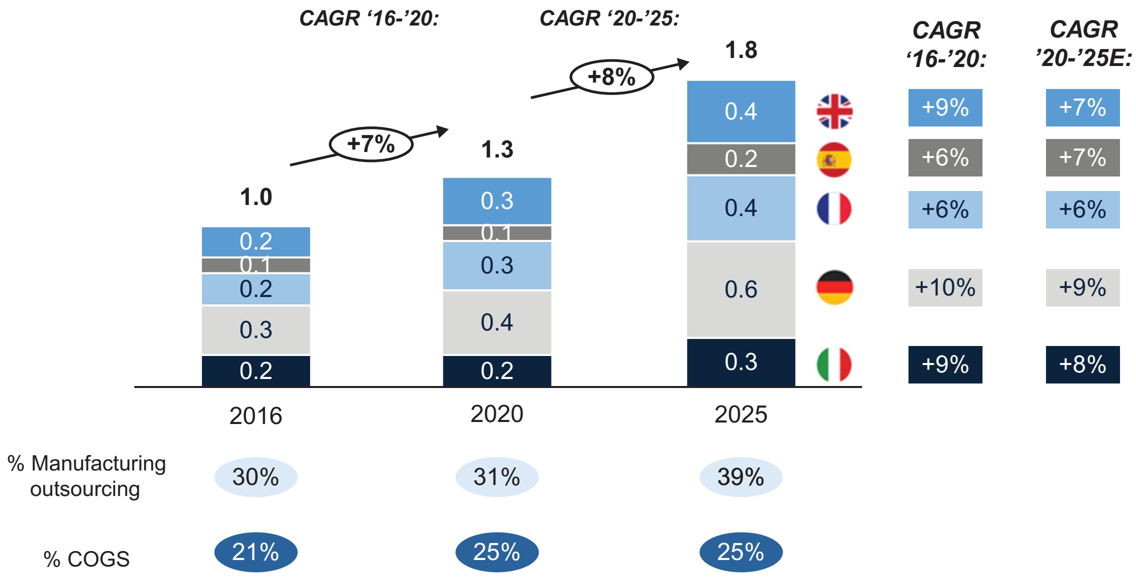
We derived 56% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products manufactured using innovative or patent-protected technologies. We have a strong competitive advantage and superior positioning vis-à-vis competitors, mainly thanks to our R&D team's expertise, representing an embedded barrier to entry.

Cosmetics Market—European Skin and Sun Care Market

Market Size

As of 2020, the EU5 skin care and sun care CDMO markets were worth €1.3 billion and were expected to grow at a CAGR of approximately 7.8% between 2020 and 2025, comprising approximately 2.7% growth from the underlying market, approximately 4.7% growth from outsourcing and a 0.3 percentage point increase from CDMO costs.

2016-2025E EU5 reference market growth (€bn)



Source: Market Consulting Firm

Drivers of Market Growth

The underlying market growth of approximately 2.7% is primarily driven by (i) consumers being more attentive to the prevention of skin-related diseases, and (ii) new product launches with customers' preferences moving towards clean formulations (*i.e.*, chemical free) and sustainable products formats (*e.g.*, waterless shampoos) and packaging.

The EU skin care and sun care CDMO market is also forecasted to experience significant growth in outsourcing levels, from 31% in 2020 to 39% in 2025, with clients of cosmetics CDMOs increasingly demanding (i) innovative formulation capabilities allowing them to differentiate their products, and (ii) end-to-end solutions covering the entire value chain (including product development, manufacturing and logistics). During the same period, the market is expected to experience 0.3 percentage points increase of CDMO prices on clients' revenue resulting from a change in the mix toward more premium products.

Competitive Landscape and the Group's positioning

Our market is mainly composed of the following types of players:

- Large specialized players competing at a European level, such as Fareva and Intercos. Despite being significantly larger in size (approximately €1.8 billion of revenue in the year ended December 31, 2021) compared to the Group, Fareva can be identified as the most similar player in terms of product portfolio. Intercos (approximately €600 million of revenue in the year ended December 31, 2020) maintains a different product portfolio compared to the Group, with only 19% of its revenue coming from skin care, and the remaining represented by make-up products and hair and body products, which we do not offer.
- Local players such as OFI (approximately €17 million of revenue in December 31, 2020) and Cosmoproject (approximately €47 million of revenue in December 31, 2020) in Italy.

- Diversified pharma CDMOs such as Lonza and Catalent, which operate in the cosmetics field in a marginal way and only on very specific segments (*e.g.*, Catalent offers primarily beauty products).

Overall, the market is very fragmented, with a multitude of players competing in different sub-sectors, thus reducing competitive pressure.

The most relevant success factors of the industry are:

- Innovative formulation capabilities (*i.e.*, the innovative choice and mix of ingredients and raw materials) allowing CDMOs to offer to clients products of (i) higher quality, (ii) a more pleasant fragrance and (iii) a more enjoyable sensation on the skin; and
- Innovative packaging, which, in the case of cosmetics, represents an important source of product differentiation.

The Group benefits from strong recognition in this market due to its innovative 'cosmeceutical' products and innovative technological solutions (*e.g.*, Bag on Valve).

Product quality is also crucial in the industry. As the Group's products are produced in facilities set up for the production of medical devices, its cosmetic products benefit from higher regulatory quality requirements, a positive factor for customers' trust.

Another key aspect is capacity and security of supply, especially for large clients requiring high volumes. While larger competitors such as Fareva or Intercos have greater manufacturing capacities, enabling them to deliver on this dimension, especially in terms of volumes, the Group is considered as a reliable player in the market as proved by the fact that Chr. Hansen, one of the leading developer of probiotics worldwide, chose Biofarma as its sole supplier of nutraceutical probiotic-based products in Europe.

BUSINESS

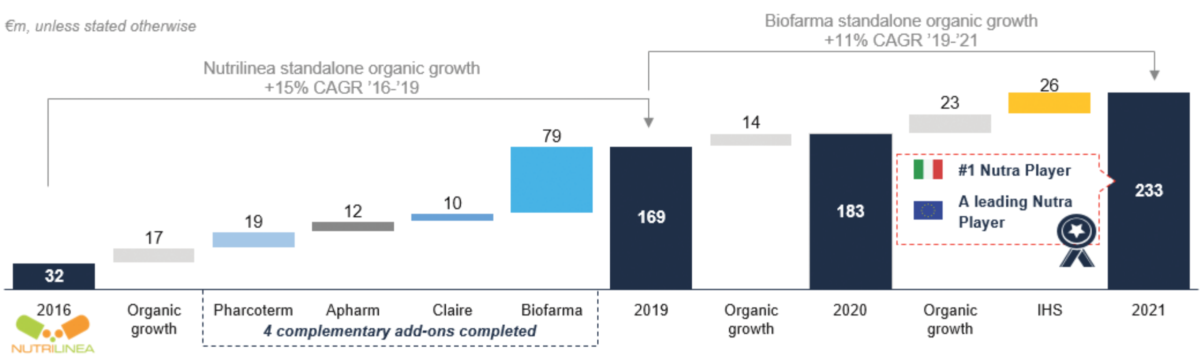
Overview

We are a leading European contract development and manufacturing organization ("**CDMO**") specialized in the development, manufacturing and packaging of nutraceuticals (comprising health supplements and medical devices) and cosmetics. We are the result of a buy-and-build strategy, commenced in 2017 with the acquisition of Nutrilinea and complemented by five strategic add-ons of nutraceuticals or cosmetics CDMOs or CMOs, the most recent of which was IHS, a carve-out business that previously formed part of Giellepi S.p.A., an Italian player in the nutraceutical market. See "*Our Business—History*."

We offer an integrated CDMO value proposition to our customers through a wide range of services, from market intelligence and R&D to finished dosage forms ("**FDFs**") formulation, manufacturing and packaging. We also offer regulatory services, primarily relating to the registration of nutraceutical product dossiers and the development of nutraceutical brands at both a local and an international level, through a dedicated team of approximately 20 full-time employees ("**FTEs**") as of December 31, 2021. We develop and offer innovative solutions by anticipating market trends through our "push innovation model" that relies on (i) our sizeable R&D and regulatory departments and (ii) our substantial portfolio of proprietary innovative solutions that combines differentiated manufacturing technologies (*e.g.*, microencapsulation), delivery systems (*e.g.*, T-Win and Dry-Cap) and formulation capabilities (*e.g.*, the development of several new products in areas such as sleep relaxation, pediatrics and anti-ageing, and probiotics combination). Our R&D department, which consisted of approximately 44 FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021, is key to our ability to assist customers with an innovative and differentiated product offering. As such, we derived 56% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products manufactured using innovative or patent-protected technologies. We manufacture our products through our four state-of-the-art manufacturing sites in northern Italy, which assure high quality levels in terms of operation, health and safety, with the Italian Medicines Agency ("**AIFA**") having approved a portion of the Udine Plant for the manufacture of pharmaceutical grade products. These capabilities have allowed us to become the partner-of-choice for large pharmaceutical companies (*e.g.*, Sanofi and Alfasigma), consumer health companies (*e.g.*, Nestlé and Reckitt Benckiser) and international players (*e.g.*, Cosmax) in several co-development projects, as well as the sole supplier of nutraceutical probiotic-based products in Europe for Chr. Hansen.

We believe that we have built a competitive advantage in the European nutraceutical CDMO space in terms of size, innovation and regulatory capabilities. We believe that we are a leading European CDMO manufacturer of probiotic-based products, with an estimated market share of approximately 29% by revenue as of December 31, 2021 according to management estimates. Furthermore, based on our estimates and the report commissioned from the Market Consulting Firm, we believe we are the leader in the Italian nutraceutical CDMO industry, with an approximately 18% market share by revenue as of December 31, 2021.

For the year ended December 31, 2021, excluding the results of IHS, we generated total net revenue and income of €206.6 million and EBITDA of €39.3 million. Over the same period, pro forma for the IHS Acquisition, we generated *pro forma* revenue and *Pro forma* Structuring EBITDA of €232.7 million and €64.0 million, respectively. A combination of the acquisition-driven growth through our buy-and-build strategy and double digit organic growth at a CAGR of 12% (*pro forma* for the IHS Acquisition) between 2019 and 2021 resulted in the increase of total net revenue and income from €184.1 million for the year ended December 31, 2019 to €232.7 million (in each case *pro forma* for the IHS Acquisition) for the year ended December 31, 2021. An overview of our growth story and revenue evolution, commencing with the acquisition of Nutrilinea, is set out below.

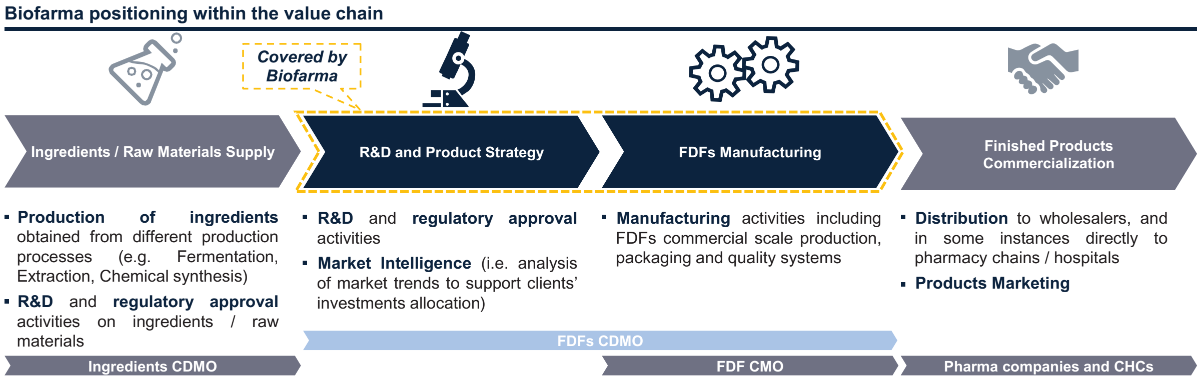


We operate our business across more than 20 therapeutic areas, including genitourinary, neurology, cardiology, sports nutrition, and vitamins and multivitamins, and hold a large and diversified portfolio of products, which include approximately 2,400 health supplements, over 30 product dossiers for medical devices and over 1,900 cosmetics. Probiotic-based products are our core area of expertise and represented approximately 29% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021.

We operate our business through three business units:

- **Health Supplements.** Through our Health Supplements business unit, we develop and manufacture health-enhancing products that primarily enable the maintenance of good health and support or enhance prevention treatments individually or in combination with pharmaceutical products, including for chronic diseases. While the purchase of Health Supplements does not require a formal doctor's prescription in most of our geographies, the initial purchase of health supplements by end consumers is usually driven by doctors' recommendations. For the year ended December 31, 2021, our Health Supplements business unit generated total net revenue and income (*pro forma* for the IHS Acquisition) of €149.5 million, representing 64.2% of our *pro forma* revenue for the period. Excluding the revenue of IHS, our Health Supplements business unit generated total net revenue and income of €135.7 million, representing 65.7% of our total net revenue and income for the period. Our Health Supplements total net revenue and income (*pro forma* for the IHS Acquisition) grew at a CAGR of approximately 13% between 2019 and 2021. For the year ended December 31, 2021, products within our Health Supplements business unit contributed 68% (€43.5 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin of 29% (as a percentage of the *pro forma* revenue generated by our Health Supplements business unit) over the same period.
- **Medical Devices.** Through our Medical Devices business unit, we develop and manufacture products that achieve their therapeutic effect through a physical (*e.g.*, aerosol) or mechanical (*e.g.*, a protective layer in the stomach) action to prevent and treat diseases. Medical devices are closer to pharmaceuticals (compared to health supplements) due to the specific regulatory framework they need to comply with at a national and European level. Similar to health supplements, medical devices are typically recommended by doctors and sold to end-customers through pharmacies. For the year ended December 31, 2021, our Medical Devices business unit generated total net revenue and income revenue (*pro forma* for the IHS Acquisition) of €49.5 million, representing 21.3% of our *pro forma* revenue for the period. Excluding the revenue of IHS, our Medical Devices business unit generated total net revenue and income of €37.3 million, representing 18.0% of our total net revenue and income for the period. Our Medical Devices total net revenue and income (*pro forma* for the IHS Acquisition) grew at a CAGR of approximately 13% between 2019 and 2021. For the year ended December 31, 2021, products within our Medical Devices business unit contributed 26% (€16.5 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin (as a percentage of our *pro forma* revenue generated by our Medical Devices business unit) of 33% over the same period.
- **Cosmetics.** Through our Cosmetics business unit, we primarily develop and manufacture premium skin care products, such as anti-ageing creams, sun care and hair care products. Our strategic focus in this business unit is represented by "cosmeceuticals," consisting of cosmetic products that are purported to have therapeutic action. Our Cosmetics business unit includes certain differentiated innovative technologies, such as the Bag on Valve ("**BOV**") technology. For the year ended December 31, 2021, our Cosmetics business unit generated total net revenue and income of €33.7 million, representing 14.5% of our *pro forma* revenue for the period. Our Cosmetics total net revenue and income grew at a CAGR of 8% between 2019 and 2021. For the year ended December 31, 2021, products within our Cosmetics business unit contributed 7% (€4.4 million) to our gross margin, and generated gross margin of 13% (as a percentage of our *pro forma* revenue generated by our Cosmetics business unit) over the same period.

We offer an integrated CDMO value proposition to our customers, from market intelligence and R&D, to FDF formulation, manufacturing and packaging. The chart below illustrates our presence across the nutraceutical value chain.



We have a large, diversified and established customer base comprising over 500 customers, ranging from large pharmaceutical companies, such as Sanofi and Alfasigma, consumer health companies, such as GlaxoSmithKline, Nestlé and Reckitt Benckiser, and international distributors, such as Cosmax, to mid-sized nutraceutical commercialization players, such as Montefarmaco, Lo.Li. Pharma and Sofar. Our customers also include blue chip brands such as Chr. Hansen. We have long-standing relationships with the large majority of our customers, for which we are the priority one supplier with *de facto* exclusivity and we have an average relationship duration of approximately 7.5 years with our top 10 customers. We work together with several of our key customers to co-develop products, which makes us their *de facto* exclusive supplier, a position that is also supported by the high switching costs for such customers, as well as our extensive portfolio of patent-protected products and technologies (such as Dry-Cap). For some of our key customers, we act as sole supplier of nutraceutical products by virtue of our contractual arrangements with them. In such cases, customers rely on our supply on an exclusive basis except in limited circumstances (*e.g.*, if second sourcing is necessary to ensure continuity of services) and subject to our right to receive advance notice of such second sourcing being sought. As a result, we have not lost a single key customer in the last three years, recording a customer retention rate of approximately 97% from 2019 to 2021 (expressed as a percentage of our net revenue generated from the customers retained over the 2019 to 2021 period to our net revenue over such period) according to the report commissioned from the Market Consulting Firm.

While our four manufacturing sites and three R&D centers are located in Italy, which accounted for 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021, we benefit from a global commercial reach, generating 45% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products sold to customers in Europe, Asia and the United States. Sales to customers in Europe (excluding Italy), Asia and the United States accounted for 36%, 6% and 3%, respectively, of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. As of December 31, 2021, we had approximately 800 FTEs (including employees deputed to us from third party agencies).

Our Strengths

Resilient market underpinned by secular growth trends, benefiting from high entry barriers

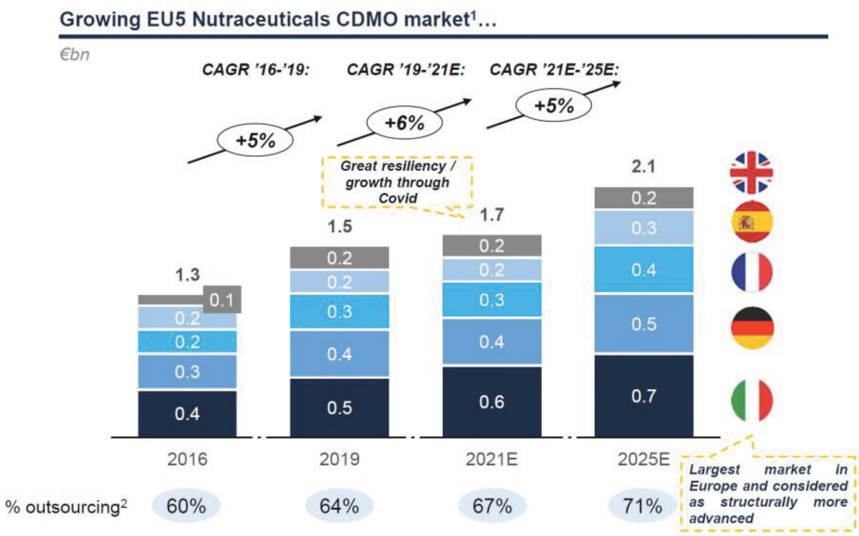
We primarily operate in the nutraceutical CDMO market through our Health Supplements and Medical Devices business units, and serve a broad spectrum of customers, ranging from large pharmaceutical and consumer health companies to mid-sized nutraceutical commercialization players. In 2021, our products were distributed to end consumers in over 75 countries across four continents. The nutraceutical CDMO market in the EU5 countries (*i.e.*, United Kingdom, Germany, France, Italy and Spain), which accounted for approximately 69% of our total net revenue and income for the year ended December 31, 2021, was estimated at approximately €1.7 billion in 2021, and is expected to grow at a CAGR of approximately 5% between 2021 and 2025, primarily due to underlying market growth of approximately 4% and the growth of continued outsourcing trends to CDMOs by approximately 2% over the same period. The nutraceutical CDMO market in the EU5 countries was resilient through the outbreak of the COVID-19 pandemic, growing at a CAGR of approximately 6% between

2019 and 2021, based on latest 2021 nutraceutical CDMO market estimates by the Market Consulting Firm, compared to approximately 5% between 2016 and 2019. The nutraceutical CDMO market in Italy, which accounted for 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021, is the largest among the EU5 geographies (estimated at approximately €0.6 billion in 2021) and is underpinned by a higher than average level of manufacturing outsourcing from large pharmaceutical and consumer health companies at approximately 75% compared to the levels recorded in other European countries such as Germany (60%). In addition, the Italian market is considered as a more 'sophisticated' market compared to other European markets in light of higher consumer awareness around health topics, an extensive history of pharmaceutical manufacturing and the strong influence of doctors' recommendations on consumers' decisions as key purchasing factors.

The growth of the underlying nutraceutical market is expected to be driven by (i) increased awareness around healthy lifestyles and prevention, resulting in the increased popularity of nutraceuticals as both alternatives and complements to pharmaceutical products, (ii) the increasing trend of self-medication with consumers choosing therapy independently or consulting pharmacists and parapharmacists, and (iii) the widening of the customer base as a result of the development of easy-to-use formulations (*e.g.*, gummies and soft-gels). In addition, the outsourcing trends are expected to further increase as a result of customers' limited manufacturing capacity, their increased need for innovative and complex technologies and accelerating go-to-market timelines and, especially for large pharmaceutical companies, their willingness to focus investments on their core business.

Furthermore, the market is currently undergoing a structural evolution, moving towards a more "science-based" approach, driven by (i) strong investments of large pharmaceutical and consumer health companies, and (ii) tightening regulations towards potentially stricter and more "pharma-like" standards for health supplements and medical devices. This shift is likely to lead to an evolution in the role of nutraceutical CDMOs, which we believe will favor more sizeable, sophisticated and 'innovative-driven' CDMOs like the Biofarma Group as we (i) already offer an integrated CDMO value proposition to our customers, from market intelligence and R&D, to FDF formulation, manufacturing and packaging, (ii) develop and offer innovative solutions by anticipating market trends through our "push innovation model" that relies on our sizeable R&D department and our substantial portfolio of proprietary innovative solutions, (iii) are able to guarantee international regulatory expertise to our customers, (iv) perform clinical studies, which is a key capability for large customers and (v) operate high-quality manufacturing facilities that adhere to "stricter-than-regulatory" manufacturing standards.

The chart below sets forth the historical and projected evolution of the EU5 nutraceutical CDMO market between 2016 and 2025.



(1) Includes health supplements and medical devices.
(2) Represents the manufacturing outsourcing average in the EU5 countries.

Source: Market Consulting Firm

Our established position in the European nutraceutical CDMO market is reinforced by infrastructural, customer-centric and legislative barriers to entry. Our industry requires significant R&D capabilities, manufacturing complexity and sizeable upfront capital expenditure. In order to enter the nutraceutical CDMO space, a new market entrant would need to acquire or develop innovative or patent-protected technologies and adopt complex manufacturing models with the flexibility to ensure business continuity for customers as well as efficient quality control and quality assurance processes to comply with applicable certification requirements. New entrants would also need to build significant in-house R&D expertise, which typically requires significant time and resources. Sizeable R&D capabilities underpinned by strong proprietary technologies also offer significant competitive advantages with respect to the acquisition of large customers that have broad product portfolio needs. We proactively approach and partner-up with our key customers, such as large consumer health companies, to co-develop new innovative products and launch them in a timely manner to the market, leveraging on the shorter innovation cycle in the nutraceutical space of an average of six to 18 months compared to the average 36 to 60 month cycle in the pharmaceutical space according to management estimates. Additionally, our significant capabilities in the co-development of products with, and high switching costs for, our customers (including relating to the transfer of know-how and technology) translate to our strong customer relationships, which we believe are key factors in our ability to act as the *de facto* exclusive supplier for certain of our key customers and limit the ability of incumbent market participants to penetrate the market. Finally, our business is subject to stringent regulatory requirements across multiple jurisdictions, with a market participant's ability to provide local and international regulatory expertise being a critical service for CDMO customers.

Leading European nutraceutical CDMO with a strongly differentiated positioning in a highly fragmented market

Our competitive landscape includes Italian CDMOs, such as Labomar and S.I.I.T., as well as large diversified international CDMOs, such as Fareva, Aenova, Lonza and Catalent, which, despite offering certain products in the nutraceutical space, do not have their primary focus on nutraceutical products and technologies.

Two main categories of players can be distinguished within the nutraceutical market: (i) innovation-driven players, such as the Biofarma Group, which typically partner-up with customers during the "design phase" of new innovative projects by leveraging on their innovation capabilities and ability to proactively anticipate market trends and develop new products to be offered to customers with a reduced time-to-market, and (ii) manufacturing-driven players, which generally focus on producing high volumes of product at competitive prices. Acting within the former category, we believe that we benefit from one of the leading integrated CDMO value propositions and are able to offer to our customers integrated services across the nutraceutical CDMO value chain, ranging from market intelligence and R&D to FDF formulation, manufacturing and packaging. We also benefit from our size, as the largest Italian nutraceutical CDMO and one of the largest in Europe by revenue.

In particular, according to proprietary expert surveys and the report commissioned from the Market Consulting Firm, we score consistently above market average across all the key success factors relevant to innovation-driven CDMOs, namely (i) innovation capabilities, (ii) product quality, and (iii) regulatory capabilities.

With respect to innovation capabilities, we develop and offer innovative solutions by anticipating market trends through our "push innovation model" that relies on (i) our sizeable R&D department (consisting of approximately 44 FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021), and (ii) our substantial portfolio of proprietary innovative solutions that combine differentiated manufacturing technologies, delivery systems and formulation capabilities.

With respect to product quality, we operate state-of-the-art manufacturing facilities with technology, equipment and quality control systems that enable us to deliver consistent product quality and reliability of service. In addition, we adhere to "stricter-than-regulatory" manufacturing standards that have allowed us to establish strong relationships with several blue-chip multinational customers. As a testament to the high quality standards of our facilities, which in certain cases are more typical of pharmaceutical companies, AIFA has approved a portion of the Udine Plant for the manufacture of pharmaceutical grade products. In addition, we apply the pathogenic monitoring system ("PMS") across the manufacturing process, which is a more sophisticated approach compared to industry standards, as it requires sampling on final products only, and has enabled us to become the "partner-of-choice" of leading multinational consumer health companies seeking commercial partners that apply high "stricter-than-regulatory" manufacturing standards.

With respect to regulatory capabilities, we leverage upon our local and international regulatory expertise, and more specifically our pan-European regulatory know-how, to provide critical regulatory support to our blue chip customers (especially large multinational companies) across multiple jurisdictions through a dedicated team of approximately 20 FTEs as of December 31, 2021.

We believe that these factors have enabled us to build a significant competitive advantage via-a-vis our competitors and to position ourselves as the "partner-of-choice" of several large consumer health companies and pharmaceutical companies operating within the nutraceutical space. Leveraging on these factors, along with the highly fragmented nature of the European nutraceutical CDMO space, we believe that we are well positioned to consolidate our position as the leading and largest nutraceutical CDMO in Italy and one of the largest in Europe.

Well-diversified product portfolio, technologies, and geographical exposure, with specific expertise in probiotics

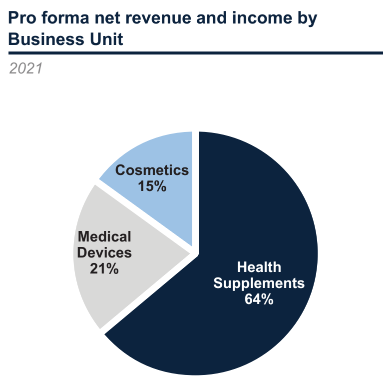
Our revenues are highly diversified across business units and geographies, and we derive a substantial portion of our revenue from products manufactured using innovative and patent-protected technologies.

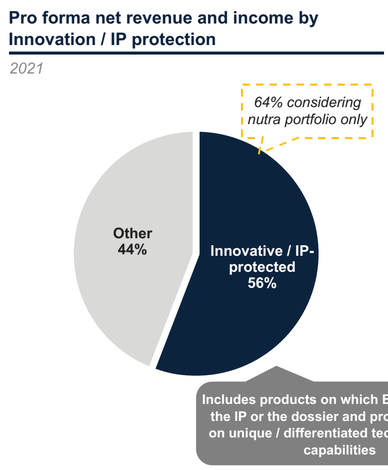
For the year ended December 31, 2021, our Health Supplements, Medical Devices and Cosmetics business units generated total net revenue and income (*pro forma* for the IHS Acquisition) of €149.5 million, €49.5 million and €33.7 million, respectively, representing 64.2%, 21.3% and 14.5% of our total net revenue and income for the same period (in each case *pro forma* for the IHS Acquisition). Excluding the revenue of IHS, our Health Supplements, Medical Devices and Cosmetics business units generated total net revenue and income of €135.7 million, €37.3 million and €33.7 million, respectively, representing 65.7%, 18.0% and 16.3% of our total net revenue and income for the same period.

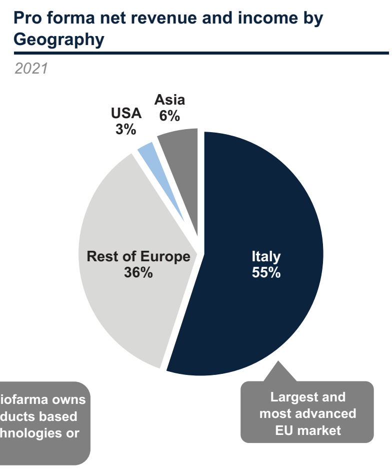
In terms of geographic reach, while all of our manufacturing sites are located in Italy, which accounted for 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021, we benefit from a global commercial reach, generating 45% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products sold to customers in Europe, Asia and the United States. Sales in Europe (excluding Italy), Asia and the United States accounted for 36%, 6% and 3%, respectively, of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021.

Continuous innovation is critical to our business and we hold a strong portfolio of innovative solutions and patented technologies, consisting of manufacturing technologies (*e.g.*, BOV technology), delivery systems and formulation capabilities. We are one of the few European nutraceutical CDMOs with microencapsulation capabilities, which allow us to apply a coating around ingredients, thus stabilizing them until the desired point of release. Our delivery systems include T-Win and Dry-Cap, which are specifically designed for probiotic-based products. Our highly regarded formulation capabilities (such as probiotics combination) enabled us to secure contracts to develop several new products for large pharmaceutical and consumer health companies in areas such as sleep relaxation, pediatrics and anti-ageing. As such, we derived 56% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products manufactured using innovative or patent-protected technologies. We are currently working on the introduction of new technologies, such as nanotechnology across all our business units and technology for hot filling processes for nutraceutical and cosmetics products.

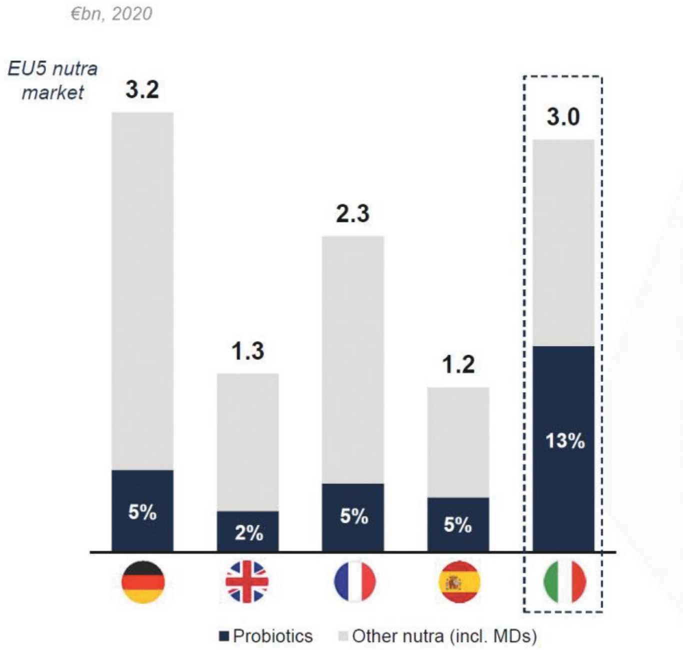
The following charts set forth our total net revenue and income breakdown (*pro forma* for the IHS Acquisition) by business unit, innovative and patent-protected technologies and geography, for the year ended December 31, 2021.







Moreover, we believe that we are a leading European CDMO manufacturer of probiotic-based products, with an estimated market share of approximately 29% by revenue as of December 31, 2021 according to management estimates. The chart below sets forth the overall size of each of the EU5 underlying probiotics and other nutraceutical markets, as of December 31, 2020.



Source: Market Consulting Firm

As of December 31, 2020, we developed and manufactured six of the top 10 probiotic-based products sold to customers in Italy, estimated to be the largest market for probiotics-based products in Europe, and were the unique supplier in Italy of five of these products. The graphic below sets forth an overview of the top 10 probiotic-based products in the Italian market, as of December 31, 2020.

	Product	Corporation	Biofarma's Customer?	Unique Supplier
#1	Enterolactis Plus	SOFAR	✓	✓
#2	Lactoflorene Plus	MONTEFARMACO	✓	✓
#3	Yovis	ALFASIGMA	✓	
#4	Enterolactis	SOFAR	✓	✓
#5	Vsl 3	Actial	✓	✓
#6	Prolife 10 Forte	ZETA		
#7	Reuflor	RECORDATI	✓	✓
#8	Dicoflor 30	Dicofarm		
#9	Enterelle Plus	BROMATECH		
#10	Multicentrum	gsk GlaxoSmithKline		
	Top 10 probiotic products in Italy			

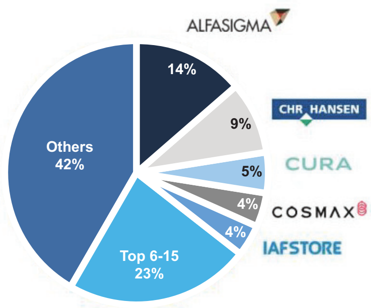
Source: Management estimates; market research

Probiotic-based products represent a premium niche in the nutraceuticals market, and are characterized by high manufacturing complexity that translates to higher than average margins. Our probiotic-based products incorporate live microorganisms that support immune functions and digestive health, and boost metabolism, and represented approximately 29% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. Within this space, we believe that we benefit from competitive advantages as a result of (i) our innovative technologies (*e.g.*, Dry-Cap, Oil Drop) co-developed with leading probiotics players such as Chr. Hansen (with whom we have a long-standing relationship of over ten years), and (ii) our high manufacturing quality standards (*e.g.*, we are one of the few EU players applying a "Cytofluorometry" technology to probiotics, which improves the efficacy of our products by guaranteeing a certain number of live microorganisms in each probiotic-based product).

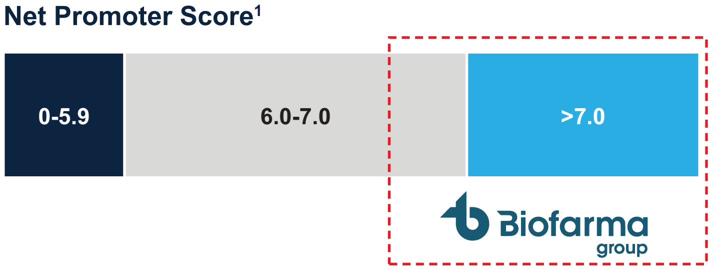
Long-standing and diversified blue-chip customer base and low supplier dependency

We have a large, diversified and established customer base comprising over 500 customers, ranging from large pharmaceutical companies, such as Sanofi and Alfasigma, multinational consumer health companies, such as Nestlé and Reckitt Benckiser, and international distributors, such as Cosmax, to mid-sized nutraceutical commercialization players, such as Montefarmaco, Lo.Li. Pharma and Sofar. Our customers also include other blue chip customers, such as Chr. Hansen.

Our global reach and ability to offer an integrated CDMO value proposition to our customers has allowed us to secure contracts with approximately 130 new customers between 2019 and 2021. In addition to broadening our customer base, we have also strengthened our relationships with key customers. While our business development division, consisting of 10 dedicated professionals drawn from our FTEs and external consultants, focuses on generating new business opportunities, our key account management division, consisting of 16 FTEs, focuses on strengthening relationships with our existing customers by proactively approaching them with innovative formulations or new applications of our technologies. In fact, our ability to develop and proactively offer innovative solutions to our customers underpins our long-standing relationships with the large majority of our customers and we have an average relationship duration of approximately 7.5 years with our top 10 customers. We have achieved this by leveraging upon our innovative and complex technologies, international regulatory expertise and high quality manufacturing, which has allowed us to become the partner-of-choice for large pharmaceutical companies (*e.g.*, Sanofi and Alfasigma), consumer health companies, (*e.g.*, Nestlé and Reckitt Benckiser) and international players (*e.g.*, Cosmax) in several co-development projects, as well as the sole supplier of nutraceutical probiotic-based products in Europe for Chr. Hansen. As a result, we have not lost a single key customer in the last three years, recording a customer retention rate of approximately 97% from 2019 to 2021 (expressed as a percentage of our net revenue generated from the customers retained over the 2019 to 2021 period to our net revenue over such period). The total net revenue and income of our top 10 customers steadily increased at a CAGR of approximately 15% between 2019 and 2021 (compared to overall net revenue growth over this period at a CAGR of approximately 11%). The following chart sets forth our total net revenue and income breakdown (*pro forma* for the IHS Acquisition) by customer for the year ended December 31, 2021.



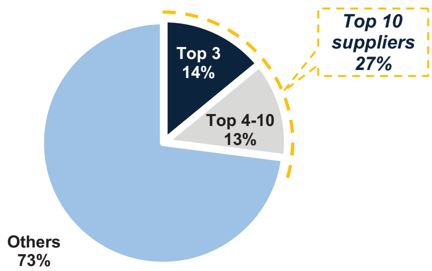
Our consistent product quality, reliability of service and significant R&D and regulatory capabilities offer high quality assurances to our customers, resulting in the highest level of customer satisfaction ratings according to the NPS issued pursuant to the Market Consulting Firm's report. The NPS represents, on a scale from one to ten, the customers' likelihood of recommending our products to others, as shown in the graphic below.



(1) Net Promoter Score, Detractor with NPS 0-5.9; Neutral with NPS 6.0-7.0; Promoter with NPS >7.0
Source: Market Consulting Firm

We believe that our customers are unlikely to switch CDMOs, primarily due to significant switching costs and high customer stickiness supported by our innovative "co-development" approach with customers, our substantial portfolio of patent-protected technologies and the operational and regulatory costs that switching CDMOs typically entails. Due to these factors, based on management's estimates, we believe that the process of swtiching CDMOs requires approximately three years, resulting in high consumer retention. In addition to strengthening our relationships with existing customers and resulting in a high customer retention rate, our strong customer relationships combined with an average relationship duration of 7.5 years with our top 10 customers also provide substantial forward visibility on order flow across our product portfolio.

Moreover, our sourcing strategy revolves around maintaining relationships with a small number of key suppliers to obtain certain commercial advantages, including superior pricing and terms, while, at the same time, building relationships with alternative suppliers (*i.e.*, "second sourcing") for critical raw materials. We believe that our broad supplier network reduces our concentration risk. For the year ended December 31, 2021, our top three and top 10 suppliers accounted for approximately 14% and 27%, respectively, of our purchase of goods and changes in inventory and cost of services. The following chart sets forth our supplier concentration for the year ended December 31, 2021.



Integrated and flexible business model supported by strong R&D, international regulatory capabilities and state-of-the-art manufacturing facilities

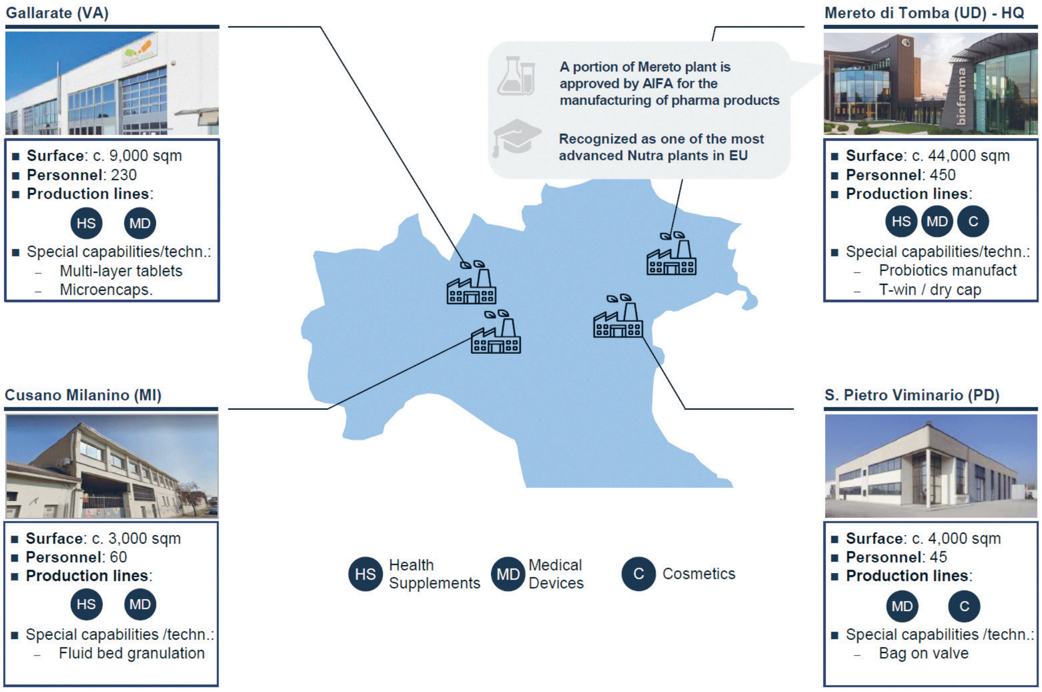
Our R&D department is key to our growth and our customers' success, particularly in light of the increasing complexity of our customers' requirements. We develop and proactively offer innovative solutions to our customers by anticipating market trends through our "push innovation model" that relies on (i) our sizeable R&D and regulatory departments (consisting of approximately 64 FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021) and (ii) our substantial portfolio of proprietary innovative solutions that combines differentiated manufacturing technologies, delivery systems and formulation capabilities. We have steadily invested in our R&D department, which enabled us to manage more than 2,000 projects in 2021. For the years ended December 31, 2019, 2020 and 2021, our capitalized R&D expenditure amounted to €0.9 million, €3.0 million and €5.6 million, respectively. We believe that the critical size of our R&D department allows us to invest upfront in new projects and allows us to anticipate market trends and customer needs.

We carry out our R&D activities internally, currently operating three R&D centers with complementary areas of expertise across our business units located in Udine, Varese and, further to the IHS Acquisition, Monza.

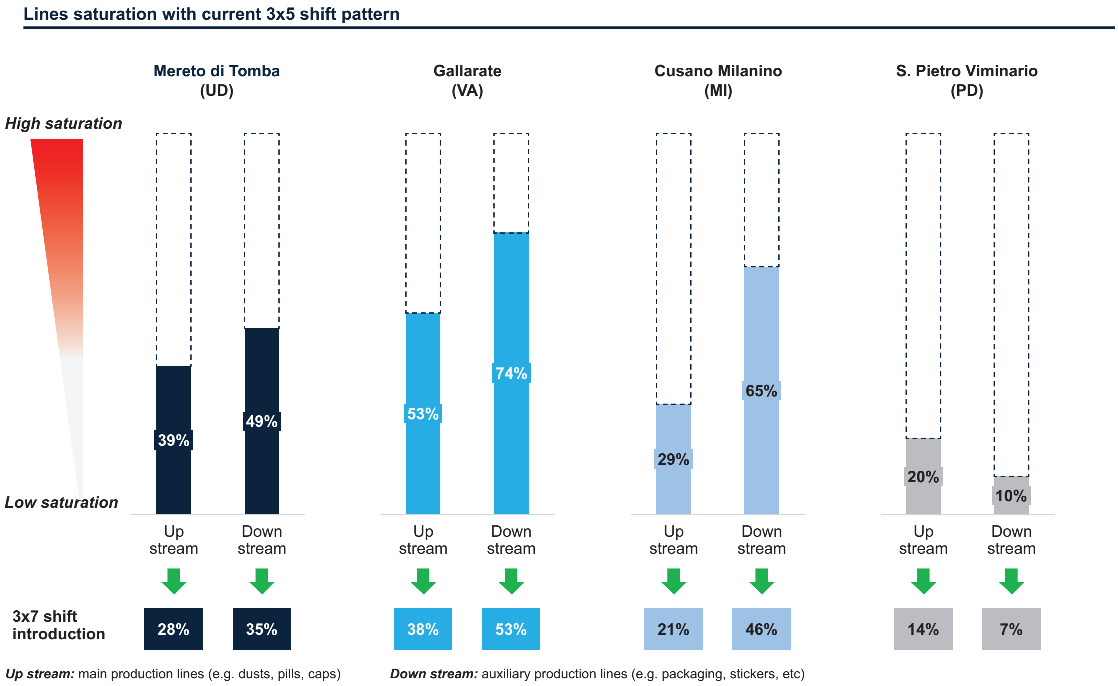
Continuous innovation is critical in the nutraceutical space, which typically has a shorter innovation cycle of six to 18 months as compared to the average 36 to 60 month cycle in the pharmaceutical space according to management estimates. For instance, we have developed *Sulfarol*, a sexual health product and *HCC*, a musculoskeletal product, in each case over an approximately 18-month innovation cycle. In each instance, we initially conceived and fully developed the product through our R&D team, developed a full set of clinical studies in partnership with a leading Italian university, filed for patent protection with the support of IP specialists, and secured (or are in advanced negotiations for) contracts with customers for the distribution of the product in Italian and overseas end markets. As a result of our business model and our investments in R&D, we currently hold a strong portfolio of innovative solutions and patented technologies, consisting of manufacturing technologies, delivery systems and formulation capabilities. For example, our proprietary manufacturing technologies include microencapsulation, which allows us to apply a coating around ingredients, thus stabilizing them until the desired point of release. We are one of the few European nutraceutical CDMOs that hold this technology. Our delivery systems include T-Win and Dry-Cap, which are specifically designed for probiotic-based products. T-Win is a patented technology that allows us to incorporate two different but mixable solid powders into the same delivery system and keep them separate until use. The Dry-Cap technology keeps the solid and liquid components of probiotic-based products separate until use, increasing the stability and shelf life of these products. We are currently working on the introduction of additional new technologies, such as nanotechnology across all our business units and technology for hot filling processes for nutraceutical and cosmetics products. With the adoption of nanotechnology, we expect to enhance the effectiveness of our nutraceutical products, including, for example, products for cardiovascular treatment or healing products. In respect of hot filling processes, we are currently designing solutions involving the use of extremely high temperatures to eliminate harmful bacteria or microorganisms from medical devices for women's health. Our highly regarded formulation capabilities (such as probiotics combination) enabled us to secure contracts to develop several new products for large pharmaceutical and consumer health companies in areas such as sleep relaxation, pediatrics and anti-ageing.

We also rely on a combination of patents, trademarks and other intellectual property rights, non-disclosure agreements and other protective measures to protect our proprietary rights. We have steadily increased our patent and trademark portfolio, including through our strategic acquisitions. As of December 31, 2021, we held more than 85 patents and 70 trademarks registered in Italy, Europe and other geographies, and are in the process of registering more than 40 additional patents and trademarks. Our acquisition of IHS adds a substantial portfolio of eight patents and eight trademarks registered in Italy, Europe and other geographies, along with 20 medical devices dossiers and three pending patents. Furthermore, we benefit from strong regulatory capabilities. In particular, we leverage upon our local and international regulatory expertise, including our pan-European regulatory know-how, through a dedicated team of approximately 20 FTEs as of December 31, 2021 to provide critical regulatory support to our customers across multiple jurisdictions. Our regulatory offering assists our customers in targeting new markets and differentiating their products to achieve stronger growth prospects by, for instance, performing clinical studies to help customers validate the clinical efficacy of their products.

In terms of manufacturing capabilities, we develop and manufacture our products and services through our four state-of-the-art manufacturing sites, located in northern Italy in Udine, Varese, Milan and Padova. Quality is at the core of our value proposition. Thus, all our facilities adhere to high quality levels from an operational and health and safety perspective, and we hold equipment and quality control systems that are more typical for regulated pharmaceutical companies, enabling us to deliver consistent product quality and reliability of service. In addition, we seek to adhere to "stricter-than-regulatory" manufacturing standards in order to meet the high quality standards of our blue chip customers. In particular, the Udine Plant underwent a major refurbishment in 2018 and is currently regarded as one of the most advanced nutraceutical plants in Europe, with AIFA having approved a portion of the site for the manufacture of pharmaceutical grade products. The following graphic sets forth an overview of our current manufacturing capabilities.



Moreover, our manufacturing sites are equipped with 170 production lines, of which 50 are dedicated to the production and 120 to the packaging, of our health supplements, medical devices and cosmetics. Our production lines have low saturation rates as a result of continuous investments in new lines, and we believe that adopting a work shift pattern with three shifts per day for seven days a week (as opposed to the shift pattern we currently have in place with three shifts per day for five days a week) could potentially unlock an estimated 30% additional capacity at our manufacturing sites. The following graphic sets forth an overview of the current and projected saturation rates of our product lines (not accounting for the integration of IHS).



Source: Market Consulting Firm; management estimates

Consistent profitable growth and cash generation, with a strong track record of overachieving targeted synergies

We manage our business with a focus on achieving and maintaining strong revenue generation and profitability. We have a strong track record of total net revenue and income and Adjusted EBITDA growth, which recorded a CAGR of approximately 12% and approximately 22%, respectively, between 2019 and 2021, increasing from €184.1 million and €38.4 million for the year ended December 31, 2019 to €232.7 million and €57.3 million, respectively, for the year ended December 31, 2021 (in each case *pro forma* for the IHS Acquisition). Excluding the revenue of IHS, our total net revenue and income grew from €169.0 million for the year ended December 31, 2019 to €206.6 million for the year ended December 31, 2021. We demonstrated resilience through various economic cycles, including through the outbreak of the COVID-19 pandemic with its long-lasting effects on the global economy, and successfully navigated supply chain disruptions and increase in the prices of raw materials. In particular, given the essential nature of our business, we remained operational during the COVID-19 pandemic, generating increased organic total revenue of €14.5 million and €23.1 million, respectively, for the years ended December 31, 2020 and 2021, compared to the respective prior year periods. Certain of our health supplements and medical devices products, such as probiotics that support immune functions and products treating sleep disorders, recorded an increase in sales during the COVID-19 pandemic, demonstrating our strong resilience and our ability to successfully adapt to the asymmetric trends recorded in the markets in which we operate by leveraging the significant breadth of our product portfolio.

Our high margins related to our differentiated positioning and the lower capital requirements in the nutraceutical CDMO space compared to the pharmaceutical industry have also allowed us to become a highly cash generative business, with cash flow from operating activities of €21.8 million and €30.1 million, adjusted recurring operating free cash flow of €35.1 million and €45.4 million and recurring cash flow conversion rate of 93.5% and 93.4%, respectively, for the years ended December 31, 2020 and 2021. For the same years, we recorded adjusted recurring operating free cash flow (*pro forma* for the IHS Acquisition) of €40.1 million and €54.1 million and adjusted recurring cash flow conversion rate of 94.2% and 94.4%, respectively. For the year ended December 31, 2021, our adjusted operating free cash flow (*pro forma* for the IHS Acquisition) was €42.2 million. We have also maintained consistently high gross margin of 26.6%, 25.5% and 26.5% for the years ended December 31, 2019, 2020 and 2021, respectively. See "*Summary Historical Financial and Other Data—Other Financial Data and Key Performance Measures*."

Furthermore, we have been focused on the integration of the various entities within the Group and despite the impact of the COVID-19 pandemic, we have already realized significant cross-selling revenue synergies and cost savings synergies, over-performing the pre-merger estimates by €1.6 million in 2020 and €3.0 million in 2021, according to the report issued by the Consulting Firm. For example, we have performed an optimization of our industrial platform by promoting the sharing of our "best of breed" capabilities across the entire Group, thus leveraging the full potential of the aggregation of the Group. As an example, we have re-allocated production lines from one plant to another in line with their specific expertise, allowing us to optimize production flows and improve manufacturing efficiency. In addition, we have leveraged on the scale resulting from our M&A activity to centralize procurement activities and secure better pricing terms for raw materials with our suppliers, and we have in-sourced certain previously outsourced production activities (*e.g.*, Apharm's portfolio of medical devices), thus unlocking potential cost synergies. Our integration process resulted in unlocking significant synergies for the Group, and we believe that it is yet to deliver on its full potential as we continue to execute on our strategic integration initiatives.

Attractive consolidation platform with strong track record of creating value and extracting synergies from integration

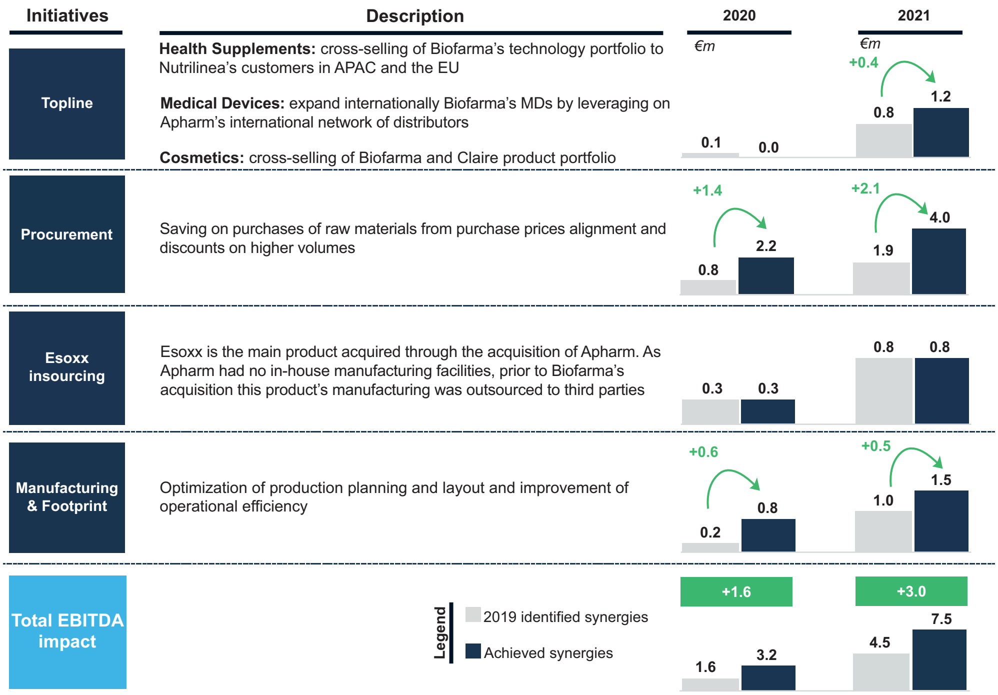
We are the result of a buy-and-build strategy, commenced in 2017 with the acquisition of Nutrilinea and complemented by five strategic add-ons of nutraceuticals or cosmetics CDMOs or CMOs.

A combination of this acquisition-driven growth and significant organic revenue growth between 2016 and 2021 resulted in the increase of our total net revenue and income from €32.0 million for the year ended December 31, 2016 to €232.7 million (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. Excluding the results of IHS for the period, we recorded total net revenue and income of €206.6 million for the year ended December 31, 2021.

We have a strong track record of accretive M&A through our strategy of selectively pursuing and successfully implementing synergistic acquisitions. Our ability to unlock cross-selling opportunities and extract significant cost savings synergies from integration is underpinned by our focus on leveraging the "best of breed" capabilities of each entity within the Group. Despite the impact of the COVID-19 pandemic, we have already realized significant cross-selling revenue synergies and cost savings synergies, over-performing the pre-merger estimates by €1.6 million in 2020 and €3.0 million in 2021, according to the report issued by the Consulting Firm.

In terms of cross-selling revenue synergies, we have been able to successfully cross-sell the complementary portfolios of the acquired companies across our and their respective customer bases. As an example, we promoted the cross-selling of the Company's portfolio of innovative technologies across Nutrilinea's customers in the European Union and Asia-Pacific ("**APAC**") regions, expanded the Company's Medical Devices business unit by leveraging on Apharm's international network of distributors and supported the cross-selling of the Company's and Claire's product portfolios, generating in the process an aggregate of approximately €1.2 million of cross-selling synergies between 2019 and 2021. In addition, we have generated cost savings synergies from the integration of the acquired companies, particularly by (i) in-sourcing the manufacturing of Apharm's portfolio (including *Esoxx*, a medical device we developed for the treatment of gastroesophageal reflux, which is the leading product in our overall portfolio with €14.0 million of revenue generated in the year ended December 31, 2021), (ii) focusing on procurement savings relating to the purchase of raw materials from purchase price alignment and discounts on higher volumes, and (iii) promoting the optimization of production planning and the improvement of operational efficiency.

The chart below illustrates our overachievement of targeted synergies in 2020 and 2021 in terms of EBITDA impact, comparing our initial estimates in 2019 to the synergies we actually achieved for each such year.



Source: Consulting Firm

Furthermore, we expect to realize additional cross-selling revenue synergies and cost savings synergies from our recent acquisition of IHS by unlocking cross-selling opportunities across our respective customer bases (including to IHS's international network of distributors, such as Cosmax), in-sourcing the manufacturing of a substantial portion (approximately 60%) of IHS's medical devices currently outsourced to other CMOs, procurement savings in connection with a new framework agreement for probiotics allowing for a mark-up reduction of approximately 20% as well as workforce optimization initiatives.

Overall, we estimate that, as of December 31, 2021, we had realized approximately €7.5 million of cross-selling revenue synergies and cost savings synergies since 2019 on a cumulative basis (of which €1.2 million were cross-selling revenue synergies and €6.3 million were cost savings synergies), and we currently expect to realize €6.7 million of annual run-rate cost savings synergies by 2023. For more information on the synergies we expect to achieve and the one-off costs we expect to incur for the realization thereof, see "*Summary Historical Financial and Other Data—Other Pro forma Financial Data*."

Highly experienced and committed management team, with extensive experience in the pharmaceutical and nutraceutical industries

We benefit from the experience of our key management who have extensive experience and an excellent track record in both the pharmaceutical industry and the nutraceutical industry in which we operate. Our CEO has over 30 years of experience in leading Italian and international pharmaceutical players (such as Italfarmaco, Zambon and Takeda). Members of our senior management have significant experience in large multinational companies such as GlaxoSmithKline and Fareva.

Our management team has consistently demonstrated its ability to consolidate long-term relationships with existing customers and to win new customers, promoting the innovation-driven mindset that is embedded into our history and business model. In particular, our management has proven to be able to consistently bring to the market innovative products and ensure our facilities meet high quality manufacturing standards. In addition, management has a track record of being able to successfully integrate our acquired businesses and extract significant synergies. Our effective management structure, which couples long-term experience at the Group with proven excellence in the respective roles of our key managers, has also allowed us to take swift action in response to the COVID-19 pandemic and successfully navigate the related operational difficulties, with the support of our skilled and qualified work force consisting of approximately 800 FTEs (including employees deputed to us from third party agencies) as of December 31, 2021.

Our management is well placed to continue pursuing our strategy to broaden our customer base and strengthen our market recognition. We also believe that our current management team will allow us to continue to attract and retain the industry's top talent, further driving our growth strategy.

Our Strategy

Diversify our portfolio of products and differentiated technologies

We plan to continue strengthening our position in the markets in which we operate, including by diversifying our portfolio of products. We have a strong product pipeline in 2022, which includes, for instance, a food supplement we developed for a large pharmaceutical company, environmentally sustainable oral care formulations for a large consumer health company and innovative sports products for an Italian online retailer focused on personalized sport nutrition products and health supplements. The following chart sets forth an overview of our product pipeline in 2022.

Product	BU	Launch	Client	Product description
Innovative vitamin based product	HS	Q1 '22	Tier-1 multinational company (a)	Vitamin mineral pharmaceutical product that has been transformed into a food supplement and is, therefore, a clear example of the new strategy of pharmaceutical companies in nutraceutical field, which transform certain products in nutra to be able to bring to the market marginal innovation (e.g. line extension) in a faster way (due to lower regulatory requirements) In 2022 the product will be launched in Spain, and this will be followed by launches in 30 countries worldwide
Client portfolio	HS	Q1 '22	Tier-1 multinational company (b)	Several projects for tier-1 multinational company (b) brand portfolio, but above all, the already planned expansion in different international markets including USA, Hong-Kong and Japan The strong relationship with the customer is a sign of a stable partnership that demands high quality standards, not easily available on the market
Waterless solid oral care	Cosmetic	Q3 '22	Tier-1 multinational company (c)	Toothpaste and mouthwash waterless formulations delivered in the form of chewable tablets with fluoride to fight teeth cavities
Innovative pediatric product	HS	Q1 '22	Probiotics company	Pediatric target product in sachet packaging, based on a formulation with inulin and probiotics
Retard microencapsulated protein and sport nutrition	HS	Q1 '22	Online food supplement player	Isolated and microencapsulated proteins with cellulose available in 2 flavorings. The partnership with this client allows us to be pioneers in Italy in the sports nutrition products development, a sector characterized by a high level of innovation in both the technological and commercial fields

The growth of our business is also partially driven by the continuous development of manufacturing technologies, delivery systems and formulation capabilities. Each year, we dedicate a significant amount of capital towards developing new products and researching new technologies. For the years ended December 31, 2019, 2020 and 2021, we incurred aggregate capitalized R&D expenses of €0.9 million, €3.0 million and €5.6 million, respectively, and we intend to continue to invest in R&D, in order to introduce new technologies, such as nanotechnology across all our business units and technology for hot filling processes for nutraceutical and cosmetics products, to consolidate our leading position in this space.

The implementation of these plans is part of our broader strategy to retain and expand our position as the partner-of-choice of an increasing number of large pharmaceutical companies, consumer health companies and international players by strengthening our portfolio of CDMO solutions, comprehensively addressing our customers' requirements and meeting their evolving needs.

Expand into new geographic markets

We intend to continue leveraging our market positioning through expansion into new geographic markets and by enhancing our presence across the geographical areas in which we operate, both organically through the launch of new products or the sale of our existing products into new markets and inorganically through bolt-on acquisitions. For instance, through our recent acquisition of IHS, we gained access to an international network of distributors in markets such as South Korea. Our geographic expansion strategy is currently focused on the Europe, Middle East and Africa ("**EMEA**") and APAC regions, and will be driven by, for instance, the launch of a food supplement by a large pharmaceutical company in Spain followed by approximately 30 other countries, the expansion of several of our existing products for a large consumer health customer to international markets such as Hong Kong and Japan, and the proposed distribution of *Esoxx* in India. The establishment of footholds in new geographic regions and well-established markets, each of which holds potential for expansive customer acquisition and development, presents the opportunity for exposure to markets characterized by long-term growth prospects.

Generate cross-selling revenue synergies and cost savings synergies through the integration of acquired businesses

We intend to continue to unlock cross-selling opportunities and extract synergies from integration by focusing on leveraging the "best of breed" capabilities of each entity within the Group. For instance, our acquisition of Pharcoterm allowed us to unlock cross-selling opportunities by acquiring a portfolio of Italian nutraceutical customers such as Lo.Li. Pharma and Sofar, and our acquisition of Apharm generated significant cost synergies through the in-sourcing of the manufacturing of Apharm's portfolio. As of December 31, 2021, we estimate that we had realized approximately €7.5 million of cross-selling revenue synergies and cost savings synergies from the acquisition of Nutrilinea and the strategic add-on acquisitions since 2019 on a cumulative basis (of which €1.2 million were cross-selling revenue synergies and €6.3 million were cost savings synergies), and we currently expect to realize €6.7 million of annual run-rate cost savings synergies by 2023.

In particular, such cost synergies primarily consist of (i) procurements savings for an estimated amount of €1.1 million in connection with, among other things, purchase price alignment for raw materials and discounts on higher volumes; (ii) cost savings synergies for an estimated amount of €1.1 million relating to the manufacturing in-sourcing of *Esoxx* (a medical device we developed for the treatment of gastroesophageal reflux), the production of which was previously outsourced to third parties; (iii) manufacturing efficiency initiatives for an estimated amount of €0.7 million, primarily relating to the implementation of automated packaging lines in our subsidiary Claire, the streamlining of production flows in Biofarma and the optimization of warehouse management in our subsidiary Nutrilinea; (iv) footprint optimization savings for an estimated amount of €0.6 million arising out of initiatives aimed at reducing the use of sports product warehouses and the facilities operated by our subsidiary Claire, leveraging on the existing storage and operating capacity at our other plants; and (v) cost savings for an estimated amount of €1.0 million arising out of the closure of the Pharcoterm facility in Milan, with the simultaneous transfer of the related activities to our Varese and Udine plants, in each case on an annual run rate basis.

We also expect to realize additional cross-selling revenue synergies and cost savings synergies from the implementation of the IHS Acquisition and the related integration initiatives by (i) in-sourcing the manufacturing of a substantial portion (approximately 60%) of IHS's medical devices currently outsourced to other CMOs (estimated amount of €1.7 million), (ii) unlocking cross-selling opportunities across our respective customer bases (including to IHS's international network of distributors, such as Cosmax) (estimated amount of €0.3 million) and (iii) procurement savings in connection with a new framework agreement for probiotics allowing for a mark-up reduction of approximately 20% as well as workforce optimization initiatives (estimated amount of €0.2 million).

Furthermore, we plan to implement selected initiatives to further enhance integration and sustain the next phase of our growth. In particular, we aim at (i) transforming each of our manufacturing sites of Udine, Padova and Varese into a "center of excellence" depending on its specific manufacturing expertise to promote specialization across the Group and improve operational efficiency; (ii) strengthening our R&D and regulatory expertise by leveraging upon the complementary competencies of our different entities; (iii) realizing the full potential of our commercial structure (which we believe has not yet delivered its full potential due to the impact of the COVID-19 pandemic), leveraging on a business development division focused on generating new business opportunities and a key account management division focused on strengthening relationships with our existing customers and (iv) continuing to replace different enterprise resource planning ("**ERP**") systems with an integrated SAP offering at a group level (which we have already adopted at our Varese plant in 2020 and plan to implement at our Padova plant in 2022 and our Udine plant in 2023), with a focus on integrating manufacturing processes across our sites. For additional information, including on expected one-off costs and capital expenditure which are not reflected in these estimates, see "Summary Historical Financial Information and Other Data—Other Pro forma Financial Data" and "Risk Factors—Risks Related to Our Financial Information—The pro forma financial information included in this Offering Memorandum, including the Unaudited Pro Forma 2019 Combined Financial Data and the pro forma adjustments relating to the IHS Acquisition, is for information purposes only, is only intended to simulate what our results of operations would have been had the relevant acquired businesses been included in our scope of consolidation for the entire period assumed and has been prepared on the basis of certain estimates and assumptions which we consider reasonable, but it is not a substitute for our Audited Financial Statements included elsewhere in this Offering Memorandum."

History

We are the result of a buy-and-build strategy, commenced in 2017 with the acquisition of Nutrilinea and complemented by five strategic add-ons of nutraceuticals or cosmetics CDMOs or CMOs. A combination of the acquisition-driven growth through our buy-and-build strategy and double digit organic growth at a CAGR of 11% total net revenue and income between 2019 and 2021 resulted in the increase of our total net revenue and income from €169.0 million for the year ended December 31, 2019 to €206.6 million for the year ended December 31, 2021 and a CAGR of 12% (*pro forma* for the IHS Acquisition) between 2019 and 2021 resulted in the increase of our total net revenue and income from €184.1 million for the year ended December 31, 2019 to €232.7 million (in each case *pro forma* for the IHS Acquisition) for the year ended December 31, 2021.

In September 2017, we completed the acquisition of Nutrilinea, an Italian nutraceutical contract manufacturing organization ("**CMO**") focused on solid technologies and characterized by strong manufacturing capabilities and efficient manufacturing processes.

In June 2018, we completed the acquisition of Pharcoterm, an Italian nutraceutical CMO focused on solid technologies, with a portfolio consisting of health supplements and medical devices. Through this acquisition, we acquired a back-up manufacturing site to guarantee production continuity and unlocked cross-selling opportunities by acquiring a substantial portfolio of Italian nutraceutical customers such as Lo.Li. Pharma and Sofar.

In June 2019, we completed the acquisition of Apharm, an Italian company focused on the R&D of medical devices for out-licensing to pharmaceutical and nutraceutical companies, with production fully outsourced to CDMOs. Through this acquisition, we established a strong presence in the medical devices market by acquiring a high value product portfolio (including *Esoxx*, a medical device we developed for the treatment of gastroesophageal reflux, which is the leading product in our overall portfolio with €14.0 million of revenue generated in the year ended December 31, 2021), acquired significant R&D and regulatory expertise to build out an integrated CDMO value proposition, generated significant cost synergies by in-sourcing the manufacturing of Apharm's portfolio, unlocked cross-selling opportunities across our respective customer bases, and gained access to a wide network of distributors in geographies such as Taiwan, Pakistan and the United States.

In July 2019, we completed the acquisition of Claire, an Italian CDMO focused on the production of cosmetics and topical medical devices. Through this acquisition, we established a presence in the cosmetics market by acquiring a number of large Italian customers, such as Collistar, Manetti, Aboca and Bios Line, and acquired innovative technologies in the cosmetics and medical devices segments, such as BOV and aerosol.

In February 2020, the Biofarma Group was formed from the aggregation of the Nutrilinea Group (consisting of Nutrilinea, Pharcoterm, Apharm and Claire) with Biofarma S.r.l., a fully integrated Italian CDMO operating across the health supplements, medical devices and cosmetics markets. Through this transformational aggregation, we acquired highly complementary expertise in liquid technologies (with Nutrilinea focused on solid technologies) and in the development and manufacturing of probiotics-based products, gained high quality manufacturing capabilities and facilities and unlocked cross-selling opportunities across our respective customer bases.

On January 28, 2022, Pasteur, a subsidiary of the Company established in December 2021 for the purpose of consummating the IHS Acquisition in which the Company currently holds 75% of the equity interests, acquired all of the equity interests in Pasteur from Giellepi S.p.A. The remaining 25% minority interest in Pasteur continued to be indirectly held by Giellepi S.p.A. and is subject to call and put options, which will allow the Company to purchase from Giellepi S.p.A., and Giellepi S.p.A. to sell to the Company, respectively, such minority stake. IHS is an Italian company focused on the R&D of medical devices for out-licensing to pharmaceutical and nutraceutical companies, with production fully outsourced to CDMOs, such as the Biofarma Group, and a strong portfolio of probiotic-based products. See "*Summary—Recent Developments—IHS Acquisition*."

On January 15, 2022, Ardian Buyout Fund VII B SLP (represented by its management company Ardian France S.A.), the ultimate controlling owner of the Issuer, as purchaser, entered into a quota purchase agreement with Ippocrate Investments S.p.A., Ippocrate Investments II S.p.A. and Ippocrate Investments III S.p.A., three holding ultimately controlled by White Bridge Investments II S.p.A., and Victoria, a holding company ultimately controlled by Germano Scarpa (our Chairman and one of the founders of the Biofarma Group) and Gabriella Tavasani , as sellers, relating to all of the equity interests in the Company. The Acquisition was consummated by the Issuer through BidCo on March 22, 2022. Consideration for the Acquisition consisted of a purchase price of €945.8 million, including fees and leakages, which was paid to the Sellers on the Completion Date.

Our Business Units

We operate our business across more than 20 therapeutic areas, including genitourinary, neurology, cardiology, sports nutrition, and vitamins and multivitamins, and hold a large and diversified portfolio of products, which include approximately 2,400 health supplements, over 30 product dossiers for medical devices and over 1,900 cosmetics. We operate our business through three business units: Health Supplements, Medical Devices and Cosmetics.

We believe that we are a leading European CDMO manufacturer of probiotic-based products, with an estimated market share of approximately 29% by revenue as of December 31, 2021 according to management estimates. Probiotic-based products represent a premium niche in the attractive nutraceuticals market, and are characterized by high manufacturing complexity that translates to higher than average margins.

Health Supplements

Through our Health Supplements business unit, we develop and manufacture health-enhancing products that primarily enable the maintenance of good health and support or enhance prevention treatments individually or in combination with pharmaceutical products, including for chronic diseases. While the purchase of Health Supplements does not require a formal doctor's prescription in most of our geographies, the initial purchase of health supplements by end consumers is usually driven by doctors' recommendations. End consumers typically purchase our health supplements in pharmacies.

For the year ended December 31, 2021, our Health Supplements business unit generated total net revenue and income (*pro forma* for the IHS Acquisition) of €149.5 million, representing 64.2% of our *pro forma* revenue for the period. Excluding the revenue of IHS, our Health Supplements business unit generated total net revenue and income of €135.7 million, representing 65.7% of our total net revenue and income for the period. Our Health Supplements total net revenue and income (*pro forma* for the IHS Acquisition) grew at a CAGR of approximately 13% between 2019 and 2021. For the year ended December 31, 2021, products within our Health Supplements business unit contributed 68% (€43.5 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin of 29% (as a percentage of our *pro forma* revenue generated by our Health Supplements business unit) over the same period.

Our main customers in the Health Supplements business unit include Sanofi, P&G, IAFStore, Nestlè, Recordati and Chr. Hansen.

We have a wide portfolio of Health Supplements, including:

- ***Genitourinary health supplements.*** Our genitourinary health supplements combine vegetal or animal extracts to prevent diseases of the bladder, urinary tract, prostate and kidneys, or improve sexual health.
- ***Neurological health supplements.*** Our neurological health supplements combine vegetal extracts and vitamins to treat sleep disorders, anxiety, stress and cognitive dysfunctions.
- ***Cardiology health supplements.*** Our cardiology health supplements combine phytosterols, omega-3 fatty acids, magnesium, vitamins and other nutrients to lower cholesterol, improve blood pressure, and prevent heart disease.
- ***Sports nutrition products.*** Our sports nutrition products consist of proteins, performance enhancers, and pre- and post-workout products. We started the production of our sports nutrition products in mid-2019, and generated revenue of €8.3 million from these products for the year ended December 31, 2021, representing 5.5% of the total net revenue and income (*pro forma* for the IHS Acquisition) generated by our Health Supplements business unit over the same period. Our strong relationship with IAFStore, an Italian online retailer focused on personalized sport nutrition products and health supplements, has been a primary driver of the growth of our sports nutrition portfolio.
- ***Vitamins and multivitamins.*** Our vitamins or multi-vitamins, formulated in both solid and liquid forms, prevent illnesses and improve physical and mental well-being.
- ***Metabolic health supplement.*** Our metabolic health supplement are designed to prevent diseases such as hypertriglyceridaemia, gout, hyperglycaemia, diabetes and facilitating weight management.

Medical Devices

Through our Medical Devices business unit, we develop and manufacture products that achieve their therapeutic effect through a physical (*e.g.*, aerosol) or mechanical (*e.g.*, a protective layer in the stomach) action to prevent and treat diseases. Our medical devices are administered orally (*e.g.*, through ingestible capsules) or topically (*e.g.*, by the application of a cream to the skin or through an inhalator). Medical devices are closer to pharmaceuticals (compared to health supplements) due to the specific regulatory framework they need to comply with at a national and European level. These products are subject to a regulatory framework, under which manufacturers must submit product dossiers supported by clinical studies for these products to be marketed as medical devices. Similar to health supplements, medical devices are typically recommended by doctors and sold to end-customers through pharmacies.

We have a portfolio of over 30 product dossiers in our Medical Devices business. Our Medical Devices portfolio includes several market-leading products such as *Esoxx*, a medical device we developed for the treatment of gastroesophageal reflux, which is the leading product in our overall portfolio with €14.0 million of revenue generated for the year ended December 31, 2021, representing 28.3% of the total net revenue and income (*pro forma* for the IHS Acquisition) from our Medical Devices business unit.

For the year ended December 31, 2021, our Medical Devices business unit generated total net revenue and income revenue (*pro forma* for the IHS Acquisition) of €49.5 million, representing 21.3% of our *pro forma* revenue for the period. Excluding the revenue of IHS, our Medical Devices business unit generated total net revenue and income of €37.3 million, representing 18.0% of our total net revenue and income for the period. Our Medical Devices total net revenue and income (*pro forma* for the IHS Acquisition) grew at a CAGR of approximately 13% between 2019 and 2021. For the year ended December 31, 2021, products within our Medical Devices business unit contributed 26% (€16.5 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin (as a percentage of our *pro forma* revenue generated by our Medical Devices business unit) of 33% over the same period.

Our main customers in the Medical Devices business unit are Reckitt, Uriach, Pharma and Alfasigma.

Cosmetics

Through our Cosmetics business unit, we primarily develop and manufacture premium skin care products such as anti-ageing creams, as well as sun care and hair care products. Our strategic focus in this business unit is represented by "cosmeceuticals," consisting of cosmetic products that are purported to have therapeutic action. End consumers typically purchase our cosmetics products in pharmacies.

Our Cosmetics business unit includes certain differentiated innovative technologies, such as the BOV technology, and has a portfolio of over 1,900 products. We continue to proactively adopt an innovative approach and leverage our strong formulation capabilities to anticipate market trends and meet our customers' needs. We also intend to apply differentiated manufacturing technologies employed in our other business units to manufacturing processes in our Cosmetics business unit, such as microencapsulation.

For the year ended December 31, 2021, our Cosmetics business unit generated total net revenue and income of €33.7 million, representing 14.5% of our total net revenue and income (*pro forma* for the IHS Acquisition). Our Cosmetics total net revenue and income grew (*pro forma* for the IHS Acquisition) at a CAGR of 8% between 2019 and 2021. For the year ended December 31, 2021, products within our Cosmetics business unit contributed 7% (€4.4 million) to our gross margin (*pro forma* for the IHS Acquisition), and generated gross margin of 13% (as a percentage of our *pro forma* revenue generated by our Cosmetics business unit) over the same period.

Our main customers in the Cosmetics business unit are Manetti & Roberts, Collistars, Colgate, Angelini and Cura.

IHS

Further to the IHS Acquisition, we strengthened the portfolio of products offered by our Medical Devices and Health Supplements business units. The main therapeutic areas covered by IHS's offering include gynecology, musculoskeletal, gastroenterology, immunology and cardiology. IHS's portfolio of probiotic-based products generated approximately 26% of IHS's revenue for the year ended December 31, 2021. IHS's key products include *Respecta*, which is based on probiotics strains and is used for the treatment of disorders relating to women's health, *Traumase*, a blend of purified essential oils, active ingredients and other agents used for the treatment of muscle and joint inflammation, and *RefluG*, a product based on Galactomannan fiber, calcium and sodium carbonate used for the treatment of gastroesophageal reflux. Through this acquisition, we also enhanced our R&D expertise, achieved significant run rate cost savings synergies by in-sourcing the manufacturing of IHS's portfolio and procurement savings, unlocked cross-selling opportunities across the respective customer bases (including IHS's international network of distributors such as Cosmax) and expanded our geographical presence, especially in Asia. See "*Summary—Recent Developments—IHS Acquisition*" for further details.

Customers and Material Contracts

We have a large, diversified and established customer base comprising over 500 customers, ranging from large pharmaceutical companies, such as Sanofi and Alfasigma, consumer health companies, such as GlaxoSmithKline, Nestlé and Reckitt Benckiser, and international distributors, such as Cosmax, to mid-sized nutraceutical commercialization players, such as Montefarmaco, Lo.Li. Pharma and Sofar. Leveraging upon our innovative and complex technologies, international regulatory expertise and high quality manufacturing, we have established strong relationships with large pharmaceutical and consumer health customers for the joint development of complex projects in the nutraceutical and cosmetics segments. Our customers also include blue chip brands such as Chr. Hansen. Our main sale channel is represented by pharmacies, which accounted for approximately 82% of our total net revenue and income for the year ended December 31, 2021.

We have long-standing relationships with the large majority of our customers, with an average relationship duration of approximately 7.5 years with our top 10 customers. The total net revenue and income of our top 10 customers steadily increased at a CAGR of approximately 15% between 2019 and 2021 (compared to overall total net revenue and income growth over this period at a CAGR of approximately 11%). The chart below sets forth our total net revenue and income and relationship duration for our top 10 customers as of and for the year ended December 31, 2021 (excluding customers acquired further to the IHS Acquisition).

€m, 2021

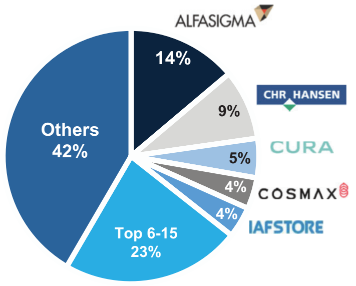
Customers	Total net revenue and income	% Group Total net revenue and income	'19-'21 CAGR	Years of Relationship
Alfasigma	24	12%	+17%	8
Chr. Hansen	21	10%	+15%	12
Cura	11	5%	+6%	12
IAFstore	8	4%	+119%	3
Sanofi	8	4%	+8%	8
Sofar	7	4%	+6%	6
LO.LI. Pharma	6	3%	+6%	9
Uriach	6	3%	+6%	6
Montefarmaco	5	3%	+8%	8
PharmaNutra	5	2%	+8%	5
Top 10	**102**	**49%**	**+15%**	**c. 7.5**
Other	105	51%	+7%	
Total	**207**	**100%**	**+11%**	

Our contracts with our top 10 customers typically renew automatically on an annual basis unless terminated with six months' notice. Alfasigma was our most valuable customer by revenue in 2021, accounting for 14% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. Chr. Hansen, our long-term partner of over ten years, was our second most valuable customer in 2021, accounting for 9% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. We have not lost a single key customer in the last three years and have retained approximately 97% of our customers from 2019 to 2021 (expressed as a percentage of our net revenue generated from the customers retained over the 2019 to 2021 period to our net revenue over such period). Prices are usually contractually fixed once a year, with pre-determined windows to adjust prices in case of shocks such as raw material increases. We receive volume orders three months in advance, allowing us to predict at any point in time with reasonable certainty the financial performance for the upcoming three months. In the last six months, we finalized price increase negotiations in respect of over 85% of our product portfolio.

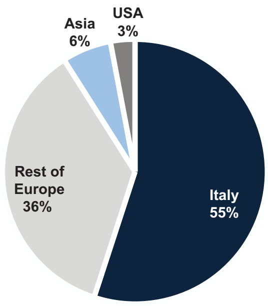
Our position as *de facto* exclusive supplier for several of our key customers is supported by our significant capabilities in the co-development of products with, and high switching costs for, such customers, as well as our extensive portfolio of patent-protected products and technologies (such as Dry-Cap). In certain cases, we act as sole supplier of nutraceutical products by virtue of our contractual relationship with key customers, who rely on our supply on an exclusive basis except in limited circumstances (*e.g.*, if second sourcing is necessary to ensure continuity of services) and subject to our right to receive advance notice of such second sourcing being sought.

Additionally, IHS's key customers include Cosmax, with which IHS has established a strong commercial relationship and which acts as the sole distributor of the *Respecta* product in the Asian market, especially in South Korea, and Alfasigma, which is also an important customer of the Biofarma Group. Sales to customers in Italy and South Korea accounted for approximately 52% and 44%, respectively, of the revenue generated from IHS's products for the year ended December 31, 2021.

For the year ended December 31, 2021, our top 15 customers accounted for approximately 58% of our total net revenue and income (*pro forma* for the IHS Acquisition). The following chart sets forth our total net revenue and income breakdown (*pro forma* for the IHS Acquisition) by customer for the year ended December 31, 2021.



While all of our manufacturing sites are located in Italy, which accounted for 55% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021, we benefit from a global commercial reach, generating 45% of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021 from products sold to customers in Europe, Asia and the United States. Sales to customers in Europe (excluding Italy), Asia and the United States accounted for 36%, 6% and 3%, respectively, of our total net revenue and income (*pro forma* for the IHS Acquisition) for the year ended December 31, 2021. The following chart sets forth our total net revenue and income breakdown (*pro forma* for the IHS Acquisition) by geography for the year ended December 31, 2021.

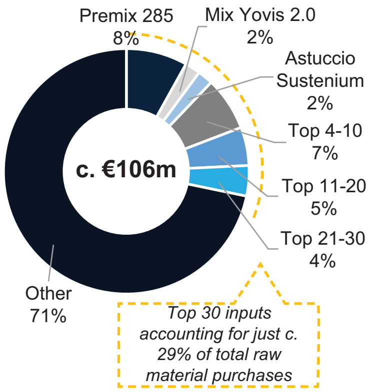


We also offer regulatory support to our customers, through a dedicated team of approximately 20 FTEs as of December 31, 2021, in registering product dossiers at both a local and an international level. For instance, we proactively approached Unilever after its acquisition of the nutraceutical brand Equilibra, presenting a European benchmarking of the regulatory framework for each ingredient used in one of Equilibra's products and proposing revised formulations to align the product with European regulatory requirements in anticipation of a potential market entry.

In 2020, we began implementing a reorganization of our commercial structure into two sales divisions. Our business development division, consisting of ten dedicated professionals drawn from our FTEs and external consultants, is organized by geography and area of expertise and focuses on generating new business opportunities. Our key account management division, consisting of 16 FTEs, focuses on strengthening relationships with our existing customers by proactively approaching them with innovative formulations or new applications of our technologies. Following the implementation of this commercial structure, we have won contracts with several blue chip customers, such as Nestlé and Reckitt Benckiser.

Suppliers

We primarily source raw materials and packaging materials from our suppliers, which accounted for approximately 72% and 28%, respectively, of our purchase of goods and changes in inventory for the year ended December 31, 2021. Our cost structure benefits from a large supplier base. For the year ended December 31, 2021, our top three and top 10 suppliers accounted for approximately 14% and 27%, respectively, of our purchase of goods and changes in inventory and cost of services, with eight of our top 10 suppliers located in Italy and two of our top 10 suppliers located in other EU countries. The following chart sets forth our concentration of purchase of goods and changes in inventory and cost of services for the year ended December 31, 2021.



Our sourcing strategy revolves around maintaining relationships with a small number of key suppliers to obtain certain commercial advantages, including superior pricing and terms, while, at the same time, building relationships with alternative suppliers for critical raw materials ("second sourcing"). In line with the industry norm, we are generally successful in passing raw material price increases on to our customers. In the last six months, we finalized price increase negotiations in respect of over 85% of our product portfolio.

We have long-standing relationships with our key suppliers, in most cases spanning between five and ten years. Our key supply contracts for the purchase of goods used in our processes have an average duration of three years. The chart below sets forth our supplier concentration, location and relationship duration for our top 10 suppliers as of and for the year December 31, 2021.

Supplier	Purchases[1] '21 (€m)	% of Total Purchases	Type	Country	Years of relationship
Supplier #1	9	7%	Probiotics	Italy	>10 years
Supplier #2	6	5%	Vitamins / Raw Materials	Italy	>5 years
Supplier #3	4	3%	Packaging	Italy	>5 years
Supplier #4	3	3%	Raw Materials	Italy	>5 years
Supplier #5	3	2%	Raw Materials	Belgium	>10 years
Supplier #6	3	2%	Finished products	Italy	>5 years
Supplier #7	2	2%	Packaging	Italy	>5 years
Supplier #8	2	2%	Transportation	Italy	>10 years
Supplier #9	2	2%	Finished products	Italy	>5 years
Supplier #10	2	1%	Raw Materials	Germany	>5 years
Total top 10	**36**	**27%**			

(1) Includes purchase of goods, changes in inventory and cost of services.

R&D Capabilities, Innovative Technologies and Intellectual Property

R&D and Regulatory

Our R&D and regulatory departments are key to our growth, particularly in light of the increasing complexity of our customers' requirements. We develop and proactively offer innovative solutions to our customers by anticipating market trends through our "push innovation model" that relies on (i) our sizeable R&D and regulatory departments (consisting of, respectively, approximately 44 and 20 for a total of 64 FTEs (*pro forma* for the IHS Acquisition) as of December 31, 2021) and (ii) our substantial portfolio of proprietary innovative solutions that combines differentiated manufacturing technologies, delivery systems and formulation capabilities. Our "push innovation model" aims to invert the business paradigm, as we focus on independently designing and developing innovative solutions aimed at anticipating market trends, and subsequently market these solutions to customers. This approach enabled us to successfully develop several new products, among which sleep solutions for older adults, a health supplement that improves sexual health and a nutraceutical product for diabetes prevention. For the year ended December 31, 2021, we spent approximately €5.6 million on capitalized R&D.

Our primary ongoing R&D projects include:

- development of a new technology aimed at producing waterless shampoo and multilayered pills designed to release up to 10 substances in sequence;
- design of innovative formulation capabilities for large customers through probiotic combination aimed at supporting oncological treatment; and
- production of new cosmetics, which will expand our product portfolio by introducing innovative solutions for the treatment of fungal infection.

We carry out our R&D activities internally, currently operating three R&D centers in Udine, Varese and, further to the IHS Acquisition, Monza, with complementary areas of expertise in health supplements, medical devices and cosmetics. Through the IHS Acquisition, we have developed collaborations with a strong network of leading European Universities, hospitals and international R&D facilities to perform clinical trials, market research and product testing.

We also offer regulatory services, primarily relating to the registration of nutraceutical product dossiers and the development of nutraceutical brands at both a local and an international level, through a dedicated team of approximately 20 FTEs as of December 31, 2021

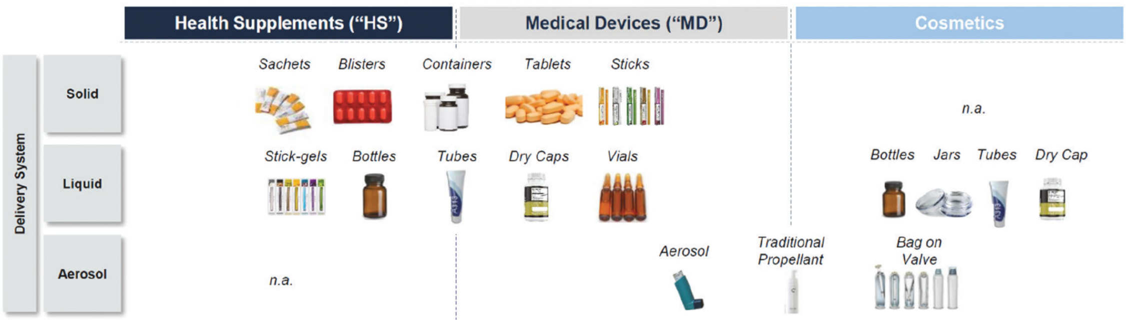
Our Portfolio

We operate our business across more than 20 therapeutic areas, including genitourinary, neurology, cardiology, sports nutrition, and vitamins and multivitamins and hold a large and diversified portfolio of products, which include approximately 2,400 health supplements, over 30 product dossiers for medical devices and over 1,900 cosmetics. The chart below provides an overview of key selected products across our business units and the revenue generated by each such product for the year ended December 31, 2021.

Product	Total net revenue and income '21	Application	Client	Product description
Esoxxx	€14.0m	Gastro	ALFASIGMA	Product for the treatment of gastro-esophageal reflux, reducing symptoms such as: heartburn, acid regurgitation, dysphonia
Enterolactis	€5.7m	Gastro	SOFAR	Probiotics-based product used to help balance the intestinal microbiota. Available in multiple formats
Assonal	€3.6m	Neuro	agave GROUP	Dietary supplement for peripheral neuropathy. Available in tablets and capsule formats
Enterogermina Gonfiore	€3.3m	Gastro	SANOFI	Enterogermina Gonfiore is a food supplement with a specific formulation based on probiotics, plant extracts and digestive enzymes
Yovis	€2.0m	Probiotic	ALFASIGMA	Based on 12 probiotics strains used to fight gastrointestinal disorders likes of diarrhea, colitis, or enteritis
DulcoSoft	€1.6m	Gastro	SANOFI	Used to regulate bowel movement and reduce abdominal bloating by rehydrating and softening hard stools to facilitate their expulsion
Bioscalin Attivatore	€1.5m	Cosmetic	GIULIANI	Clinically tested product for the cosmetic treatment and prevention of hair loss, hair thinning and baldness
Levorag	€1.1m	GS[1]	THD	Medical device adjuvant for the treatment of anal fissures
Dolatrox	€0.7m	Orthopedic	KOLINPHARMA	Fully developed by the internal R&D team used to delay the infiltration degeneration of bone cavities
Peel-Off Mask	€0.4m	Cosmetic	CURA	Dense gel mask with activated carbon, aloe vera, vitamin E and panthenol for cleaning of pores and maintaining the natural balance of the skin

(1) Genitourinary system.

We specialise in the manufacture of products in a vast array of forms requiring different types of packaging and delivery systems for solid liquid and aerosol solutions, and are particularly attentive to process and product sustainability, whilst guaranteeing high standards of quality and safety. The chart below sets forth our delivery systems across our business units:



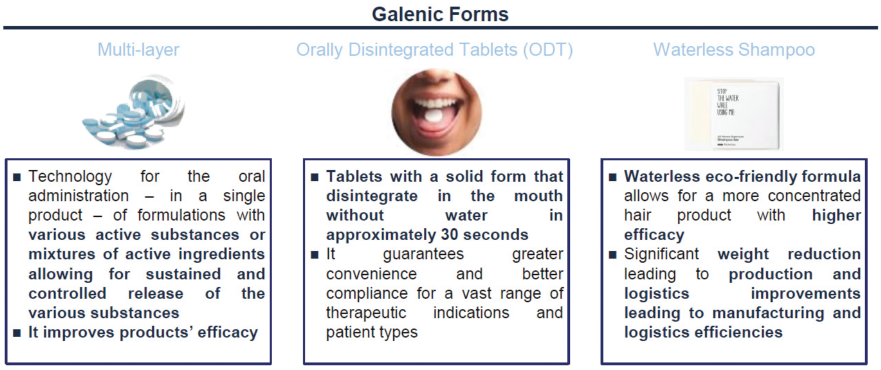
Innovative Technologies

Continuous innovation is critical to our business and we hold a strong portfolio of innovative solutions and patented technologies, consisting of manufacturing technologies, delivery systems, and formulation capabilities.

Our proprietary manufacturing technologies include microencapsulation. We are one of the few European nutraceutical CDMOs with microencapsulation capabilities, which allow us to apply a coating around ingredients, thus stabilizing them until the desired point of release.

T-Win and Dry-Cap, which are specifically designed for probiotic-based products. T-Win is a patented technology that allows us to incorporate two different but mixable solid powders into the same delivery system and keep them separate until use. Our Dry-Cap technology keeps the solid and liquid components of probiotic-based products separate, increasing the stability and shelf life of these products. Our BOV technology, used in our medical devices and cosmetics products, consists of a bag connected to an aerosol valve, which is immersed in a nonchemical, nonflammable compressed air-based propellant that enhances safety and minimizes harmful environmental emissions.

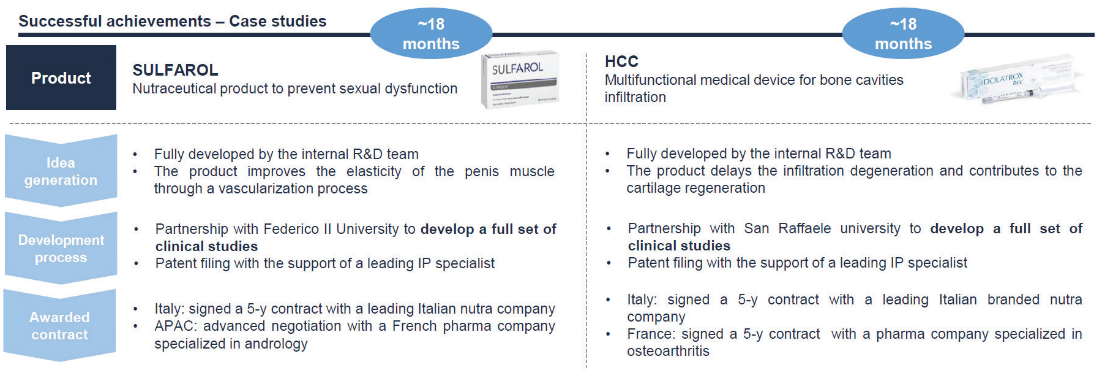
Our galenic forms include multi-layer, orally disintegrated tables ("**OTD**") and waterless shampoo.



We are currently working on the introduction of new technologies, such as nanotechnology across all our business units and technology for hot filling processes for nutraceutical and cosmetics products. With the adoption of nanotechnology, we expect to enhance the effectiveness of our nutraceutical products, including, for example, products for cardiovascular treatment or healing products. In respect of hot filling processes, we are currently designing solutions involving the use of extremely high temperatures to eliminate harmful bacteria or microorganisms from medical devices for women's health.

In addition, our highly regarded formulation capabilities enabled us to secure contracts to develop several new products for large pharmaceutical and consumer health companies in areas such as sleep relaxation, pediatrics and anti-ageing, and we aim to continue to leverage on our extensive manufacturing capabilities to develop solutions through the combination of probiotic-based products.

We believe that our innovative 'co-development approach' with customers and our substantial portfolio of patent-protected technologies are key factoring in ensuring our high client stickiness. We proactively approach and partner-up with our key customers, such as large CHCs, to co-develop new innovative products and launch them in a timely manner to the market, leveraging on the shorter innovation cycle in the nutraceutical space of an average of six to 18 months compared to the average 36 to 60 month cycle in the pharmaceutical space according to management estimates. We closely work with our customers across the full spectrum of the product development process, from the selection of the starting materials to galenic development, from testing packaging compatibility to the release of the specifications of the product. The graphic below shows our innovation cycle in respect of selective case studies for products we recently manufactured in collaboration with leading universities.



Intellectual Property

We rely on a combination of patents, trademarks and other intellectual property rights, non-disclosure agreements and other protective measures to protect our proprietary rights. We believe in the importance of intellectual property rights and employ various methods, including confidentiality and non-disclosure agreements with customers, third parties, employees and consultants to protect our trade secrets and know-how.

The duration of and the type of protection afforded by a patent varies on the basis of products, technologies and jurisdictions, typically ranging from three to five years, and depends upon many factors including the type of patent, the scope of its coverage, the availability of regulatory-related extensions or administrative term adjustments, the availability of legal remedies in a particular country, and the validity and enforceability of the patents. Patents are typically renewable. In some cases, we may decide that the best way to protect certain intellectual property is to retain proprietary information as trade secrets rather than apply for patent protection, which requires disclosure of the proprietary information to the public.

We have steadily increased our patent and trademark portfolio, including through our strategic and add-on acquisitions. As of December 31, 2021, we held more than 85 patents and 70 trademarks registered in Italy, Europe and other geographies, and are in the process of registering more than 40 additional patents and trademarks. The IHS Acquisition adds a substantial portfolio of eight patents and eight trademarks registered in Italy, Europe and other geographies, along with 20 medical devices dossiers and three pending patents. See "*Risk Factors—Risks Related to Our Business—Third parties may infringe upon, or we may not be able to protect, our intellectual property rights.*"

Geographical Footprint, Real Estate and Equipment

We are headquartered in Udine (Friuli Venezia Giulia), Italy. We have a strong geographical footprint in Italy, especially in its northern regions, where we currently operate four manufacturing sites, in Udine, Varese, Milan and Padova, and three R&D centers, in Udine, Varese and Monza. Our manufacturing sites are equipped with 170 production lines, of which 50 are dedicated to the production and 120 to the packaging, of our health supplements, medical devices and cosmetics.

The quality of our manufacturing processes is at the core of our value proposition. Thus, all our facilities adhere to high quality levels from an operational and health and safety perspective, and we hold equipment and quality control systems that are more typical for regulated pharma companies, enabling us to deliver consistent product quality and reliability of service. In addition, we seek to adhere to "stricter-than-regulatory" manufacturing standards in order to meet the high quality standards of our blue chip customers. Our Udine Plant, which underwent a major refurbishment in 2018, is currently regarded as one of the most advanced nutraceutical plants in Europe, with AIFA having approved a portion of the site for the manufacture of pharmaceutical grade products.

As part of our next planned phase of optimization, we intend to transform each of our manufacturing sites into a "center of excellence," depending on its manufacturing expertise, to promote specialization and improve operational efficiency, while also maintaining a back-up plant for critical technologies (as requested by several of our international pharmaceutical customers). See "*—Our Strategy*."

Our service offerings require highly specialized equipment. In addition, staying abreast of the next generation of technical equipment helps us provide value to our customers and maintain our competitiveness. We believe our equipment is in good condition and suitable for the purposes for which such equipment is being used. In addition, we believe we have sufficient capacity to meet our obligations to our customers.

Quality Control, Quality Assurance and Certifications

All of our facilities are authorized to manufacture our products by the competent authorities. We also comply with the applicable requirements and conditions set forth by AIFA and the FDA, and our facilities have been certified to meet a certain set of standards promulgated by the International Organization for Standardization ("**ISO**"). Our Udine and Padova facilities hold registrations by the FDA for the manufacture of health supplements and cosmetics products. In addition, the Udine Plant holds a Good Manufacturing Practice authorization from AIFA for the manufacture of probiotic-based products. As of the date of this Offering Memorandum, all of our facilities hold ISO 13485 certifications for the manufacture of medical devices and our Udine and Varse plants hold ISO 22716 certifications for the manufacture of cosmetic products. The following chart sets forth the main licenses held by our facilities as of the date of this Offering Memorandum, which include, among others, ISO certifications for compliance with stringent safety standards (*i.e.*, ISO 45001:2018, held by the Udine Plant) and for the design and production of food supplements (ISO 9001), and certifications for the production of pet food held by our Varese facility.

SITE	ISO 13485 (medical device)	ISO 22716 (cosmetics)	ISO 9001	GMP Food Supplements	OHSAS 45001: 2018 (safety)	Kosher	Halal	RSPO Mass Balance (cosmetics – oil palm)	COSMOS	BIOLOGICO	Registrazione FDA	22000:2005 (food)	SMETA 2 PILLAR (Ethical – Sedex)	Pharmaceutical cGMP AIFA	IFS HPC Certification
Mereto di Tomba (Udine)	✓	✓		✓	✓	✓	✓	✓	✓		✓		✓	✓	✓
Gallarate (Varese)	✓		✓	✓		✓	✓			✓	✓				
Cusano (Milan)	✓		✓	✓								✓			
S. Pietro Viminario (Padova)	✓	✓	✓							✓					

In all of our facilities, a quality unit exists in order to ensure that efficient quality control and quality assurance processes are utilized for the approval of raw materials. We perform regular quality controls on the raw materials that are supplied to us by our suppliers. In addition to the analytical testing, our technical staff checks the technical characteristics, their conformity with relevant specifications and applicable EU and other regulations. Similarly, our quality control laboratories perform analytical testing on ingredients against registered specifications.

We operate pursuant to an advanced quality management system ("**QMS**") to guarantee and improve the quality performance of all our facilities. The QMS sets forth the rules and procedures to handle any quality-related processes and issues, including, among others, product release, deviations, out of specifications, investigations, recalls and complaints. Qualified and trained staff at each production facility carry out tests on raw materials and end-products and manages the quality related processes to assess the quality of our products and adopt corrective or preventive measures and actions to ensure a high level of robustness and efficiency of our processes throughout our production chain. We involve our employees in on-going training programs and self-auditing activities as we believe that this approach to quality assurance increases employee participation, provides necessary training at all levels and favors an attitude towards excellence. The staff assigned to these tasks have an active role in the development and modernization of our production facilities. We monitor periodically the quality of our products from the initial development phases to their realization and commercial production in order to ensure that our finished products fully meet our customers' requirements and expectations. We believe that our quality assurance practices is critical to improving our internal processes and the service we provide to our customers.

In addition, our regulatory affairs, central quality assurance and central quality control units are responsible for the monitoring of any changes to applicable law and regulations in Italy and other markets where we operate, also ensuring the consistent application of the QMS across our facilities. We also discuss with our most valuable customers and other market operators the potential impact on our industry of any envisaged changes to the applicable framework.

Our facilities are periodically subject to inspections by competent authorities, with each such inspection, as of the date of this Offering Memorandum, having resulted in a positive outcome. In addition to our internal quality control operations and inspections from competent authorities, we offer our customers the opportunity to send their personnel to our facilities periodically to verify the quality of our products and the production process.

Competition

Nutraceuticals

Our competitive landscape in the nutraceutical market includes Italian CDMOs such as Labomar and S.I.I.T. and large diversified international players and CDMOs, such as Fareva, Aenova, Lonza and Catalent.

Two main categories of players can be distinguished within the nutraceutical market: i) innovation-driven players, such as the Biofarma Group, which typically partner-up with customers during the "design phase" of new innovative projects by leveraging on their innovation capabilities and ability to proactively anticipate market trends and develop new products to be offered to customers with a reduced time-to-market, and ii) manufacturing-driven players, which generally focus on producing high volumes of product at competitive prices. Acting within the former category, we believe that we offer one of the leading integrated CDMO value propositions and benefit from our size, acting as the largest Italian nutraceutical CDMO and one of the largest in Europe by revenue, which we believe provides us with a competitive advantage over Italian innovative CDMOs with lower scale, such as Labomar and SIIT, thanks to our substantial resources for investment in innovation and anticipation of market trends.

In addition, the nutraceutical market is currently undergoing a structural evolution, moving towards a more "science-based" approach, driven by i) strong investments of large pharmaceutical and consumer health companies and ii) tightening regulations towards potentially stricter and more "pharma-like" standards for health supplements and medical devices. This shift is likely to lead to an evolution in the role of nutraceutical CDMOs, which we believe will favor more sizeable, sophisticated and "innovation-driven" CDMOs like the Biofarma Group as (i) small CDMOs have limited resources and large food CDMOs are less specialized in the health supplements market than us, (ii) we are already performing clinical studies and already have state-of-the-art manufacturing facilities with "pharma-like" features and (iii) we work with large customers such as Nestlé, P&G and Unilever, which already ask for stricter-than-standard regulatory requirements.

Cosmetics

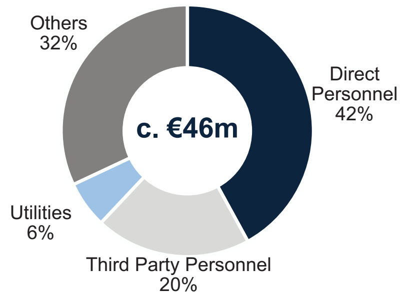
Our competitive landscape in the skin care and sun care markets includes regional CDMOs such as Officina Farmaceutica Italiana, Cosmoproject and Reig Jofre and large diversified international players and CDMOs, such as Fareva, Intercos, Lonza and Catalent. The cosmetics market is very fragmented, with a multitude of players competing in different sub-sectors, thus reducing competitive pressure.

As our cosmetic products are manufactured in facilities set up for the production of medical devices, we benefit from high quality standard, which is a factor for winning customers' trust in this market. We believe that we are well-positioned to capitalize on growth opportunities in these markets due to our innovative "cosmeceutical" products and BOV technology and our high-quality manufacturing processes that adhere to "stricter-than-regulatory" manufacturing standards.

For more information about the competitive landscape in which we operate, see *"Industry*" and "*Risk Factors—Risks Related to Our Business—Our industry, as well as the markets of certain of our customers, is characterized by significant levels of competition, which may adversely affect our competitive position, sales and overall operations*."

Employees

As of December 31, 2021, we had approximately 800 FTEs (including employees deputed to us from third party agencies), of which 462, 229, 61 and 45 were in Udine, Varese, Milan and Padova, respectively. Our success is highly dependent on our ability to attract and retain qualified employees. See "*Risk Factors—Risks Related to Our Business—Our future success depends on our ability to continue to retain and attract highly skilled employees. The loss of key personnel could have an adverse effect on our operations.*" For the year ended December 31, 2021, direct and third party personnel costs represented 62% of our total production costs, as set forth in the chart below.



We strive to hire and retain talented employees, including by guaranteeing high standards of health and safety conditions and quality of work, supported by continuous trainings and a stimulating work environment. In addition, our employees receive competitive compensation supported by award mechanisms as part of their company-level agreements. We have progressively increased our workforce, which has grown from 51 FTEs in 2017 to approximately 800 FTEs (including employees deputed to us from third party agencies) as of December 31, 2021.

Labor Relations

As of December 31, 2021, 4.8% of our employees belonged to trade unions and all of our employees were covered by collective bargaining agreements, and we believe that the terms of these agreements are consistent with industry practice.

We believe we generally have good relationships with both our employees and their labor unions and we have not had any significant labor issues, including prolonged strikes, during the past ten years. As of the date of this Offering Memorandum, we do not have any ongoing or expected material disputes with our employees. See "*Risk Factors—Risks Related to Our Business—If we experience labor disputes or work stoppages, our business could be materially adversely affected.*"

ESG

We are committed to preventing, minimizing, mitigating and compensating the environmental footprint generated by our activities and we recognize the need for a proactive transition to a circular and low-carbon economy, capable of mitigating the impact on society at the same time. In line with this commitment, we partially rely on electricity generated by our cogeneration and photovoltaic plants at our Udine facility, with an installed capacity of 1,000 kilo-watt hours.

Environmental protection is a core pillar in our sustainable strategy. We have adopted practical solutions, in collaboration with institutions and other responsible players in the interconnected industrial and consumption cycles. Our sustainability vision is based on three main pillars: occupational wellbeing, generation of sustainable value and involvement with our stakeholders.

- *Occupational wellbeing*: we aim to create a business culture characterized by a safe and healthy working environment, in which everyone can grow and develop its talents in line with its expectations;
- *Generation of sustainable value*: we reconcile the creation of added value while respecting the surrounding environment through continuous innovation; and
- *Involvement with stakeholders*: we always involve and keep a constructive dialogue with our stakeholders to further strengthen everyone's dedication to create and maintain a sustainable environment.

In line with the 2030 Agenda adopted by the United Nations, we committed to (a) provide quality, fair and inclusive education and learning opportunities to everyone; (b) promote long-lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all; and (c) guarantee sustainable production and consumption models. We also aim to be a leading player in the innovation of our industry and infrastructure, and contribute to the achievement of (a) gender equality and equal pay among our employees (as of December 31, 2021, 47% of our FTEs were women); and (b) clean water utilization and sanitation, affordable energy and a fight against climate change.

We also strive to build and maintain strong relationships with local communities by understanding their needs and promoting local projects. We regularly liaise with local institutions and communities through individual or collective dialogues and organize "open days" for schools to continue promoting the continuous contact with local communities and all stakeholders in the territory.

Health and Safety

We believe that safety, protection and promotion of health and well-being of individuals are fundamental values that should flow through all our activities. This principle extends to employees, companies, suppliers, visitors, local communities and any other stakeholder included in its sphere of influence. We are committed to taking concrete measures to eliminate accidents, injuries and illnesses caused by work activities, reducing risks in all our activities. We have adopted extraordinary measures to promote a safe and healthy work environment since the spread of the COVID-19 pandemic, as we have purchased personal protective equipment for our personnel and we have guaranteed in-depth and extra sanitization and cleaning services of all spaces, including both common areas and individual workstations. We also aim to achieve the highest levels of collective and individual awareness, encouraging a process of continuous improvement through the adoption of effective management systems and visible leadership.

Our employees are well trained and equipped to perform their roles in safe and healthy conditions. We strive to ensure that all facilities and equipment are designed, built, used and maintained in order to minimize health and safety risks, adopting the best available techniques in new installations or in case of the replacement of existing ones. We perform regular checks at the workplace and adequate health surveillance to monitor workers' exposure and mitigate any risks that may compromise their health and safety. We use the most appropriate tools for both the reporting and analysis of incidental events, and promote the timely sharing of best practices and improvement actions. All newly introduced processes, new equipment and modifications to existing policies and procedures are assessed through a "no increase in risk" evaluation.

We ensure that all of our employees participate regularly in training courses and develop a personal sensitivity towards a culture of health and safety, adopting responsible behaviors at work and promoting its application as a lifestyle, with a total of over 3,500 hours of training in 2021.

All serious accidents or situations that could potentially have generated more serious consequences from a health and safety perspective are discussed at the highest corporate level and our board of directors is updated regularly on the trend of safety indicators. No fatality has ever been recorded on our premises.

IT and Internal Control Systems

Our information systems handle our information flow in accordance with the procedures established under our quality standards and allow us to monitor the security and reliability of our information. We have a dedicated team of IT personal working in close contact with our consultants and third-party providers of IT solutions, which include leading companies in the Italian IT industry.

We are currently implementing a number of IT initiatives aimed to improve the efficiency and effectiveness of our software and infrastructure, including through system maximization, evolution and transformation. Our initiatives include the standardization and modernization of our IT infrastructure and the enhancement of the IT security features to mitigate cybersecurity risks. Through our security awareness trainings, we provide online training on cybersecurity to our entire workforce, including through simulated attacks, phishing simulation campaigns and dedicated monthly publications on specific common threats. We also provide tailored trainings focusing on certain roles that are subject to higher risks. See "*Risk Factors—Risks Related to Our Business—We are subject to risks associated with security breaches of or damage to our IT systems.*"

As part of our next planned phase of optimization, we intend to continue replacing different enterprise resource planning ("**ERP**") systems with an integrated SAP offering at a group level (which we have already adopted at our manufacturing site in Varese in 2020 and plan to implement at our Padova facility in 2022 and our Udine facility in 2023), with a focus on integrating manufacturing processes across our sites. See "*—Our Strategy*."

Compliance with Applicable Regulations

Our operations are subject to increasingly stringent laws and regulations. See "*Regulation*." We believe that we are currently in material compliance with all applicable laws and regulations, including those governing the protection of the environment and the human health and safety, including all laws and regulations concerning our employee health and safety. We believe the following regulations are particularly relevant to our business.

Environmental, Health and Safety ("EHS") Matters

We are subject to increasingly stringent environmental laws and regulations, including those governing air emissions, the supply, use and intake of water, the discharge of waste water, construction and operation of sites, the use, management, storage, handling, treatment and disposal of waste, hazardous substances and other materials, human health and safety and the investigation and remediation of contaminated land. We are committed to integrating EHS protection into our business operations. In addition to complying with applicable laws and other voluntary obligations, we strive to continuously improve our environmental performance and management systems. Our environmental management system is equipped with established standards and processes and is built around the principles of ISO 14001 and ISO 18001.

Italian Legislative Decree No. 231/2001

We have taken and will continue to take action to ensure the constant and complete implementation of the best practices for compliance with Legislative Decree No. 231/2001. We have adopted a "Code of Ethics" (*Codice Etico*), which includes provisions addressing compliance with anti-corruption and anti-bribery laws and regulations and best practices. The core values set out in our Code of Ethics include integrity, diversity, efficiency, responsibility and innovation. In addition, certain of our subsidiaries have adopted a 231/2001 Management and Organizational Model (*Modello di Organizzazione e Gestione*) aimed, *inter alia*, at preventing the commission of specifically identified offences in our interest or for our benefit. We have appointed an independent supervisory body (*Organismo di Vigilanza or OdV*) to supervise the functioning and the adherence to the 231/2001 Management and Organizational Model and the related internal procedures and to continuously monitor whether the 231/2001 Management and Organizational Model needs to be updated in light of new legislative developments. See also "*Risk Factors—Risks Related to Our Business—We may incur liabilities for the actions of our directors, employees, consultants, agents, representatives and intermediaries, including under the Legislative Decree No. 231/2001.*"

Data Protection

We process personal data as part of our business. We have adopted internal procedures and structured our operations to comply with the requirements imposed by Regulation (EU) 2016/679 ("**General Data Protection Regulation**" or "**GDPR**"). We have taken and will continue to take action to ensure the constant implementation of the best practices for compliance with the applicable data protection laws and regulation. See also "*Risk Factors—Risks Related to Our Business—More stringent regulations in the area of data privacy could adversely affect our business, financial condition, results of operations and prospects*" and "*Risk Factors—Risks Related to Our Business—We are subject to risks associated with security breaches of or damage to our IT systems.*"

Legal and Other Proceedings

We are, and may continue to be, from time to time, party to legal disputes and proceedings or audits within the scope of our business activities.

A class action in the United States District Court for the District of Maryland is currently pending against several defendants, including our subsidiary Nutrilinea, based on the allegation that the defendants deceived consumers through alleged false and misleading advertising and marketing of VSL#3, a probiotic, which we manufacture in Italy and which a third party customer markets in the United States. We may be successful in arguing, among other things, that the court does not have personal jurisdiction as Nutrilinea lacks any presence in or substantial contacts with Maryland or that the plaintiffs have not sufficiently alleged that Nutrilinea participated in any purported scheme to fraudulently market VSL#3. However, we can offer no assurance in this regard as the outcome of legal proceedings can be difficult to predict. Moreover, if Nutrilinea is ultimately found liable for the action, our potential ultimate financial liabilities with respect to these proceedings cannot be estimated with any certainty. Nevertheless, as any damages award would likely need to be enforced in Italy, we believe that Nutrilinea may be able to seek indemnification from the co-defendant third party customer in Italian courts based on a contractual indemnification provision in the supply agreement between Nutrilinea and the co-defendant third party customer related to the production of VSL#3. Accordingly, we believe that we have strong defenses against the claim, have filed a motion to dismiss on this basis and will continue to vigorously defend ourselves in the class action. See also "*Risk Factors—Risks Related to Our Business—We may incur litigation-related expenses and/or reputational damage, including in relation to our product quality*." For the years ended December 31, 2019, 2020 and 2021, we generated revenue of €0.3 million, €1.4 million and €1.5 million, respectively, from the sale of our VSL#3 product in the United States.

Although the outcome with respect to such legal disputes, administrative proceedings or audits, and potential ultimate financial liabilities in this regard, cannot be predicted with certainty, we do not believe that the ultimate resolution of these matters, or any current or potential future matters of which we are currently aware, will have a material adverse effect on our business, financial condition or results of operations. We note, however, that the outcome of legal proceedings can be difficult to predict and we offer no assurance in this regard.

As of December 31, 2021, we had provisions of €0.1 million in connection with contingent liabilities with the Italian tax authority for social security expenses and sanctions.

Insurance

We maintain customary insurance coverage in our primary operating areas. We believe that we have adequate insurance coverage against all material risks that are typically insured by similar companies with comparable risk exposure. Insurance cover is regularly verified and adjusted when necessary. However, we may incur losses that are not covered by existing policies or that exceed the coverage level stipulated in our insurance policies. In addition, we do not have insurance coverage for all interruptions as a result of operational risks because in our view, these risks cannot be insured or can only be insured on unreasonable terms. Furthermore, it is possible that we may not be able to maintain adequate insurance coverage at appropriate premiums in the future. See "*Risk Factors—Risks Related to our Business—Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase.*"

REGULATION

*Our business is subject to significant regulation. While relevant regulations are typically of a national scope, within the EU a considerable degree of regulatory harmonization exists in a number of areas relevant to our operations. In certain instances, the EU has created a common regulatory framework that applies in all EU member states ("**Member States**"), and sometimes in other EEA member states; such framework sometimes allows Member States to adopt more detailed and stringent regulations. This section sets forth a brief description of the more significant aspects of the regulations which have a significant effect on our business.*

While the following summary description contains the primary information concerning such regulations that are considered material by us, it is not an exhaustive account of all applicable laws and regulations. References and discussions to treaties, laws, regulations and other administrative and regulatory documents are entirely qualified by the full text of such treaties, laws, regulations and other administrative and regulatory documents themselves.

See "Risk Factors—Risks Related to Our Business—Compliance with environmental, health and safety laws and regulations and the retention of requisite permits related to our operations could result in significant ongoing costs and may result in further obligations and liabilities associated with our businesses" and "Risk Factors—Risks Related to Our Business—We may face liabilities in connection with environmental matters and be subject to ongoing costs and regulations related to contamination or exposure impacts from our operations or products."

Overview

Our industry is extensively regulated by, among others, EU and Italian authorities, in order to ensure safety and effectiveness of the products we trade, clear communication to consumers and the provision of full information through the labelling process. Specifically, different regulatory provisions establish high standards concerning both the manufacturing and the distribution of our products and set forth the relevant liability regime.

Our business mainly consists of the development, production and packaging of health supplements, medical devices (classes I, IIa, IIb and III) and cosmetics. These activities are subject to strict legislative frameworks, whose violation may mainly result in (i) the application of administrative monetary fines and criminal sanctions, and (ii) the suspension or revocation of authorizations, licenses or registrations required to carry out our activities and, therefore, the suspension of the operations of the companies comprising the Biofarma Group.

In conducting our business, we are therefore required to comply with various laws and regulations, including rules enacted by regulatory agencies and other national or supra-national authorities, and with good manufacturing standards. Compliance with such laws, regulations and standards requires significant financial resources and the involvement of trained personnel. Competent authorities include, among others, regulatory authorities of Member States (*e.g.*, the Italian Medicines Agency, "**AIFA**", and the Italian Ministry of Health, "**IMH**"), and non-EU regulatory authorities (*e.g.*, the US Food and Drug Administration, "**FDA**"). Our Udine and Padova facilities hold FDA registrations for the manufacture of health supplements and cosmetics products. In addition, the Udine Plant holds a Good Manufacturing Practice authorization from AIFA for the manufacture of probiotic-based products.

Health Supplements

Nutraceuticals

EU and Italian regulatory framework

No specific legal definition of "nutraceutical" is currently provided by the Italian and EU applicable legislation; however, "nutraceutical" has been defined in the relevant online IMH magazine no. 25 of October 2015 as "*a food that, thanks to the content of particular constituents, has a beneficial effect on a specific function of the organism, as scientifically recognized.*" Such beneficial effect can include the reduction of a disease risk factor. Nutraceuticals are marketed as food supplements and, therefore, they are regulated by the Italian Legislative Decree 21 May 2004 no. 169 (the "**Food Supplements Decree**"), which has implemented the European Community Directive 2002/46/EC (the "**Food Supplements Directive**"), which sets forth the guidelines and the principles applicable in relation to the labelling, advertising, production, packaging and trade of food supplements.

In particular, Article 2 of the Food Supplements Decree, defines food supplements as "*foodstuffs intended to supplement the ordinary diet and constituting a concentrated source of nutrients, such as vitamins and minerals, or other substances with a nutritional or physiological effect including among others amino acids, essential fatty acids, fiber and extracts of vegetable origin, whether mono- or pluricompounds, in pre-dosed forms.*"

According to Articles 3 and 4 of the Food Supplements Decree, food supplements can only be produced by using the vitamins and minerals listed in Annex I and in the forms listed in Annex II thereto and have to comply with certain purity requirements set forth by decree of the IMH 27 February 1996 no. 209. Moreover, the manufacturing, processing and distribution of food supplements must be carried out in compliance with specific hygiene requirements; in particular, companies shall adopt, implement and maintain an internal self-control procedure based on Hazardous Analysis and Critical Control Points ("**HACCP**") principles. The adoption of an HACCP manual, as provided under Articles 7 to 9 of Regulation (EC) 2004/852, is advisable (but not mandatory).

Violation of the rules established under the Food Supplements Decree may entail the application of administrative monetary sanctions ranging from €2,000.00 to €20,000.00 depending on the materiality of the infringement.

In respect of labelling, applicable legislation provides, among others things, for the obligation to indicate the name and the amounts (in numbers or in percentage) of the categories of nutrients and/or other substances included in each food supplement as well as not to provide misleading information to the consumer (*e.g.*, it must be indicated that the recommended daily intake of food supplement does not substitute a varied diet). As to advertising, applicable legislation provides, among others things, for the obligation not to indicate the amount of lost weight or the timeframe for its loss in relation to food supplements connected to low-calorie diets and to include a warning in the advertisement.

As to production and packaging, applicable legislation provides, among others, for the obligation to produce food supplements in authorized facilities (pursuant to Legislative Decree no. 111/1992). Specifically, Italian facilities must (1) be subject to a prior verification by the competent Local Health Authority ("**ASL/ATS**") of the existence of the hygienic and sanitary conditions and of the technical requirements provided for by (i) EC Regulations no. 852/2004 and no. 853/2004 on the hygiene of foodstuffs, and (ii) the IMH Decree of 23 February 2006 on "*Technical requirements and general criteria for the authorization to produce and package food supplements*" and (2) have a suitable laboratory for the control of products under Article 10 of Legislative Decree 111/1992.

In respect of manufacturing, companies must also submit to the competent ASL/ATS a certified declaration of commencement of activity; while in respect of trade, applicable legislation provides, among other things, for the duty to file a notification to the IMH as to the first trade of a food supplement. For the trade of food supplements produced abroad, the first trade is allowed following 90 days from the notification to the IMH, which is entitled to request documentation confirming the safety of the food supplements and may provide for modifications to the label.

Probiotics medicines

Regulatory framework

In 2001, a panel composed by experts from the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) defined the probiotics as "*live microorganisms which when administered in adequate amounts confer a health benefit on the host.*" To be labeled as probiotic, scientific evidence relating to such health benefit must be provided. Although, according to the definition provided by FAO/WHO, probiotics can be used both in food/food supplements and in medicines, in 2005 the IMH issued its first guidelines, updated on 3 May 2018 (the "**Probiotics Guidelines**"), whereby it changed the definition of probiotic and referred exclusively to probiotics "*as part of a food or food supplement.*"

The Probiotics Guidelines state, *inter alia*, that the probiotics must satisfy three main requirements: (i) they must be used traditionally to supplement human intestinal microflora (microbiota); (ii) they must be safe for humans use. A useful reference to such end is represented by the criteria defined by EFSA on the status of "QPS" (Qualified Presumption of Safety). In any case, the microorganisms used for the production of food must not be carriers of acquired and/or transmissible antibiotic resistance; and (iii) they must be active in the intestine in amounts sufficient to multiply there. In Italy probiotics are marketed as food supplements; therefore, the relevant applicable food supplements regulation mainly set forth, at national level, by the Food Supplements Decree applies.

However, if probiotics are contained in medicines, they must meet the more stringent standards and requirements provided for under (i) Directive 2001/83/EC, as amended and supplemented, and as enacted into the national laws of each Member State (as to Italy through Legislative Decree No. 219/2006, as amended and supplemented), and under (ii) Directive 2001/20/CE, as amended and supplemented, and as enacted into the national laws of each Member State (as to Italy Legislative Decree 24 June 2003 no. 211), which governs the application of good clinical practice in the conduct of clinical trials of medicines for clinical use.

In such a case, probiotics cannot be marketed in the EU territory in the absence of (i) a marketing authorization issued by the competent authority of the relevant Member State (*e.g.*, AIFA as to Italy), or (ii) the EU marketing authorization issued by the European Medicines Agency pursuant to EC Regulation no. 726/2004 and EC Regulation no. 1394/2007. Moreover, if probiotics are contained in medicines, there must be compliance with specific provisions relating to production and advertising set out under Directive 2001/83/EC, as enacted into the national laws of each Member State (as to Italy through Legislative Decree No. 219/2006), . In particular:

- the manufacturer must obtain a specific manufacturing authorization, which is holder and site specific, from AIFA (or the competent authority of the relevant Member State) before carrying out its activities. In this case, the application must specify the medicines which will be produced and the pharmaceutical forms which will be used. The authorization may include prescriptions to be complied with (in relation to the technical equipment of the manufacturer and to the personnel involved in the production process); and
- advertising of medicines is allowed, provided that the relevant authorizations for marketing and public advertising of the relevant medicines have been obtained. In addition, the advertising of medicines must be objective, clear and not misleading. Moreover, certain types of medicines (in relation to which the prior consultation of a doctor is required) cannot be subject to advertising process.

In addition to the above, holders of marketing authorization of medicines containing probiotics must continuously have (i) an individual responsible for the pharmacovigilance service, who must ensure that the marketing process complies with the relevant requirements and that all the persons involved in the marketing process (including the competent health authorities) are aware of their possible adverse reactions and their safety requirements; and (ii) a scientific service providing all useful information relating to the medicines placed on the market.

Violations of applicable Italian legislation governing the production and marketing activities as well as the information obligations relating to medicines may result in imprisonment from six months to one year (applicable to the legal representative or the owner of the company) and administrative monetary fines ranging from €10,000.00 to €300,000.00, depending on the seriousness of the infringement.

Medical Devices

EU and Italian regulatory framework

At the EU level, the medical devices sector was historically regulated by Directives no. 93/42/EEC (applicable to medical devices) and no. 90/385/EEC (applicable to active implantable medical devices) (the "**Old Directives**"), implemented in Italy through, respectively, Legislative Decree no. 46/1997 and Legislative Decree no. 507/1992.

EU Regulation no. 2017/745 (the "**Medical Devices Regulation**"), which took effect on May 26, 2021, amended the relevant legal framework by replacing the Old Directives. The new regulatory framework is not yet fully operative (*e.g.*, the database of the medical devices is not yet ready to be used) and , therefore certain provisions of the Old Directives will continue to apply up to 2024. In particular, devices lawfully marketed in the EU pursuant to the Old Directives before May 26, 2021 may generally continue to be made available until May 26, 2025

The Medical Devices Regulation mainly governs the marketing of medical devices for human use and accessories for such devices in the EU and provides, among others things, for the following:

- a medical device can be placed on the market (including through online sale) without obtaining any previous authorization (unless it involves medicines), provided that it has received an EC marking approval (which, in turn, substantially certifies that the medical device complies with the Medical Devices Regulation);

- labelling, instructions for use, availability, advertising and activation of a medical device shall not include misleading text, names, trademarks, pictures and/or other signs;
- the obligation, upon the manufacturers/importers of medical devices, to guarantee (including through recourse to corrective actions, following the placement on the market) the compliance of the medical devices produced/imported with the provisions of the Medical Devices Regulation;
- the obligation, upon the distributors, to verify that the medical devices to be placed on the market (i) have been marked "EC" and are accompanied by a declaration of compliance with the EU requirements; (ii) include all the information which must be provided by the manufacturer; (iii) have been correctly imported; (iv) have been marked with an "UDI" (Unique Device Identification) by the manufacturer;
- the creation by the EU Commission of an EU medical devices database (Eudamed), which collects and elaborates the information about the medical devices placed on the market and the relevant economic operators; the creation of a traceability system of medical devices; and
- the appointment of an authority—designated by each Member State—entrusted to verify the medical devices' compliance with applicable legislation (in Italy, the IMH, also through the Italian Superior Institute of Health (*Istituto Superiore di Sanità*).

In addition, manufacturers must employ at least one individual with adequate skills responsible for ensuring compliance of the medical devices with applicable legislation. Specifically, the person responsible (*persona responsabile*) must verify, among other things, the devices' compliance with the quality management system and the update of the technical and compliance EU documentation.

Given that, in Italy, the sanctions regime relating to the violations of the provisions of the Medical Devices Regulation has not been yet established, the sanctioning provisions set forth in Article 23 of Legislative Decree 46/97 and Article 10 of Legislative Decree 507/92 continue to apply. These provisions provide for the application of (i) administrative fines ranging from €500.00 to, approximately, €130,000.00 and/or (ii) criminal sanctions including imprisonment up to one year.

Cosmetics

EU and Italian regulatory framework

At the EU level, the cosmetics industry is regulated by EC Regulation no. 1223/2009 of the European Parliament and of the Council (the "**Cosmetics Regulation**") which sets forth the rules, harmonized at European level, for the production, distribution, evaluation and control of any adverse effects related to cosmetics and ensures the traceability of a cosmetic product throughout the supply chain up to consumers.

Under the Cosmetics Regulation, the trade of a "cosmetic product", which is defined as "*any substance or mixture intended for application to the external surfaces of the human body (epidermis, hair system and hair, nails, lips, external genital organs) or to the teeth and the mucous membranes of the mouth for the sole or predominant purpose of cleaning, perfuming, changing their appearance, protecting, maintaining or correcting body odor,*" requires the implementation of safety measures which must be in place before the marketing of the product itself.

In particular, the person responsible for trade of cosmetics (*i.e.*, the manufacturer, the importer and/or the distributor, depending on the satisfaction of the requirements provided for under the applicable law) must adopt an appropriate evidence-based approach in assessing the safety of such products and review data collected from all existing sources. The cosmetic product safety report must be constantly updated taking into account relevant additional information available after the product is placed on the market (so-called "real-world evidence").

Under Article 11 of the Cosmetics Regulation, the person responsible for placing a cosmetic product on the market must retain a set of data and information relating to the relevant cosmetic, which constitutes the so-called "product information file" or PIF, that must be made available upon request of the supervisory authorities for a period of ten years starting from the date of placement on the market of the relevant cosmetic product.

A cosmetic product cannot be placed on the EU market in the absence of an individual or entity designated as responsible (*persona responsabile*). For each product placed on the market, the responsible person guarantees the compliance with the obligations set forth by the relevant Cosmetics Regulation. If the responsible person believes, or has reason to believe, that a product is not in compliance with the Cosmetics Regulation, it shall immediately take the necessary corrective measures ensure compliance, withdraw it or recall it from the market, as appropriate.

When a cosmetic product presents a risk to human health, the responsible person shall immediately inform the competent authority of the place where the product has been made available and where the product information file is accessible, providing full details of the non-compliance and the corrective measures undertaken. The marketing of a cosmetic requires the responsible person to file the relevant notification through the system named "Cosmetic Product Notification Portal" (that is managed by the EU Commission). Such notification, however, does not constitute an authorization for placement of the relevant cosmetic on the market.

The labelling of the cosmetic must include clear information about, among other things, the responsible person, the content of the packaging and the expiration date. In Italy, the contents of the EU Regulation have been substantially implemented by the decree of the IMH of 27 September 2018, which requires the monitoring of the cosmetics products placed on the market and their traceability, and provides for the need to constantly verify the compliance with the provisions of the Cosmetics Regulation.

The application of administrative monetary sanctions or, if provided by applicable criminal legislation, criminal sanctions, is entrusted by the Cosmetics Regulation to each Member State. In Italy, the sanctioning regime is set forth under Legislative Decree no. 204/2015 which provides for criminal sanctions (from one to five years of imprisonment) and administrative monetary sanctions (from €500 to €100,000), depending on the infringement.

Furthermore, the violation of the information and labelling obligations provided by the EEC Directives no. 85/374/EEC and no. 2001/95/EEC, also triggers the liability for defective products, in relation to which the Italian legislation has set forth its rules in the Legislative Decree no. 206/2005 (Consumer Code). In such cases, consumers are entitled to ask for compensation for damages within three years from the day on which the damaged party has had or should have had knowledge of the damage, the defect and the identity of the responsible person.

Other Relevant Legislation: EU and Italian Environmental Law

Waste management

At EU level, the waste management regulatory framework is currently governed by the directive 2008/98/EC (the "**Waste Framework Directive**") which limits the production of waste, promotes reuse and recycling and ensures that waste is adequately treated. The Waste Framework Directive has been lastly modified by EU directive 2018/851.

According to the Waste Framework Directive, waste is defined as "*any substance or object, which the holder discards, or intends or is requested to discard.*" The Waste Framework Directive also clarifies the distinction between waste and non-waste and introduces the process for how waste can become non-waste. Decision 2000/532/EC and Annex III of the Waste Framework Directive establish the classifications of waste, including the distinction between hazardous and non-hazardous waste.

In addition to the Waste Framework Directive, there are specific regulations relating to peculiar waste deriving, for instance, from products' packaging. Furthermore, with the aim to reduce the use of single-use plastics, the EU directive 2019/904 has been introduced.

In compliance with the principles set forth by the Waste Framework Directive, the Italian Legislative Decree no. 152 of April 3, 2006 (the "**Environmental Code**") promotes the prevention of production of waste and defines the waste as "any substance or object that the holder discards or intends or is required to discard" (reference is made to article 183, para. 1, let. a) of the Environmental Code).

Waste is classified, according to its origin, into municipal waste and special waste and, according to its characteristics, into hazardous and non-hazardous waste. Additionally, following the latest amendments (reference is made to Legislative Decree no. 116 of September 3, 2020) to the Environmental Code, waste can be classified as "deriving from construction works," food waste and organic waste. The legislation applicable to the waste depends on said classifications.

Depending on the type of waste and on the activity carried out in connection with the waste, the Environmental Code requires the producers or holders of waste to carry out the treatment of waste themselves or to have the treatment and/or the collection and transportation handled by an authorized third party or arranged by a public collector under a special agreement.

The waste produced is traced through an integrated system which provides for a national register where information about the waste management—by means of registers relating to the operations of waste loading and unloading and waste forms reporting the whole transportation of waste—is reported.

The implementation and management of plants for disposal or recovery of waste, including hazardous waste, is subject to the obtainment of a single operating permit (*Autorizzazione unica per i nuovi impianti di smaltimento e di recupero dei rifiuti*), issued by the competent authority, where all the obligations and characteristics of the plants are listed. The single operating permit, for plants having certain characteristics requested by the Environmental Code, may be substituted by the integrated environmental authorization (*Autorizzazione Integrata Ambientale*).

Furthermore, in order to carry out the activities of collection, transportation and/or sale of waste, the enrolment with the national register of waste managers (*Albo nazionale gestori ambientali*) is mandatory.

Failure to comply with the legislation applicable to waste, both in relation to the treatment operations (*e.g.*, collection, transportation, recovery and/or disposal) and in relation to the obligations to obtain the relevant authorizations or to be enrolled with the specific registers/*consortia*, may entail the application of administrative and/or criminal monetary sanctions (up to €45,000.00) or, in the worst-case scenario, other criminal sanctions (imprisonment up to eight years).

EU ETS System

In order to face the production of greenhouse gas emissions, the European Union has established the "Emission Trading System" (the "**EU ETS System**"), which aims at providing an efficient mechanism to reduce emissions.

The EU ETS System is governed by the directive 2003/87/EC, as subsequently amended, which provides for a "cap and trade" system. Within the cap, installations which produce greenhouse gases buy or receive emissions allowances, which they can trade with one another, as needed. Since the total number of allowances available is limited, they have a value.

Companies operating within certain sectors (*e.g.*, electricity and heat generation; commercial aviation) or using certain gases (*e.g.*, Carbon dioxide; nitrous oxide) have the obligation to participate in the EU ETS System. However, companies operating in other sectors may participate in the EU ETS, under certain conditions.

Failure to comply with the provisions set forth by the EU ETS System may entail the application of monetary sanctions (up to euro 100,000.00).

Contamination events

The detection of potential polluting substances in environmental matrixes (*i.e.*, soil and/or groundwater) entails that the polluter adopts, in the following 24 hours, the necessary prevention measures and communicates the detected potential contamination to the competent authorities. The person responsible for the contamination, once adopted the first prevention measures, has to carry out preliminary investigations on the polluting events and, should the contamination thresholds provided for by applicable legislation be exceeded, has to start an administrative procedure in front of the competent authorities which may consist of a remediation procedure (or alternative measures ordered by the environmental authorities). Should the contamination be caused by hazardous waste, criminal monetary sanctions (up to euro 52,000.00) or, in the worst-case scenario, other criminal sanctions (imprisonment up to two years) would apply.

MANAGEMENT

The following is a summary of information relating to the management of the Biofarma Group and certain provisions of the Issuer's and the Company's bylaws (statuto) and Italian law regarding corporate governance. This summary is qualified in its entirety by reference to the Issuer's and the Company's bylaws and/or Italian law, as the case may be, and does not purport to be complete.

The Issuer

The Issuer is a holding company that was formed in connection with the Transactions. The Issuer was incorporated on February 7, 2022 as a joint stock company (*società per azioni*) under the laws of Italy. The Issuer is registered with the Companies' register of Milan, Monza, Brianza and Lodi under registration number and fiscal code 12245460964. The registered office of the Issuer is at Largo Francesco Richini 2/A, Milan, Italy.

Board of Directors

The board of directors of the Issuer currently comprises three directors and is responsible for managing the Issuer in accordance with applicable laws, constitutional documents and resolutions of the shareholders' meeting. The principal functions of the board of directors are to carry out the business of the Issuer and to legally represent the Issuer in its dealings with third parties. The following table lists the current members of the Issuer's board of directors, together with their age and position within the board.

Name	Age	Position
Germano Scarpa	62	Chairman
Yann Chareton	44	Director
Giacomo Forti	35	Director
Fabrizio Raso	28	Director
Maurizio Castorina	68	Director

Summarized below is a brief description of the experience of the individuals who serve as members of the board of directors of the Issuer:

Germano Scarpa. Germano Scarpa is a founder of Biofarma S.r.l. and has been Chairman of the board of directors of the Biofarma Group since 2020. Prior to the Biofarma Group Consolidation, Mr. Scarpa was the CEO of Biofarma S.r.l. for almost twenty years, during which he acquired significant experience in the pharmaceutical and nutraceutical industries. Mr. Scarpa holds a degree in pharmacy from the University of Trieste.

Yann Chareton. Mr. Chareton is a Managing Director at Ardian, and joined Ardian as Investment Manager in 2005. Prior to joining Ardian, Mr. Chareton worked in the Investment Financing Department at Calyon Paris where he participated in various transactions in France and Italy. Mr. Chareton holds a master's degree in business administration from ESSEC Business School and studied economics at IEP Paris.

Giacomo Forti. Mr. Forti is a Director at Ardian, and joined Ardian as Investment Manager in 2014. Prior to joining Ardian, Mr. Forti worked in the Restructuring and Performance Improvement team at Alvarez & Marsal in Milan and in the leveraged finance team at JP Morgan. Mr. Forti holds educational qualifications from Bocconi University and University of California, Los Angeles.

Fabrizio Raso. Mr. Raso is an Investment Manager at Ardian, and joined Ardian as an Analyst in 2019. Prior to joining Ardian, Mr. Raso was an Investment Banking Analyst at Citi, focusing mostly on M&A transactions in the Italian market. Mr. Raso holds a master's degree in finance from Bocconi University.

Maurizio Castorina. Mr. Castorina is the Chief Executive Officer of the Biofarma Group. He joined the Biofarma Group as CEO of Nutrilinea in 2017. With over 30 years of experience in the pharmaceutical industry, he has previously held senior roles such as General Manager of Italfarmaco, CEO of Zambon and CEO of Takeda Italy, in addition to other senior roles with Fidia Farmaceutici, Fournier Pharma, Novartis and Pharmacia. Mr. Castorina holds a degree in theoretical physics from the University of Catania.

The Company

The Company is a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy and registered with the Companies' register of Milan, Monza, Brianza and Lodi under registration number and fiscal code 02895910301. The Company's registered office is located at Via Castelliere 2, Mereto di Tomba (Udine), Italy and its telephone number is +39 0432 868711.

Board of Directors

As of the date of this Offering Memorandum, the Company's board of directors is composed of nine members. Members of the board of directors are appointed by an ordinary shareholders' meeting for a term indicated in the appointment deed, expiring on the date of the shareholders' meeting called to approve the financial statements for the financial year of their term. The members of the board of directors of the Company were appointed in March 2022 and will remain in office until approval by the shareholders of the Company's financial statements for the year ended December 31, 2024. The following table lists the current members of the Company's board of directors, together with their age and position within the board.

Name	Age	Position
Germano Scarpa	62	Chairman
Gabriella Tavasani	57	Director
Aldo Mazzocco	60	Director
Yann Chareton	44	Director
Giacomo Forti	35	Director
Fabrizio Raso	28	Director
Andrea Audisio di Somma	25	Director
Gianluca Ghersini	56	Director
Maurizio Castorina	68	Director

Summarized below is a brief description of the experience of the individuals who serve as members of the board of directors of the Company:

Germano Scarpa. See "*—The Issuer—Board of Directors*" above.

Gabriella Tavasani. Mrs. Tavasani is a founder of Biofarma S.r.l. and has led the Human Resources and Communication functions of the Biofarma Group since 2020. Prior to joining the Biofarma Group. Mrs. Tavasani held the role of Managing Director of Biofarma S.r.l. and holds a degree in geological sciences from the University of Trieste.

Aldo Mazzocco. Mr. Mazzocco is the Chief Executive Officer and General Manager of Generali Real Estate S.p.A., and also holds the roles of Head of Private Markets and Real Assets in the Generali Asset & Wealth Management business unit, Chairman of Generali Real Estate S.p.A. and Chairman of CityLife S.p.A. A manager with extensive experience in the real estate industry, Mr. Mazzocco joined Generali Real Estate from Cassa Depositi e Prestiti, where he served as Head of Real Estate, Chairman of CDP Immobiliare SpA and CDP Investimenti SGR. Mr. Mazzocco was Directeur Generale Délégué at Foncière des Régions from 2011 to 2015, and the Chairman of Assoimmobiliare from 2011 to 2017. From 2001 to 2015, Mr. Mazzocco was the CEO of Beni Stabili SpA SIIQ, and held key management roles at Beni Stabili Gestioni SGR. Mr. Mazzocco holds a master's degree in business administration from Bocconi University and a degree in civil engineering from the University of Padua.

Yann Chareton. See "*—The Issuer—Board of Directors*" above.

Giacomo Forti. See "*—The Issuer—Board of Directors*" above.

Fabrizio Raso. See "*—The Issuer—Board of Directors*" above.

Andrea Audisio di Somma. Mr. Audisio has been an Analyst at Ardian since 2021. Prior to joining Ardian, he completed a numbers of internships in Investment Banking, notably at Bank of America Merrill Lynch and Nomura. Mr. Audisio holds master's and bachelor's degrees from Bocconi University, and completed exchange programs at NYU and the London School of Economics during his studies.

Gianluca Ghersini. Mr. Ghersini has been a partner at Gianni & Origoni since 2001, and is currently a member of the law firm's M&A Steering Committee and head of the firm's M&A and Private Equity practice in Milan. Between 2008 and 2012, Mr. Ghersini was co-head of Gianni & Origoni's private equity practice and a member of the firm's Executive Committee. Over the years, Mr. Ghersini has provided legal advice to several private equity firms such as Apax, Ardian, Bridgepoint, Charterhouse, Neuberger and L Catterton. Mr. Ghersini is admitted to the Milan Bar and holds a degree in law from the University of Milan.

Maurizio Castorina. See "*—The Issuer—Board of Directors*" above.

Biofarma Group Senior Management

The following individuals are members of the senior management team of the Biofarma Group:

Name	Age	Position
Maurizio Castorina	68	Chief Executive Officer
Marco Malaguti	50	Chief Operating Officer and General Manager
Morris Maracin	45	Chief Financial Officer
Valerio Ferri	48	Global Sales Director

Summarized below is a brief description of the experience of the members of the senior management team of the Biofarma Group:

Maurizio Castorina. See "*—Board of Directors*" above.

Marco Malaguti. Mr. Malaguti is the Chief Operating Officer and General Manager of the Biofarma Group and has been the General Manager of the Biofarma Group since 2017. Prior to joining the Biofarma Group, Mr. Malaguti was Site Director and Managing Director at GlaxoSmithKline from 2012 to 2017, and held various roles such as Production Director and Quality Director at GlaxoSmithKline from 1999 to 2012. Mr. Malaguti holds a degree in chemistry from the University of Bologna.

Morris Maracin. Mr. Maracin has been the Chief Financial Officer of the Biofarma Group since 2018. Prior to joining the Biofarma Group, Mr. Maracin was CFO of IPI, Coesia Group from 2015 to 2017, and held several key roles such as Finance Manager for EMEA at Electrolux from 2004 to 2015. Mr. Maracin holds a degree in business administration from Bocconi University.

Valerio Ferri. Mr. Ferri has been the Global Sales Director of the Biofarma Group since 2020. Prior to joining the Biofarma Group, Mr. Ferri was Key Account Director for EMEA at Fareva from 2018 to 2020, and Business Development, Sales and Marketing Manager at Fidia Farmaceutici from 2015 to 2018. Mr. Ferri holds a master's degree in business administration from Bologna Business School and studied pharmacy at the University of Naples Federico II.

Compensation

For the year ended December 31, 2021, the members of the board of directors of the entities comprising the Biofarma Group received aggregate remuneration and other benefits, excluding bonuses, of €1.9 million.

Board of Statutory Auditors

Pursuant to applicable Italian law, the Company has appointed a Board of Statutory Auditors (*Collegio Sindacale*) whose objective is to oversee our compliance with applicable law and our by-laws, monitor the implementation of best practices and assess the adequacy of the internal controls and accounting reporting systems. There are presently three auditors and two alternate auditors on the Board of Statutory Auditors.

Members of our Board of Statutory Auditors are appointed by our shareholders at an ordinary shareholders' meetings for a three-year term expiring on the date of the shareholders' meeting called to approve the financial statements for the third financial year of their term. The members of the Board of Statutory Auditors of the Company were appointed in March 2022 and will remain in office until approval by the shareholders of the Company's financial statements for the year ended December 31, 2024.

The following table sets forth the members of the Board of Statutory Auditors of the Company as of the date of this Offering Memorandum.

Name	Age	Position
Carlo Molaro	59	Chairman
Diego De Francesco	53	Statutory Auditor
Pedro Palau	54	Statutory Auditor
Paolo Ferrandi	42	Alternate Auditor
Tommaso Vidale	30	Alternate Auditor

Compensation

For the year ended December 31, 2021, the members of our Board of Statutory Auditors received aggregate remuneration and other benefits, excluding bonuses, of €0.1 million.

PRINCIPAL SHAREHOLDERS

The Issuer is a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy. The Issuer was incorporated on February 7, 2022 as a joint stock company (*società per azioni*) under the laws of Italy. The Issuer is registered with the Companies' register of Milan, Monza, Brianza and Lodi under registration number and fiscal code 12245460964. The registered office of the Issuer is at Largo Francesco Richini 2/A, Milan, Italy.

The ultimate controlling party of the Issuer is Ardian Buyout Fund VII B SLP, which indirectly holds approximately 69.5% of the share capital of the Issuer through its wholly-owned subsidiary Vegeta S.p.A. Approximately 30.5% of the share capital of the Issuer is indirectly owned by Victoria (30.0%) and certain management investors (approximately 0.5%). Victoria is a holding company ultimately controlled by Germano Scarpa (our Chairman and one of the founders of the Biofarma Group) and Gabriella Tavasani. On the Completion Date, the Issuer became the indirect owner (through BidCo) of 100% of the entire issued and outstanding share capital of the Company.

On March 22, 2022, the Company and Victoria entered into an asset transfer arrangement pursuant to which all of the interests in the manufacturing site in the Udine Plant (which was previously owned by Victoria and operated by the Company pursuant to rental agreements) were transferred to the Company for a purchase price of €37.7 million (excluding €2.0 million of value added tax), paid with a portion of the proceeds from the Equity Contribution pursuant to an interest-bearing shareholder loan agreement entered into between TopCo, as borrower, and Victoria, as lender, for an amount of €37.5 million (corresponding to the purchase price for the Udine Plant). The shareholder loan bears interest at a rate of 5.5% per annum and has a tenure of eight years.

Vegeta S.p.A. and Victoria have entered into an investment agreement, which governs, *inter alia*:

- the management and administration of the affairs of the Biofarma Group;
- reserved matters which require the consent of the minority shareholders, including acquisitions and incurrence of indebtedness that exceed certain thresholds;
- certain matters relating to potential exits and transfer restrictions in respect of shares held by each shareholder, including the provision of certain pre-emptive, tag-along and drag-along rights.

See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The interests of the Sponsor may conflict with your interests as a holder of the Notes.*"

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we may from time to time enter into certain related party transactions with our shareholder, key management and affiliated companies and persons. For instance, the Company owns a 45% stake in Cura Beauty GmbH, an Austrian distributor of cosmetics in Austria and Germany, which purchases cosmetics from the Biofarma Group and accounted for approximately €11 million of our sales for the year ended December 31, 2021. 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 Biofarma Group and its related parties, please refer to the notes to the Audited Financial Statements included elsewhere in this Offering Memorandum.

The ultimate controlling party of the Issuer is Ardian Buyout Fund VII B SLP, which indirectly holds approximately 69.5% of the share capital of the Issuer through its wholly-owned subsidiary Vegeta S.p.A. Approximately 30.5% of the share capital of the Issuer is indirectly owned by Victoria (30.0%) and certain management investors (approximately 0.5%). Ardian Buyout Fund VII B SLP and Victoria have entered into an investment agreement, which will govern, *inter alia*, the management and administration of the affairs of the Biofarma Group, as further described under *"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.

"*Acquisition*" means the acquisition by Bidco of the issued quotas of the Target (together with all rights attaching thereto or exercisable in respect thereof) on the terms of the acquisition documents.

"*Bidco*" means Tauri S.p.A., a joint stock company (*società per azioni*) incorporated in Italy, having its registered office in Milano, Largo Francesco Richini 2/A, enrolled with the Companies' Register (*Registro delle Imprese*) of Milano Monza Brianza Lodi under number 12259980964.

"*Closing Date*" means March 22, 2022.

"*Group*" means the Issuer and each of its restricted subsidiaries from time to time including on and from the Closing Date, the Target Group (unless any subsidiary of the Target Group is designated as an unrestricted subsidiary on or after the Closing Date).

"*Intercreditor Agreement*" means the intercreditor agreement dated March 16, 2022 between, *inter alios*, the Issuer, Midco, the agent under the Revolving Credit Facility Agreement and the Security Agent, to which the Trustee will accede on or about the Issue Date, as further described under "*Description of certain financing arrangements—Intercreditor Agreement*."

"*Issuer*" means Kepler S.p.A., a joint stock company (*società per azioni*) incorporated in Italy, having its registered office in Milano, Largo Francesco Richini 2/A, enrolled with the Companies' Register (*Registro delle Imprese*) of Milano Monza Brianza Lodi under number 12245460964.

"*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.

"*Merger Date*" means the date on which the potential merger between Bidco and the Target (with the Target as the surviving entity) on terms complying with Article 2501-bis (et seq.) of the Italian Civil Code and in accordance with the Tax Structure Memorandum becomes effective pursuant to Article 2504-bis of the Italian Civil Code.

"*Midco*" means Denis S.p.A., a joint stock company (*società per azioni*) incorporated in Italy, having its registered office in Milano, Largo Francesco Richini 2/A, enrolled with the Companies' Register (*Registro delle Imprese*) of Milano Monza Brianza Lodi under number 12272480968.

"*Notes*" means the Notes offered hereby.

"*Target*" means Biofarma S.r.l. a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy, having its registered office at Via Castelliere 2, 33036 Mereto Di Tomba (UD), enrolled with the Companies' Register (*Registro delle Imprese*) of Pordenone-Udine with registration number, VAT and tax code 02895910301.

"*Target Group*" means Target and its subsidiaries.

"*Tax Structure Memorandum*" means the tax structure paper dated March 1, 2022 and prepared by Gitti and Partners, including details of the proposed structures for the Transaction.

"*Transaction*" means the Acquisition, refinancing or otherwise discharging of certain existing indebtedness of the Target Group (including, for the avoidance of doubt, the full repayment of indebtedness under and cancellation of the lease agreement assigned to the Target Group in connection with the Acquisition and the Transaction, providing for capitalised lease obligations in respect of the plant in Mereto (Italy)) and the other transactions contemplated by the transaction documents or directly or indirectly in connection with the Acquisition (in each case including the financing or refinancing thereof).

Overview and structure

The Revolving Credit Facility Agreement provides for a super senior revolving credit facility in a principal amount of €60.0 million (the "*Revolving Credit Facility*"), made available to the Issuer and Bidco as original borrowers.

The Revolving Credit Facility may be utilized by the Issuer or Bidco (and certain restricted subsidiaries of the Issuer who accede as additional borrowers) 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 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 (a) all amounts payable in connection with the Acquisition other than any payment of the purchase price made on the Closing Date, (b) the refinancing, discharge and/or acquisition of existing indebtedness of the Target Group 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, (c) any other purpose or payment contemplated by the Tax Structure Memorandum , the funds flow statement or the transaction documents, (d) other related amounts, including fees, costs, expenses, liabilities, taxes (including stamp duty) and other amounts, including those incurred in connection with the Acquisition, the refinancing of existing indebtedness of the Target Group, the Tax Structure Memorandum and/or the transaction documents and (e) the general corporate and/or working capital purposes of the Group (including the Target Group from the Closing Date) and any related fees, costs, expenses, liabilities, taxes (including stamp duty) and other amounts.

The Revolving Credit Facility may be utilized from the Closing Date until the date which is one month prior to the maturity date applicable to the Revolving Credit Facility.

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 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 78 months after the Closing Date.

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 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 €9,360,000 million (or its equivalent in other currencies) and 15 per cent. 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 and/or fees) 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 secured net leverage ratio starting from the date falling two complete financial quarters after the Closing Date, 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 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 borrowers under the Revolving Credit Facility are the Issuer and Bidco 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, any borrower jurisdiction contemplated in the Tax Structure Memorandum 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 and Bidco.

If any of the Issuer's restricted subsidiaries is or becomes a material subsidiary under the Revolving Credit Facility Agreement, the Issuer shall procure (or, if the Merger Date has not occurred, use commercially reasonable efforts to procure) that such material subsidiary shall, subject to the Agreed Security Principles and to any agreed limitation language, become a guarantor of the Revolving Credit Facility Agreement and shall accede to the Intercreditor Agreement, no later than (i) the earlier of (x) 90 days following the Merger Date and (y) 90 days after the date falling 12 months following the Closing Date and (ii) the date falling 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 (the Issuer, Bidco and together with any members of the Group that accede to the Revolving Credit Facility Agreement as additional guarantors being the "**Guarantors**"). The Issuer shall also procure (or, if the Merger Date has not occurred, use commercially reasonably efforts to procure) that, subject to the Agreed Security Principles, tested annually 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), 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) of the Guarantors (calculated on an unconsolidated basis and 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).

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 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 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) validity and admissibility in evidence; (vi) governing law and enforcement; (vii) no filing or stamp taxes; (viii) taxation; (ix) the accuracy of financial statements; (x) no litigation; (xi) legal and beneficial ownership; (xii) sanctions and anti-money laundering; and (xiii) base case model.

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; (xii) IPO debt pushdown; and (xiii) restrictions prior to the date of completion of the merger. 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 (commencing not earlier than the quarter date falling at the end of the first complete quarter after the Closing Date); (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 “**centre 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 at the end of the third complete quarter 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 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 1.35 to 1.0 (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 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 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 business days' notice to the agent, provided that the Revolving Credit Facility shall only be able to be prepaid in full from the date falling 18 months and 2 days after the Closing Date.

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 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.

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.

Bridge Facility Agreement

The Issuer, as borrower, entered into a senior secured bridge facility agreement on March 16, 2022, with, *inter alios*, BNP Paribas, Italian branch, as agent and security agent (the "**Senior Secured Bridge Facility Agreement**"). The lenders under the Senior Secured Bridge Facility Agreement made available to the Issuer, a Facility B1 Loan in aggregate equal to €162,500,000 and a Facility B2 Loan in aggregate equal to €182,500,000. The total committed amount of €345,000,000 (the "**Senior Secured Bridge Facilities**") was funded under the Senior Secured Bridge Facility Agreement on March 21, 2022. The gross proceeds from Facility B1 were used, together with the Shareholder Funding, to (i) pay a portion of the purchase price for the Acquisition, (ii) any other purpose or payment contemplated by the Tax Structure Memorandum, (iii) other related amounts, including fees, costs, expenses, liabilities, taxes (including stamp duty) and other amounts, including those incurred in connection with the Acquisition, the Tax Structure Memorandum and/or the transaction documents, (iv) general corporate and/or working purposes of the Group. The gross proceed from Facility B2 were used to (i) refinancing, discharge and/or acquisition of existing indebtedness of the Target Group and (ii) any other purpose or payment contemplated by the Tax Structure Memorandum, funds flow statement or transaction documents arising in connection with the refinancing, discharge and/or acquisition of existing indebtedness of the Target Group. See "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*."

On or about the Issue Date, the entirety of borrowings under the Senior Secured Bridge Facility Agreement will be repaid at par, plus accrued and unpaid interest, with the proceeds from the Offering. See "*Use of Proceeds*."

Intercreditor Agreement

To establish the relative rights of the relevant creditor groups, amongst others, the Senior Secured Notes Issuer, the lenders under the Revolving Credit Facility Agreement (the "**RCF Lenders**"), each obligor in respect of the Revolving Credit Facility (collectively, the "**Obligors**"), the 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 Indentures 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 Senior Secured Notes 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 Senior Secured Notes Trustee, the principal parties to the Intercreditor Agreement will be: (i) Denis S.p.A. in the capacity of Parent, Third Party Security Provider and Original Shareholder Creditor, (ii) the Senior Secured Notes 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 Senior Secured Notes 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 Senior Secured Notes Issuer in respect of any existing or future loan made to the Senior Secured Notes Issuer or any other member of the Group (each a "**Shareholder Creditor**") (the Intercreditor Agreement contains customary subordination provisions and restrictions relating to the receivables owing from the Senior Secured Notes Issuer or any member of the Group 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 Indentures 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).

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 any Future Second Lien Creditors (the "**Future Second Lien 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 any liabilities owed by the Senior Secured Notes Issuer and any of its subsidiaries to any Future Senior Issuer *pari passu* and without any preference between them; and

(d) *fourth*, the Shareholder Liabilities.

The Intercreditor Agreement provides that the Intra-Group Liabilities (including, for the avoidance of doubt, any Funding Loans Liabilities (as defined below)), 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 specifies that any such Funding Loans Liabilities (together with any related Additional Liabilities, but excluding any liabilities with respect to any Cash Management Services) shall be automatically redesignated for all purposes under the Intercreditor Agreement as Credit Facility Lender Liabilities and/or Senior Secured Liabilities (as applicable) upon the occurrence of an Attribution of Funding Loans (as defined below) to the extent of the ownership by the relevant Secured Parties to which such respective Liabilities are owed of the relevant pledged Intra-Group Liabilities so attributed.

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 Cash Management Facility Liabilities, the Future *Pari Passu* Debt, the Trustee Liabilities and the Funding Loan Liabilities, *pari passu* and without any preference between them (but only to the extent that such Transaction Security is expressed to secured 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 Senior Secured Notes 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.

"**Attribution of Funding Loans**" means, with respect to receivables relating to any Funding Loan which is subject to Transaction Security, the appropriation by any of the Secured Parties (or the Security Agent) (excluding any Funding Loans Lender) of such receivables as a result of an Enforcement Action (as defined below).

"**Cash Management Services**" means any customary cash management, cash pooling or netting or setting off arrangements or arrangements for the honouring 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.

"**Funding Loans**" means any existing loans entered into between any Funding Loan Lender as lender and any of Bidco or (until the Merger Date) Target (as applicable) as borrower and Funding Loans Third Party Security Provider under, and pursuant to, any intra-group loans which will be made on or after the date of the Intercreditor Agreement between any Funding Loan Lender as lender and any of Bidco or (until the Merger Date) Target (as applicable) in their capacities as borrowers and Funding Loans Third Party Security Providers for the purpose of down streaming all or part of the proceeds of any Credit Facility, Senior Secured Bridge and/or Senior Secured Notes.

"**Funding Loans Agreements**" means any agreement evidencing one or more Funding Loan.

"**Funding Loans Documents**" means (a) the Funding Loans Agreements, and (b) the documents evidencing the guarantees and/or the security interests granted by the relevant Funding Loans Third Party Security Providers in favour of any Funding Loans Lender in its capacity as lender to guarantee and/or secure (as applicable) that Funding Loans Third Party Security Provider's payment obligations under any Funding Loan.

"**Funding Loans Lender**" means any of the Issuer or (until the Merger Date) Bidco.

"**Funding Loans Liabilities**" means, in relation to the Funding Loans Third Party Security Providers, the liabilities and obligations owed under or in connection with the Funding Loans Documents (present or future, actual or contingent, and whether incurred solely or jointly) which it may have to any Funding Loans Lender, including any parallel debt liabilities owed to the security agent under the Intercreditor Agreement).

"**Funding Loans Third Party Security Providers**" means either Bidco or (until the Merger Date) Target (as applicable) to the extent one or more Funding Loans have been made available to it under Funding Loans Documents and it has provided Transaction Security over any of its assets to secure its obligations as a borrower thereunder.

"**Senior Secured Bridge Liabilities**" means the Liabilities owed by the Debtors and the Third Party Security Providers to the finance parties of the Senior Secured Bridge Facilities Agreement, together with any Additional Liabilities (but excluding any Hedging Liabilities).

"**Senior Secured Notes Liabilities**" means all the Liabilities of the Senior Secured Notes 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, the Holdco 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 €5,000,000 (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;

(8) 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;

(9) 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;

(10) 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);

(11) 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

(12) payment of any other amount not exceeding €2.5 million (or its equivalent) in aggregate in any financial year of the Senior Secured Notes 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 anytime 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 Holdco Debt Document (as that term is defined in the Intercreditor Agreement) (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 Holdco 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 Senior Secured Notes 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;

(d) 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;

(e) 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;

(f) 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

(g) if a Standstill Period (as defined below) is in effect at anytime 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.

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.

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.

A "**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 Senior Secured Notes 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 Senior Secured Notes 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 this 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 Senior Secured Notes 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 Senior Secured Notes 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 (including Midco) 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 (including Midco) 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 the Holdco Lender (as such term is defined in the Intercreditor Agreement), 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 the Holdco Lender (including for the avoidance of doubt with respect to any Proceeds Loan), together with any related additional liabilities (the "**Holdco 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, Holdco Liabilities or Debtor Liabilities on behalf of the relevant Intra- Group Lenders, the Holdco Lender 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, Holdco Liabilities or Debtor Liabilities on behalf of the receiving entity or receiving entities to which the obligations in respect of those Intra-Group Liabilities, Holdco 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 Senior Secured Notes Issuer or assets of a Future Second Lien Guarantor or the Senior Secured Notes 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, Cash Management Facility LC, 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, Cash Management Facility LC, 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 Topco or 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, Cash Management Facility LC, 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 Senior Secured Notes Issuer,

(except for amendments of a minor, technical or administrative nature which may be effected by the Security Agent and the Company) *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);

(c) the Senior Secured Notes Trustee (acting in accordance with the terms of the Senior Secured Notes Indenture);

(d) the representative of the Future *Pari Passu* Creditors;

(e) the representative of the Future Second Lien Creditors;

(f) the representative of the Future Senior Creditors;

(g) 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

(h) the Senior Secured Notes 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 Company (or a holding company of the Company) (an "**IPO**") but not earlier than the Merger Date, the Senior Secured Notes 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, Topco and/or Midco 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 Senior Secured Notes 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.

Proceeds Loans

BidCo Proceeds Loan

On the Completion Date, the Issuer made available to BidCo the BidCo Proceeds Loan for an aggregate principal amount of €345,000,000.00. The amount borrowed by BidCo under the BidCo Proceeds Loan has been used as described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing*."

Interest on the BidCo Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Bridge Facilities. The maturity date of the BidCo Proceeds Loan is on or about the maturity date of the Bridge Facilities. We expect that the agreement governing the BidCo Proceeds Loan will be amended by the parties thereto on or about the Issue Date in order to provide that, among other, (a) interest on the BidCo Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Notes, (b) the maturity date of the BidCo Proceeds Loan is on or about the maturity date of the Notes, and (c) the Issuer may request the prepayment of a portion of the BidCo Proceeds Loan in order to make payments of principal and interest on the Notes.

Subject to certain significant exceptions, the BidCo Proceeds Loan documentation will prohibit the repayment, reduction, extinction or equitization of the BidCo Proceeds Loan. Such exceptions include, but are not limited to, the repayment of the BidCo Proceeds Loan to enable the Issuer to make payments of principal and interest on the Bridge Facilities. The Bridge Facility Agreement does not include any restrictions on the Issuer or BidCo to amend the BidCo Proceeds Loans documentation, including to permit the repayment of the BidCo Proceeds Loans in order to allow the Issuer to discharge other debt secured by the Collateral. See "*Risk Factors—Risks related to the Notes, the Guarantees and the Collateral—The principal amount of the Proceeds Loans forming part of the Collateral may be less than anticipated as a result of prepayments prior to the maturity date of the Notes*."

The agreement governing the BidCo Proceeds Loan does not provide for any undertakings or representations by the parties. The Issuer's interest in the receivables under the BidCo Proceeds Loan is subject to security on a first-ranking basis as part of the Collateral securing the Bridge Facilities and the Revolving Credit Facility and on or about the Issue Date such security will be extended to secure the Notes. The agreement governing the BidCo Proceeds Loans is governed by Italian law.

The BidCo Proceeds Loan is secured by (i) first-priority Italian law pledge (*pegno*) over 100% of the equity interests of the Company, and (ii) security assignment of receivables (*cessione dei crediti in garanzia*) owed to BidCo by the Company under the Biofarma Proceeds Loan. See "*Summary—The Offering—Security.*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security interests over the Indirect Collateral will not be directly granted to the holders of the Notes.*"

Biofarma Proceeds Loan

On the Completion Date, BidCo made available to the Company the Biofarma Proceeds Loan for an aggregate principal amount of €215.8 million. The amount borrowed by the Company under the Biofarma Proceeds Loan has been used as described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing.*"

Interest on the Biofarma Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Bridge Facilities. The maturity date of the Biofarma Proceeds Loan is on or about the maturity date of the Bridge Facilities. We expect that the agreement governing the Biofarma Proceeds Loan will be amended by the parties thereto on or about the Issue Date in order to provide that, among other, (a) interest on the Biofarma Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Notes, and (b) the maturity date of the Biofarma Proceeds Loan is on or about the maturity date of the Notes.

Subject to certain significant exceptions, the Biofarma Proceeds Loan documentation will prohibit the repayment, reduction, extinction or equitization of the Biofarma Proceeds Loan. Such exceptions include, but are not limited to, the repayment of the Biofarma Proceeds Loan to enable BidCo to make payments of principal and interest on the BidCo Proceeds Loan. The BidCo Proceeds Loan does not include any restrictions on BidCo or Biofarma to amend the Biofarma Proceeds Loans documentation, including to permit the repayment of the Biofarma Proceeds Loans in order to allow BidCo to discharge other debt secured by the Indirect Collateral. See "*Risk Factors—Risks related to the Notes, the Guarantees and the Collateral—The principal amount of the Proceeds Loans forming part of the Collateral may be less than anticipated as a result of prepayments prior to the maturity date of the Notes*."

The agreement governing the Biofarma Proceeds Loan does not provide for any undertakings or representations by the parties. The BidCo's interest in the receivables under the Biofarma Proceeds Loan is subject to security on a first-ranking basis as part of the Indirect Collateral securing the BidCo Proceeds Loan. The agreement governing the Biofarma Proceeds Loans is governed by Italian law.

Upon completion of the Post Completion Merger, the Biofarma Proceeds Loan will be terminated and the security interest over the BidCo's interest in the receivables in respect of the Biofarma Proceeds Loan will be extinguished by operation of law.

Pasteur Proceeds Loan

On the Completion Date, the Company made available to Pasteur the Pasteur Proceeds Loan for an aggregate principal amount of €34.2 million. The amount borrowed by Pasteur under the Pasteur Proceeds Loan has been used as described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing.*"

Interest on the Pasteur Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Bridge Facilities. The maturity date of the Pasteur Proceeds Loan is on or about the maturity date of the Bridge Facilities. We expect that the agreement governing the Pasteur Proceeds Loan will be amended by the parties thereto on or about the Issue Date in order to provide that, among other, (a) interest on the Pasteur Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Notes, and (b) the maturity date of the Pasteur Proceeds Loan is on or about the maturity date of the Notes

Subject to certain significant exceptions, the Pasteur Proceeds Loan documentation will prohibit the repayment, reduction, extinction or equitization of the Pasteur Proceeds Loan. Such exceptions include, but are not limited to, the repayment of the Pasteur Proceeds Loan to enable the Company to make payments of principal and interest on the Biofarma Proceeds Loan. The Biofarma Proceeds Loan does not include any restrictions on the Company or Pasteur to amend the Pasteur Proceeds Loans documentation, including to permit the repayment of the Pasteur Proceeds Loans. See "*Risk Factors—Risks related to the Notes, the Guarantees and the Collateral—The principal amount of the Proceeds Loans forming part of the Collateral may be less than anticipated as a result of prepayments prior to the maturity date of the Notes*."

The agreement governing the Pasteur Proceeds Loan does not provide for any undertakings or representations by the parties. The agreement governing the Pasteur Proceeds Loans is governed by Italian law. The Company's interest in the receivables under the Pasteur Proceeds Loans will be subject to security on a first-ranking basis as part of the Post Merger Collateral or the Biofarma Group Collateral (as applicable) securing the Notes and the Revolving Credit Facility.

Nutrilinea Proceeds Loan

On the Completion Date, the Company made available to Nutrilinea a portion of the Nutrilinea Proceeds Loan for an original aggregate principal amount of €54.8 million (subsequently increased by €18.4 million). Such amount borrowed by Nutrilinea under the Nutrilinea Proceeds Loan has been used as described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing.*"

Interest on the Nutrilinea Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Bridge Facilities. The maturity date of the Nutrilinea Proceeds Loan is on or about the maturity date of the Bridge Facilities. We expect that the agreement governing the Nutrilinea Proceeds Loan will be amended by the parties thereto on or about the Issue Date in order to provide that, among other, (a) interest on the Nutrilinea Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Notes, and (b) the maturity date of the Nutrilinea Proceeds Loan is on or about the maturity date of the Notes.

Subject to certain significant exceptions, the Nutrilinea Proceeds Loan documentation will prohibit the repayment, reduction, extinction or equitization of the Nutrilinea Proceeds Loan. Such exceptions include, but are not limited to, the repayment of the Nutrilinea Proceeds Loan to enable the Company to make payments of principal and interest on the Biofarma Proceeds Loan. The Biofarma Proceeds Loan does not include any restrictions on the Company or Nutrilinea to amend the Nutrilinea Proceeds Loans documentation, including to permit the repayment of the Nutrilinea Proceeds Loans. See "*Risk Factors—Risks related to the Notes, the Guarantees and the Collateral—The principal amount of the Proceeds Loans forming part of the Collateral may be less than anticipated as a result of prepayments prior to the maturity date of the Notes*."

The agreement governing the Nutrilinea Proceeds Loan does not provide for any undertakings or representations by the parties. The agreement governing the Nutrilinea Proceeds Loans is governed by Italian law. The Company's interest in the receivables under the Nutrilinea Proceeds Loans will be subject to security on a first-ranking basis as part of the Post Merger Collateral or the Biofarma Group Collateral (as applicable) securing the Notes and the Revolving Credit Facility.

Pursuant to an amendment and restatement agreement entered into on April 5, 2022 by and between the Company as lender and Nutrilinea as borrower, the agreement governing the Nutrilinea Proceeds Loan was amended to increase the original commitment by €18.4 million in order to consummate the Apharm Minority Interest Acquisition. "*Summary—The Transactions—The Acquisition, the Apharm Minority Interest Acquisition and the Udine Plant Acquisition.*"

Apharm Proceeds Loan

On the Completion Date, Nutrilinea made available to Apharm the Apharm Proceeds Loan for an aggregate principal amount of €5.4 million. The amount borrowed by Apharm under the Apharm Proceeds Loan has been used as described under "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing.*" Interest on the Apharm Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Bridge Facilities. The maturity date of the Apharm Proceeds Loan is on or about the maturity date of the Bridge Facilities. We expect that the agreement governing the Apharm Proceeds Loan will be amended by the parties thereto on or about the Issue Date in order to provide that, among other, (a) interest on the Apharm Proceeds Loan accrues at a rate that will be generally consistent with the rate applicable to the Notes, and (b) the maturity date of the Apharm Proceeds Loan is on or about the maturity date of the Notes.

Subject to certain significant exceptions, the Apharm Proceeds Loan documentation will prohibit the repayment, reduction, extinction or equitization of the Apharm Proceeds Loan. Such exceptions include, but are not limited to, the repayment of the Apharm Proceeds Loan to enable Nutrilinea to make payments of principal and interest on the Nutrilinea Proceeds Loan. The Nutrilinea Proceeds Loan does not include any restrictions on Nutrilinea or Apharm to amend the Apharm Proceeds Loans documentation, including to permit the repayment of the Apharm Proceeds Loans in order to allow Nutrilinea to discharge other debt secured by the Collateral. See "*Risk Factors—Risks related to the Notes, the Guarantees and the Collateral—The principal amount of the Proceeds Loans forming part of the Collateral may be less than anticipated as a result of prepayments prior to the maturity date of the Notes*."

The agreement governing the Apharm Proceeds Loan does not provide for any undertakings or representations by the parties. The agreement governing the Apharm Proceeds Loans is governed by Italian law. The Nutrilinea's interest in the receivables under the Apharm Proceeds Loans will be subject to security on a first-ranking basis as part of the Post Merger Collateral or the Biofarma Group Collateral (as applicable) securing the Notes and the Revolving Credit Facility.

DESCRIPTION OF NOTES

Kepler S.p.A. (the "**Issuer**") will issue €345.0 million in aggregate principal amount of Senior Secured Floating Rate Notes due 2029 (the "**Notes**") under an indenture to be dated as of May 20, 2022 (the "**Indenture**"), between, *inter alios*, the Issuer, Tauri S.p.A., a wholly-owned direct subsidiary of the Issuer ("**BidCo**"), as guarantor, Denis S.p.A. ("**MidCo**"), as third party security provider, The Law Debenture Trust Corporation p.l.c., as trustee of the holders of the Notes and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code (the "**Trustee**") under the Indenture, and BNP Paribas, Italian Branch, as security agent under the Intercreditor Agreement (as defined below) and representative (*rappresentante*) of the holders of the Notes pursuant to and for the purposes set forth under Article 2414-bis, 3rd paragraph of the Italian Civil Code (the "**Security Representative**") under the Indenture (the "**Security Agent**"). Definitions of certain capitalized terms used in this *"Description of Notes*" are set forth under the heading "*—Certain Definitions*" below. For purposes of this *"Description of Notes*," "Issuer" means Kepler S.p.A. (not including any of its Subsidiaries) and any and all successors thereto.

The proceeds of the Offering of the Notes sold on the Issue Date, together with cash on balance sheet, will be used by the Issuer to repay in full the indebtedness incurred under and cancel the Bridge Facilities, as described further in this Offering Memorandum under "*Use of Proceeds*."

This *"Description of Notes*" is intended to be an overview of the material provisions of the Notes, the Guarantees and the Indenture. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Guarantees and the Indenture for complete descriptions of the obligations of the Issuer and your rights. In addition, the following description refers to the Security Documents and the Intercreditor Agreement. Copies of such documents are available from us upon request as set forth under "*Listing and General Information*."

The Notes, the Indenture and the Guarantees thereunder will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements. The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes and the Guarantees. Please see "*Description of Certain Financing Arrangements—Intercreditor Agreement*" for a description of the material terms of the Intercreditor Agreement.

The registered holder (a "**Holder**") of a Note will be treated as the owner of it for all purposes. Only 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. In addition, the Indenture will not be subject to, incorporate by reference or otherwise include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

Additional Notes

The Indenture will be unlimited in aggregate principal amount, of which €345.0 million aggregate principal amount of Notes will be issued on the Issue Date. After the Issue Date, we may issue an unlimited principal amount of additional Notes having substantially identical terms and conditions as the Notes originally issued (together with any notes issued under the Indenture of any other series as further described below, the "**Additional Notes**") under the Indenture. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain Covenants—Limitation on Indebtedness*").

Any such Additional Notes shall have terms substantially identical to the Notes originally issued, except in respect of any of the following terms which shall be set forth in an Officer's Certificate (as defined below) supplied to the Trustee:

(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 may be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes may 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 may 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 may be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the maturity date or dates of such Additional Notes, and 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, including, but not limited to, any special mandatory redemption using amounts released from any escrow account into which proceeds of the issuance of such Additional Notes are deposited pending consummation of any acquisition, Investment, refinancing or other transaction (such redemption, an "**Additional Notes Special Mandatory Redemption**");

(7) the provisions relating to the escrow of all or a portion of the proceeds of such Additional Notes and the granting of Liens described in clause (22) of the definition of "Permitted Liens" in favor of the Trustee solely for the benefit of the Holders of such Additional Notes (and not, for the avoidance of doubt, for the benefit of the Holders of any other Notes), together with all necessary authorizations for the Trustee to enter into such arrangements; *provided* that, for so long as the proceeds of such Additional Notes are in escrow, such Additional Notes shall benefit only from such Liens and shall not be subject to the Intercreditor Agreement or any Additional Intercreditor Agreement and shall not benefit from any security interest in the Collateral;

(8) 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 may be issued and redeemed;

(9) the status of registration with the SEC of such Additional Notes or the applicable exemption from such registration pursuant to which such Additional Notes may be offered or sold; and

(10) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes, and the relevant clearing systems.

The Notes (together with any Additional Notes issued from time to time) will be treated as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for a specific series. Unless the context otherwise requires or unless otherwise specified, for all purposes of the Indenture and this "*Description of Notes*," references to the "Notes" include the Notes issued on the Issue Date under the Indenture and any Additional Notes that are actually issued from time to time. Additional Notes may be designated to be of the same series as any other series of Notes, including the Notes issued on the Issue Date, but only if they have terms substantially identical in all material respects to such other series, and if so designated shall be deemed to form one series with such other series (it being understood that any Additional Notes that are substantially identical in all material respects to any other series of Notes but for being subject to an Additional Notes Special Mandatory Redemption shall be deemed to be substantially identical to such series of Notes only following the date on which such Additional Notes Special Mandatory Redemption provision ceases to apply).

In the event that any Additional Notes are not fungible with the Notes issued on the Issue Date for U.S. federal income tax and/or Italian tax purposes, such non-fungible Additional Notes shall be issued with a separate ISIN, Common Code, CUSIP or other securities identification number, as applicable, so that they are distinguishable from such Notes.

General

The Notes

The Notes will, on the Issue Date:

- be general senior obligations of the Issuer;
- rank *pari passu* in right of payment among themselves and with any existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes (including the obligations of the Issuer under 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 secured as set forth below under "—*Security*;"
- be effectively subordinated to any existing or future Indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such Indebtedness;

- be structurally subordinated to any existing or future Indebtedness or obligation (including obligations to trade creditors) of Subsidiaries of the Issuer that do not guarantee the Notes; and
- be represented by one or more Notes in registered global form, which in certain circumstances may be represented by Definitive Registered Notes (see "*—Methods of Receiving Payments on the Notes*").

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 and certain Hedging Obligations, if any.

The Guarantees

The Guarantee of each Guarantor will, at the time the relevant Guarantor grants such Guarantee:

- be a general senior obligation of the relevant Guarantor;
- rank *pari passu* in right of payment with any existing or future Indebtedness of that Guarantor that is not expressly subordinated in right of payment to such Guarantor's Guarantee, including such Guarantor's senior guarantee given in favor of the Revolving Credit Facility;
- rank senior in right of payment to any existing or future Indebtedness of that Guarantor that is expressly subordinated in right of payment to the such Guarantor's Guarantee;
- be secured as set forth below under "*—Security*;"
- be effectively subordinated to any existing or future Indebtedness of that Guarantor that is secured by property or assets that do not secure that Guarantor's Guarantee, to the extent of the value of the property or assets securing such Indebtedness;
- be structurally subordinated to any existing or future Indebtedness or obligation (including obligations to trade creditors) of the Subsidiaries of such Guarantor that do not guarantee the Notes; and
- be subject to the limitations described herein and in "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral*," "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Principal, Maturity and Interest

The Issuer will issue €345.0 million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on May 15, 2029. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. Interest on the Notes will accrue at a rate per annum (the "**Applicable Rate**"), reset quarterly, equal to the sum of (i) three-month EURIBOR (and if that rate is less than zero, EURIBOR shall be deemed to be zero) plus (ii) 5.75% per annum, as determined by the Calculation Agent (as defined below). 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 March 15, June 15, September 15 and December 15, commencing on September 15, 2022, *provided* that the final interest payment date will be May 15, 2029;
- 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); 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 Determination Date (as defined below), determine the Applicable Rate and calculate the aggregate amount of interest payable on the Notes in respect of the following Interest Period (the "**Interest Amount**"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of the Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 365. 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 Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. 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 provisions from 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 The Bank of New York Mellon, London Branch.

"**Determination Date**" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"**EURIBOR**" with respect to an Interest Period, means 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 Determination Date that appears on Reuters Screen EURIBOR 01 Page as of 11:00 a.m. Brussels time, on the Determination Date. If Reuters Screen EURIBOR 01 Page does not include such a rate or is unavailable on a Determination Date, the Issuer will request (or cause to be requested) that the principal London or Frankfurt office of each of four major banks in the euro-zone inter-bank market, as selected by the Issuer, provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination 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 Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Issuer will request (or cause to be requested) that each of three major banks in London or Frankfurt, as selected by the Issuer, provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination 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 Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

In the event that EURIBOR is no longer being calculated or administered or is otherwise no longer generally accepted in the euro-zone for the purposes of determining floating rates of interest in respect of euro-denominated securities hereunder, the alternative basis for determining the rate of interest on the Notes will be any successor rate generally accepted in the euro-zone for the purposes of determining floating rates of interest in respect of euro-denominated securities, as identified by the Issuer in good faith; *provided* that, in the event that there is no generally accepted successor rate to EURIBOR in the good faith judgment of the Issuer, the Issuer, in consultation with the Calculation Agent, shall determine a reasonably appropriate alternative basis for determining the rate of interest on the Notes; *provided further* that any such alternative basis adopted pursuant to this paragraph shall in all cases never be less than 0%. The Issuer shall promptly notify the Holders of the adoption of any such alternative basis for determining the rate of interest on the Notes. Following the adoption of an alternative basis pursuant to this paragraph, all references to "EURIBOR" in the Indenture shall be deemed to refer to such alternative basis. "euro-zone" means the region comprised of member states of the European Union that adopt the euro.

"**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 and end on and include September 14, 2022.

"**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 Screen EURIBOR 01 Page**" means the display page so designated on Reuters (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 the payments of interest on the Notes will be subject to applicable procedures of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest, premium and Additional Amounts, if any, on the Global Notes (as defined below) will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the Holder or Holders 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 maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by bank transfer to the person entitled thereto as shown on the register for the Definitive Registered Notes. See *"—Paying Agent and Registrar for the Notes*."

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes. The initial Paying Agent will be The Bank of New York Mellon, London Branch.

The Issuer will also maintain a registrar (the "**Registrar**") and a transfer agent (the "**Transfer Agent**"). The initial Registrar will be The Bank of New York Mellon SA/NV, Dublin Branch and the initial Transfer Agent will be The Bank of New York Mellon SA/NV, Dublin Branch. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and, together with the Transfer Agent, will facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change any Paying Agent, Registrar, Transfer Agent or 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 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 with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of the change in a Paying Agent, Registrar or Transfer Agent may also be published by the Issuer on the official website of the Luxembourg Stock Exchange (www.bourse.lu), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Post Completion Merger

We will use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to implement the Post Completion Merger between BidCo and the Company in accordance with Articles 2501-bis and following of the Italian Civil Code and other applicable provisions of Italian law, with MergerCo being the surviving entity, as soon as reasonably practicable following the Issue Date. Failure to complete the Post Completion Merger shall not constitute a Default or an Event of Default under the Indenture. Upon the consummation of the Post Completion Merger and as a result thereof, (i) if the Company is the successor company of the Post Completion Merger, the Company by operation of law will continue to guarantee the Notes, as the successor entity to BidCo and (ii) if BidCo is the successor company of the Post Completion Merger, BidCo will continue to guarantee the Notes. The Post Completion Merger is subject to certain conditions and may not be completed. Additionally, immediately prior to the Post Completion Merger becoming effective, the Italian law governed pledge (*pegno*) over the entire equity interests of the Company securing BidCo's monetary obligations under the BidCo Proceeds Loan will be released. Following the completion of the Post Completion Merger, the Issuer will grant an Italian law governed pledge (*pegno*) over the entire equity interests of MergerCo. See "*Risk Factors—Risks Related to Our Structure and the Financing—We may be unable to complete the Post Completion Merger within the anticipated time frame, or at all*."

Guarantees

On the Issue Date, the Notes will be guaranteed only by BidCo. Subject to the Agreed Security Principles and to certain significant limitations under Italian law, the Issuer shall use commercially reasonable efforts to procure that, no later than 90 days from the earlier of (i) the date in which the Post Completion Merger becomes effective and (ii) in the event the Post Completion Merger has not yet occurred at such time, March 22, 2023 (*i.e.*, the date falling twelve months after the Completion Date) (the "**Cut-Off Date**"), the Company (to the extent the Post Completion Merger has not occurred), Nutrilinea and Apharm (collectively, the "**Post-Closing Guarantors**"), guarantee the Notes. As of and for the year ended December 31, 2021, the Company, Nutrilinea and Apharm accounted for 88.9% of Biofarma Group's revenue, 82.3% of Biofarma Group's EBITDA and 98.5% of Biofarma Group's total assets, respectively (in each case, net of intercompany balances and *pro forma* for the IHS Acquisition).

In addition, as described below under "*—Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, each Restricted Subsidiary that guarantees the Revolving Credit Facility, Public Debt or certain other Indebtedness, in each case of the Issuer or a Guarantor, shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

For the purposes of this *"Description of Notes*," "**Guarantor**" means BidCo, the Company, Nutrilinea, Apharm and any other Restricted Subsidiary that may guarantee the Notes from time to time pursuant to the Indenture after the Issue Date (in each case, together with any and all successors thereto).

The obligations of a Guarantor under its Guarantee will be limited as necessary to prevent the relevant Guarantee from constituting a fraudulent conveyance, preference, transfer at under value or unlawful financial assistance under applicable law, or otherwise to reflect corporate benefit rules, thin capitalization rules, retention of title claims, laws on the preservation of share capital, limitations of corporate law, regulations or defenses affecting the rights of creditors generally or other limitations under applicable law which, among other things, might limit the amount that can be guaranteed by each relevant Guarantor. Additionally, the Guarantees will be subject to certain corporate law procedures being complied with. See "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency law Considerations*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantee and the Collateral may adversely affect the validity and enforceability of the Guarantee and the Collateral*." The Guarantees will be further limited as required under the Agreed Security Principles that will apply to, and restrict the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes, which will provide, among other things, that no guarantees or security will be required if any such grant would be restricted by general statutory or other legal limitations or requirements. By virtue of these limitations, a Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee.

The Issuer and BidCo are holding companies, which were incorporated on February 7, 2022 and February 14, 2022, respectively, for the purpose of the Acquisition. As of the date hereof, neither the Issuer nor BidCo has revenue-generating activities of its own, business operations, material assets, other than the equity interests the Issuer holds in BidCo and BidCo holds in the Company, or material indebtedness, other than its outstanding indebtedness and inter-company balances incurred in connection with the Transactions, including the Issuer's receivables under the BidCo Proceeds Loan, BidCo's receivables under the Biofarma Proceeds Loan, and the Issuer's indebtedness under the Bridge Facilities and the Revolving Credit Facility, if any. As a result, each of the Issuer and BidCo will be dependent upon dividends and other payments from our Subsidiaries to generate the funds necessary to meet their outstanding indebtedness service (including under the Notes) and other obligations, and such dividends and other payments may be restricted by law or the instruments governing our indebtedness, including any financing agreements of our Subsidiaries. Our Subsidiaries may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness, including the Notes. See "*Risk Factors—Risks related to Our Structure and the Financing—Each of the Issuer and BidCo is a holding company that has no revenue generating operations of its own and will depend exclusively on cash from the operating companies of the Group to be able to make payments on the Notes*" and "*Risk Factors—Risks Related to Our Structure and the Financing—We may be unable to complete the Post Completion Merger within the anticipated time frame, or at all*."

Not all of the Subsidiaries of the Issuer will guarantee the Notes. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority 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 and the Guarantors, including Holders of the Notes. The Notes and each Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Restricted Subsidiaries (other than the Guarantors) and minority stockholders of non-Guarantor Restricted Subsidiaries. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Notes will be structurally subordinated to the existing or future indebtedness or obligations of all of the Issuer's subsidiaries that do not guarantee the Notes*." Prior to the granting of the Guarantees by the Post-Closing Guarantors, the Notes will be structurally subordinated to the existing or future indebtedness or obligations of each of the Issuer's subsidiaries (in addition to BidCo), including the Company. After the granting of the Guarantee by the Post-Closing Guarantors (and subject to the limitations thereon), the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer that do not Guarantee the Notes. As of December 31, 2021, after giving *pro forma* effect to the Transactions, the Issuer's subsidiaries which are not expected to guarantee the Notes would have had no outstanding financial debt. Although the Indenture will limit the Incurrence of Indebtedness of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Releases of the Guarantees

The Guarantee of a Guarantor will terminate:

- upon a sale or other disposition (including by way of consolidation, dissolution or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary) otherwise not prohibited by the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon payment in full of principal, interest and all other obligations under the Notes Documents or upon defeasance or discharge of the Notes and the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*;"
- pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement (including as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement—Release and/or Transfer of Claims and Liabilities in Respect of the Notes and the Transaction Security—Provisions following an IPO*");
- as described under "*—Amendments and Waivers*;"
- with respect to a Guarantor that is not a Significant Subsidiary, so long as no Default or 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) would not otherwise be required at the time of such release to provide a Guarantee pursuant to the covenant described under "*—Certain Covenants—Additional Guarantees*;"
- as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*;"
- in connection with one or more Permitted Reorganizations; or
- as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation*" (including the Post Completion Merger, to the extent applicable, *provided that*, upon completion of the Post Completion Merger, MergerCo will become or continue to be, as applicable, a Guarantor).

The Trustee and the Security Agent shall, upon request (and at the cost and expense) of the Issuer and delivery to the Trustee of an Officer's Certificate, 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 Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders (except to the extent required under the fifth bullet above) or any action on the part of the Trustee.

Transfer and Exchange

The Notes will be issued in the form of several 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 will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**"); and
- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the 144A Global Notes, the "**Global Notes**").

The Global Notes will, upon issuance, 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 *"Transfer Restrictions."* In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "**144A Book-Entry Interests**") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**") only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests 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 *"Transfer Restrictions*" and in accordance with any applicable securities law of the United States and any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the 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 *"Transfer Restrictions."*

Subject to the restrictions on transfer referred to above, the 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.

Notwithstanding the foregoing, the Registrar and Transfer Agent are not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Issuer's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture.

However, in the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

On or about the Issue Date, the Notes will be secured, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, by security interests granted on an equal and ratable first-priority basis over the following property, rights and assets (collectively, the "**Issue Date Collateral**"):

(1) 100% of the share capital of the Issuer;

(2) 100% of the share capital of BidCo (the "**BidCo Share Pledge**");

(3) certain material structural receivables owed to MidCo by the Issuer (if any); and

(4) the receivables owed to the Issuer by BidCo under the BidCo Proceeds Loan.

In addition, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, on the Issue Date, the BidCo Proceeds Loan will continue to be secured by security interests granted on an equal and ratable first-priority basis over the following property, rights and assets :

(1) 100% of the equity interests of the Company (the "**Biofarma Quota Pledge**"); and

(2) certain material structural receivables owed to BidCo by Company under the Biofarma Proceeds Loan (the Collateral described under clauses (1) and (2), collectively, the "**Indirect Collateral**").

The Indirect Collateral securing the BidCo Proceeds Loan has been pledged or assigned, as applicable, pursuant to the relevant Security Documents to the Issuer, as secured party, as security for the monetary obligations of BidCo under the BidCo Proceeds Loan. Although the Indirect Collateral does not directly secure the obligations under the Notes or the Indenture, the Security Agent and the holders of the Notes hold indirect security interests in such Indirect Collateral under Italian law pursuant to the assignment by way of security of the Issuer's receivables under the BidCo Proceeds Loan. The security interests relating to the Indirect Collateral may therefore be enforced by the Security Agent, pursuant to the terms of the Intercreditor Agreement, following the enforcement by the Security Agent of the security interests over the BidCo Proceeds Loan receivables. See "*Risk Factors—Risks Related to the Notes, The Guarantees and the Collateral—The security interests over the Indirect Collateral will not be directly granted to the holders of the Notes*."

In addition, subject to the Agreed Security Principles, certain significant limitations pursuant to applicable laws, certain perfection requirements and any Permitted Collateral Liens, within 90 days following (but excluding) the date of the completion of the Post Completion Merger:

(1) MergerCo and each relevant Post-Closing Guarantor will grant (or reconfirm, as applicable) (x) security over any shares held by MergerCo or the relevant Post-Closing Guarantor in any Guarantor (other than Nutrilinea and Apharm if incorporated as Italian limited liability companies (*società a responsabilità limitata*) at that time); and (y) security over certain material structural intercompany receivables owed to MergerCo or the relevant Post-Closing Guarantors (including under the Subsidiary Proceeds Loans); and

(2) the Issuer will grant (or reconfirm, as applicable), (x) an Italian law governed pledge in respect of 100% of the Issuer's equity interest held by the Issuer in MergerCo and (y) an Italian law security assignment agreement in respect of certain material structural intercompany receivables owed to the Issuer by MergerCo (if any) (the Collateral described under clauses (1) and (2), collectively, the "**Post Merger Collateral**").

Immediately prior to the Post Completion Merger becoming effective, the Italian law governed pledge (*pegno*) over the entire equity interests of the Company securing BidCo's monetary obligations under the BidCo Proceeds Loan will be released. Concurrently with the Post Completion Merger and as a result thereof, (a) in the event that BidCo is the successor company of the Post Completion Merger, the security interest in the Biofarma Proceeds Loan will be extinguished by operation of law and (b) in the event that the Company is the successor company of the Post Completion Merger, the BidCo Share Pledge and the security interest in the Biofarma Proceeds Loan will be extinguished by operation of law.

In the event we are unable to consummate the Post Completion Merger, the Post Merger Collateral will not be granted for the benefit of the holders of the Notes. In the event that the Post Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that the Notes will be secured, directly or indirectly, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable laws as described under "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations," "Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees and the Collateral may adversely affect the validity and enforceability of the Guarantees and the Collateral*," by security interests granted on a first-priority basis over certain material structural receivables owed to each of the Company and the Guarantors (if any) (the "**Biofarma Group Collateral**"), in each case within 90 days of the Cut-Off Date.

The Issue Date Collateral, the Indirect Collateral, the Post Merger Collateral and the Biofarma Group Collateral, as applicable, together with any and all assets in respect of which from time to time a security interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Guarantee, in each case as may be in existence from time to time, is referred to herein as the "**Collateral**."

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Liens*," the Issuer and its Restricted Subsidiaries are permitted to grant security over the Collateral (other than the Indirect Collateral) in connection with future issuances of Indebtedness, including any Additional Notes issued by the Issuer as permitted under the Indenture and the Intercreditor Agreement. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and other secured indebtedness may be secured by assets that do not secure the Notes*." All Collateral will be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

Notwithstanding the foregoing and the provisions of the covenant described below under "*—Certain Covenants—Additional Guarantees*," certain property, rights and assets (other than the Collateral described above in this section) may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles. Pursuant to the Agreed Security Principles, a guarantee or security may not be given, or may be limited. The following is a summary of certain terms of the Agreed Security Principles:

- 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, any assets or security providers subject to third party arrangements which may prevent those assets from being charged or assigned or those security providers from giving a security or guarantee (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 (the "**Group**") 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 borrower;
- 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 endeavours (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 Notes Documents;
- 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 Notes Documents;
- no guarantees or security will be required in jurisdictions other than Italy and any jurisdiction in which any borrower under the Revolving Credit Facility Agreement is incorporated (but only in relation to that borrower) (a "**Guarantor Jurisdiction**");
- no security will be granted over any bank accounts of MidCo, the Issuer, BidCo and/or a Material Subsidiary (as defined below);
- security shall be limited to (i) security over the shares (or quotas or partnership interests, if applicable) owned by: MidCo in the Issuer; the Issuer in BidCo (or, following the Post Completion Merger, MergerCo); (prior to the Post Completion Merger) BidCo in the Company; and a Guarantor or a wholly-owned member of the Group incorporated in a Guarantor Jurisdiction in a wholly-owned member of the Group incorporated in a Guarantor Jurisdiction which has earnings before interest, tax, depreciation and amortization (calculated on the same basis as consolidated EBITDA) representing more than five (5) per cent. of consolidated EBITDA of the Group (a "**Material Subsidiary**") and (ii) security over material intercompany receivables that are structural intercompany receivables owed

to the Issuer, the Company, a Guarantor, MidCo or a wholly-owned member of the Group incorporated in a Guarantor Jurisdiction by a Material Subsidiary, in each case in accordance with the 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 where possible, the transaction security documents governed by Italian law will be executed by way of exchange of correspondence (*scambio di corrispondenza commerciale*), or outside Italy, in order to minimize any documentary tax cost connected with their execution;
- 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.

As described above, all of the Collateral (other than the Indirect Collateral) will also secure on a first-priority basis the liabilities under the Revolving Credit Facility Agreement, and may in the future secure Hedging Obligations (if any), any Additional Notes and other indebtedness; *provided, however*, that pursuant to the Intercreditor Agreement the lenders under the Revolving Credit Facility, counterparties to certain Hedging Obligations (if any) and providers of certain future indebtedness will receive the proceeds from the enforcement of the Collateral (other than the Indirect Collateral) in priority to the holders of the Notes and any Additional Notes. See "*—Priority*." See also, "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility are entitled to be repaid with proceeds from the enforcement of the Collateral (other than the Indirect Collateral) in priority to the Notes*."

In the future, the lenders under the Revolving Credit Facility Agreement and/or counterparties to certain Hedging Obligations (if any) and any Additional Notes in certain circumstances may also benefit from security which does not secure the Notes offered hereby.

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 description of such limitations, see "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*."

No appraisals of the Collateral have been made in connection with this Offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement ranking pari passu with the Revolving Credit Facility are entitled to be repaid with proceeds from the enforcement of the Collateral (other than the Indirect Collateral) in priority to the Notes*."

Priority

The relative contractual priority with respect to Security Interests among the lenders under the Revolving Credit Facility, the counterparties under certain Hedging Obligations, if any, secured by the Collateral, the

Trustee, the Security Agent, the Holders of the Notes and the 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 Security Documents and the security documents relating to the Revolving Credit Facility, such Hedging Obligations, or other Indebtedness, as applicable. The Intercreditor Agreement will provide, among other things, that the obligations under the Notes will receive proceeds on enforcement of security over the Collateral only after the claims of the Revolving Credit Facility, certain Hedging Obligations, if any, and any future Indebtedness permitted to be secured on a super priority basis in accordance with the terms of the Indenture and the Intercreditor Agreement, are satisfied. We expect to enter into interest hedging arrangements to hedge our exposure to fluctuations in interest rates, including under the Notes. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosures about Market Risk—Interest Rate Risk*."

See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*." In addition, in connection with the Incurrence of certain Indebtedness that is permitted by the Indenture to be secured on the Collateral, the Issuer may enter into Additional Intercreditor Agreements in compliance with the Indenture on substantially the same terms as the Intercreditor Agreement. See "*—Certain Covenants—Impairment of Security Interests*" and "*—Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound*."

Security Documents; Enforcement of Security Interests

Under the Security Documents, security will be granted over (i) the Issue Date Collateral, the Post Merger Collateral and the Biofarma Group Collateral to secure the payment when due of the Issuer's payment obligations under the Notes and the Indenture and (ii) the Indirect Collateral to secure the payment when due of BidCo's monetary obligations under the BidCo Proceeds Loan. The Security Documents relating to the Issue Date Collateral, the Post Merger Collateral and the Biofarma Group Collateral (as applicable) will be entered into by, among others, the relevant security provider, the Security Agent for itself and as agent for the secured parties (and, with respect to the Security Documents governed by Italian law, also as Security Representative and legal representative (*mandatario con rappresentanza*)), and, with respect to the Security Documents governed by Italian law, the Trustee acting for itself and in its capacity as the Trustee under the Indenture and as common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code. The Security Agent will also act in the name and on behalf of the lenders under the Revolving Credit Facility in relation to the Security Interests in favor of such parties. The Security Documents relating to the Indirect Collateral have been entered into on or about the Completion Date by and between BidCo, as security provider, and the Issuer, as secured party.

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 the 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 may be released under certain circumstances as provided under "*—Release of Liens*."

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent (including in its role as Security Representative) will have the right to enforce the Security Interests in the name and on behalf of the Trustee and the holders of the Notes. The Security Documents will provide that the rights under the Security Documents must be exercised by the Security Agent (including in its role as Security Representative). As a consequence of such contractual provisions and since the Holders are not a party to the Security Documents, holders of the Notes will not, individually or collectively, be entitled to take enforcement action in respect of the Collateral (other than the Indirect Collateral) securing the Notes, except through the Security Agent (including in its role as Security Representative) or the Trustee (as applicable) under the Indenture. To the extent permitted by the applicable laws and subject to the terms of the Intercreditor Agreement and the Indenture, holders of the Notes will, in certain circumstances, be entitled to direct the Trustee to provide instructions to the Security Agent for the enforcement of the Security Interests. The Indenture and the Intercreditor Agreement will restrict the ability of the holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility.

In the event that MidCo, 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 was successful, the Holders may not be able to recover any amounts under the Security Documents. Please 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 and any Additional Intercreditor Agreement, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral 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 of the Guarantors that is part of the Collateral).

The creditors under the Revolving Credit Facility, the holders of Notes 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 its legal representative (*mandatario con rappresentanza*) under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. Furthermore, each Holder will have deemed to have appointed the Security Agent as legal representative (*mandatario con rappresentanza*) pursuant to article 1704 of the Italian Civil Code to act on its behalf and as representative (*rappresentante*) pursuant to article 2414-bis, paragraph 3, of the Italian Civil Code. The creditors under the Revolving Credit Facility, the Holders of Notes 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, including the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, confirmation, extension, renewal, replacement or discharge expressed to be executed by the Security Agent in its name and on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Issuer and the Trustee will be authorized (without any further consent of the Holders of the Notes) to accede to 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) consented and agreed to be bound by the terms of the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Certain Covenants—Additional Intercreditor Agreements*" (including, without limitation, the provisions providing for foreclosure and release of the Guarantees and the Security Interests, including upon an enforcement);

(2) authorized the Trustee and the Security Agent, as applicable, to act in its name and on its behalf to enter into (or accede to, as applicable) the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Certain Covenants—Additional Intercreditor Agreements*" and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith;

(3) appointed and authorized the Trustee and the Security Agent to give effect to the provisions in the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(4) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as common representative (*rappresentante comune*) of the Holders pursuant to Articles 2417 and 2418 of the Italian Civil Code;

(5) agreed to, and accepted, the appointment of BNP Paribas, Italian Branch as representative (*rappresentante*) of the Holders for the purposes of Article 2414-bis, paragraph 3 of the Italian Civil Code; and

(6) agreed and acknowledged that the Security Agent will administer the Collateral (other than the Indirect Collateral) in accordance with the Intercreditor Agreement, the Indenture and the Security Documents.

Similar provisions to those described above may be included in any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Certain Covenants—Additional Intercreditor Agreements*."

Release of Liens

Security Interests in respect of the Collateral will be released 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) a 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*" or is otherwise not prohibited by the Indenture or (b) any Restricted Subsidiary, *provided* that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable to a Restricted Subsidiary (other than in connection with a Qualified Receivables Financing) 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;

(2) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*;"

(4) upon payment in full of principal, interest and all other obligations under the Notes Documents or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*;"

(5) 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;

(6) as permitted by "*—Certain Covenants—Impairment of Security Interests*" or (other than the Security Interest in respect of the share capital of the Issuer) "*—Merger and Consolidation*;"

(7) in connection with the Post Completion Merger with respect to Security Interests over the Issue Date Collateral and the Indirect Collateral, as applicable, that are extinguished by operation of law (*provided* that the Post Merger Collateral is granted or reconfirmed, as the case may be, as described under "*—Security—General*"), and in connection with one or more Permitted Reorganizations;

(8) in the case of any Security Interests over intra-group receivables, upon partial repayment or discharge thereof, the Security Interests created over such receivables will be automatically reduced in proportion to such partial repayment or discharge and, upon full repayment or discharge thereof, the Security Interests shall be automatically and fully released and of no further effect;

(9) upon the contribution of any claim against 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; or

(10) as otherwise not prohibited by the Indenture.

In addition, the Security Interests created by the Security Documents will be released in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement (including, following consummation of the Post Completion Merger, 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 Notes and the Transaction Security—Provisions following an IPO*").

The Security Agent and the Trustee will, upon request (and at the cost and expense) of the Issuer, take all necessary action required to effectuate any release of Collateral securing, directly or indirectly, the Notes and the 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 indemnifications. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders (except to the extent required under clause (3) above) or any action on the part of the Trustee.

IPO Debt Pushdown

On, in contemplation of, or following an Initial Public Offering, the terms of the Intercreditor Agreement 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 and provided that such date falls on or after the date on which the Post Completion Merger is completed) as described in "*Description of Certain Financing Arrangements—Intercreditor Agreement—Release and/or transfer of claims and liabilities in respect of the Notes and the Transaction Security—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 4.00 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 or other such actions 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 the repayment or discharge of the Notes under which the Collateral will be released automatically without your consent or the consent of the Trustee or the Security Agent*."

Optional Redemption

Except as described below and except as described under "*—Post-Tender Redemption*" and "*—Redemption for Taxation Reasons*," the Notes are not redeemable until May 15, 2023.

On and after May 15, 2023, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) and Additional Amounts, if any, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

Year	Redemption Price
2023	101.000%
2024 and thereafter	100.000%

In addition, prior to May 15, 2023, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Notes, plus the Applicable Premium, plus accrued and unpaid interest to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) and Additional Amounts, if any.

General

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of 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.

In connection with any redemption of Notes, any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. If such redemption is subject to satisfaction of one or more conditions precedent, the notice of redemption shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes. The Issuer or 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.

Post-Tender Redemption

In connection with any tender offer for, or other offer to purchase, 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 applicable series of Notes validly tender and do not validly withdraw such series of Notes in such tender or other offer and the Issuer, or any third party making such a tender or other offer in lieu of the Issuer, purchases all of the applicable series of Notes validly tendered and not validly withdrawn by such Holders, all of the Holders of the applicable series of Notes will be deemed to have consented to such tender or other offer and, accordingly, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice to redeem the applicable series of Notes that remain outstanding in whole, but not in part, following such purchase, at a price equal to the highest price (excluding any tender premium or similar payment) offered to each other holder of the applicable series of Notes in such tender offer (provided that such price shall not be less than 100% of the principal amount), plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, such redemption date.

Redemption at Maturity

On May 15, 2029, 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 to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) and Additional Amounts, if any.

Selection and Notice

If less than all of the 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, the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in accordance with the prevailing rules of the Luxembourg Stock Exchange 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.bourse.lu*) and may also be delivered in accordance with the rules and procedures of Euroclear or Clearstream, as applicable, in lieu of the aforesaid mailing.

If the Notes are to be redeemed in part only, the notice of redemption that relates to such Notes 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 to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders of the Notes (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 not including, the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations, 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 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**"),

the Issuer or any Guarantor (including, in each case, any successor entity) with respect to any Guarantee, as the case may be, is, or on the next interest payment date in respect of the Notes would be, required to pay Additional

Amounts (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 Issuer or such Guarantor.

Such Change in Tax Law must not have been publicly announced before and must become effective on or after the Issue Date (or if the applicable Relevant Tax Jurisdiction became a Relevant Tax Jurisdiction on a date after the Issue Date, such later date). 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 (as defined below) would be obliged 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 mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Registrar, the Trustee and the relevant Paying Agent (a) 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 (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer or the applicable Guarantor, as the case may be, has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, 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 of the Guarantors or a successor of the Issuer or any Guarantor (each, a "**Payor**") under or with respect to the Notes or any 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 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, 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 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 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 in respect of such payments on any such Note or 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, 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 Guarantee in respect thereof;

(2) any Tax, to the extent that such Tax is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor, a Paying Agent, or other person acting as an agent for the Payor or a Paying Agent, addressed to the Holder, after reasonable notice (at least 30 days before any such withholding is payable), to provide certification, 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 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;

(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 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 Internal Revenue Code of 1986, as amended (or any amended or successor version of such sections that is substantially comparable) (the "**Code**"), any current or future regulations thereunder, official interpretations thereof or agreements (including any intergovernmental agreement or any laws, rules or practices implementing such intergovernmental agreement) entered into in connection therewith or otherwise pursuant to any agreements described in Section 1471(b) of the Code;

(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:

    (i) 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 or their agents; and

    (ii) 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 (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 (7) inclusive above.

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 all 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 as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent. The Payor will attach to each such certified copy of such payments a certificate stating that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note, 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 Notes*" there are mentioned, in any context:

(1) the payment of principal,

(2) redemption prices or purchase prices in connection with a redemption or a purchase of Notes,

(3) interest, or

(4) any other amount payable under or with respect to any of the Notes or any 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, penalties and any other reasonable expenses with respect thereto) or any other excise, property or similar Taxes (including any related interest, penalties and any other reasonable expenses with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration or enforcement of any Notes, the Guarantees, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto (other than in each case, (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 the 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 Guarantees, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto), 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, and any transfer by a Holder or beneficial owner, 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 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, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date) and Additional Amounts, if any; *provided, however*, that the Issuer shall not be obliged to repurchase the Notes as described under this heading, "*—Change of Control*," in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all of the Notes and given notice of redemption as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will deliver a notice (the "**Change of Control Offer**") to each Holder of the 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 to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date falling prior to or on the repurchase date) and Additional Amounts, if any (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is 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 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 Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail 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 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 Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a newspaper with 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.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer or repurchase any Notes as described under this heading "*—Change of Control*" 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.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third-party making a Change of Control Offer in lieu of the Issuer as described above, 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 pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest, if any, thereon, to, but excluding the date of redemption.

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 a mandatory prepayment of Indebtedness under the Revolving Credit Facility. Future Indebtedness of the Issuer or its 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, including financial resources of its Restricted Subsidiaries. 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—The Issuer may not be able to repurchase the Notes upon a change of control or pursuant to an asset disposition offer. In addition, under certain circumstances, the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender*."

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or 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.

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 of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof) for the Relevant Testing Period, the Fixed Charge Coverage Ratio for the Issuer would have been at least 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and guarantees in respect of such Indebtedness, in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of €64.0 million and 100% 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 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 under the terms of the Indenture; *provided* that, if the Indebtedness being guaranteed is subordinated to the Notes or a Guarantee, then the guarantee must be subordinated to the Notes or such Guarantee 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 creditor is neither the Issuer nor a Guarantor, such Indebtedness (except in respect of intercompany liabilities Incurred in the ordinary course of business or in connection with cash pooling or cash management or tax positions of the Issuer and its Restricted Subsidiaries) is (subject to the Agreed Security Principles and if and to the extent required by the terms of the Intercreditor Agreement) unsecured and (if and to the extent required by the terms of the Intercreditor Agreement and only to the extent legally permitted (the Issuer and the 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)), expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, or the applicable Guarantee, in the case of a Guarantor, 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) (x) Indebtedness represented by the Notes (other than any Additional Notes) and the related Guarantees and any related "parallel debt" obligations under the Intercreditor Agreement and the Security

Documents, and (y) any "parallel debt" obligations related to any other Indebtedness permitted to be Incurred pursuant to the Indenture;

(b) an amount equal to any Indebtedness of the Group outstanding 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);

(c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (4)(a), (4)(b), this clause (4)(c) and clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant; and

(d) 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 was 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, however*, that Indebtedness Incurred pursuant to this clause (5) is in an aggregate amount then outstanding not to exceed (I) the greater of €16.0 million and 25% 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, either (A) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (B) the Fixed Charge Coverage Ratio for the Issuer 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;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management);

(7) Indebtedness (a) 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 (B) 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 (*provided* that, in each case under this clause (B), such Indebtedness exists on the date of such purchase, lease, rental, design, construction, installation or improvement, as applicable, or is created within 365 days thereafter), in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7)(a) and then outstanding, will not exceed at any time outstanding the greater of €19.5 million and 30% of Consolidated EBITDA; (b) in respect of Sale and Leaseback Transactions and any Indebtedness which refinances, replaces, refunds or reimburses such Indebtedness Incurred pursuant to this sub-clause (b); or (c) consisting of any obligations in respect of lease, concession or license of property (or guarantee thereof) which would be considered an operating lease under GAAP or, if the IFRS Election has been made to apply IFRS as of a date after December 31, 2018, 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 Bank Products 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 (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, in connection with such disposition, the maximum liability of the Issuer and its 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 its Restricted Subsidiaries in connection with such disposition;

(10)

(a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) Indebtedness consisting of obligations owing under any client, customer or supplier incentive, supply, license or similar agreements entered into in the ordinary course of business or consistent with past practice;

(c) client or customer deposits and advance payments received in the ordinary course of business from clients and customers;

(d) 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 its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(e) 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 €25.5 million and 40% of Consolidated EBITDA;

(12) Indebtedness Incurred (a) in a Qualified Receivables Financing or (b) 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 under this clause (12)(b), that are either: (x) not recourse to the Issuer or any Restricted 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 (y) not in excess of the greater of €10.0 million and 15% of Consolidated EBITDA at any time outstanding;

(13) 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 (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer or any Guarantor from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted*

Payments" to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause

(13) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(14) Indebtedness under daylight borrowing facilities Incurred in connection with the Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness was Incurred; and

(15) the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness consisting of local lines of credit, overdraft facilities or working capital facilities, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (15) and then outstanding, not exceeding the greater of €13.0 million and 20% of Consolidated EBITDA at any time outstanding.

Notwithstanding the foregoing, the aggregate principal amount of outstanding Indebtedness (excluding any interest paid in kind) Incurred by Restricted Subsidiaries that are not Guarantors pursuant to the first paragraph of this covenant and clause (13) of the second paragraph of this covenant and, without double counting, all Refinancing Indebtedness in respect thereof Incurred by Restricted Subsidiaries that are not Guarantors shall not exceed an amount equal to the greater of €13.0 million and 20% of Consolidated EBITDA at the time of the Incurrence of any such Indebtedness; *provided* that Refinancing Indebtedness Incurred in respect of such Indebtedness originally permitted by this paragraph shall always be permitted hereunder.

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 second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility shall be deemed initially 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 clause (1), (7), (11), (13) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(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 (a) 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 and (b) shall be the principal amount, or liquidation preference thereof, in the case of any other Indebtedness;

(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 the covenant described under this "*—Limitation on 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 (31) 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 (15) of the preceding paragraph for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Issuer's option, either: (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, and, if such Fixed Charge Coverage Ratio, the Consolidated 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 re-borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant and 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 re-borrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or re-borrowed (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 the usage of clauses (1) through (15) of the preceding paragraph, 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 of 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*," the Issuer shall be in Default of this covenant).

Subject to the provisions set forth in "*—Financial Calculations*" below, 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. Subject to the provisions set forth in "*—Financial Calculations*" below, 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.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

    (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

    (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, measured by value);

(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 instalment 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

(any 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**"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted by clauses (5), (10) and (18) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) 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) 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, (x) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph, (y) Excluded Contributions and (z) any Parent Debt Contribution);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) 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 (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph, (y) Excluded Contributions and (z) any Parent Debt Contribution;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) 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 (as determined in accordance with the last paragraph of this covenant) 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) or (18) of the definition of "Permitted Investment;"

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary; and

(vii) €9.5 million,

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 clause (iv), (v) or (vi).

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Debt Contribution) of the Issuer, in each case subsequent to the Issue Date; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the last paragraph of this covenant) 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 preceding paragraph;

(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 Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

 (a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*," 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% 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% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

 (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such transaction or series of transactions) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any 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 or any Special Purpose Vehicle to permit any Parent or any Special Purpose Vehicle 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 €5.0 million and 7.5% of Consolidated EBITDA in any calendar year or (y) subsequent to the consummation of an Equity Offering of the Issuer, any IPO Entity or any Parent, the greater of €10.0 million and 15% of Consolidated EBITDA in any calendar year (in each case of (a)(x) and (y), with any amount unused in any calendar year being carried over to the next two succeeding years), plus (b) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (b), other than through the issuance of Disqualified Stock or Designated Preference Shares or as Excluded Contributions) 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 sub-clauses (b) and (c) are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant; and *provided further* that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from members of management, directors or employees of any Parent, the Issuer or Restricted Subsidiaries in connection with a repurchase of Capital Stock of the Issuer or any Parent will not be deemed to constitute a Restricted Payment for purposes of this covenant 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 any Special Purpose Vehicle, or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

   (a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; and

   (b) amounts constituting or to be used for purposes of making payments of (i) fees and expenses incurred in connection with the Transactions or fees, expenses, principal, interest or other amounts disclosed in this Offering Memorandum under the section "*Use of Proceeds*" 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), 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, in an amount not to 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 equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Debt Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that in the case of this clause (b) after giving *pro forma* effect to such dividends, distributions, cash payments, advances, loans or expense reimbursements, the Consolidated Net Leverage Ratio shall be equal to or less than 4.5 to 1.0;

(11) 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 €19.5 million and 30% of Consolidated EBITDA;

(12) 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 a member of Senior Management);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of cash Excluded Contributions, or an amount equal to the fair market value of non-cash Excluded Contributions, or Restricted Payments in exchange for or using as consideration Restricted Payments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of receivables and other assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(15) (a) 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 (b) 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, however*, that, in the case of clauses (a) and (b), the amount of all dividends declared or paid pursuant to this clause (15) 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 or an Excluded Contribution or a Parent Debt Contribution 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;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) dividends, loans, distributions, advances or other payments in amounts required for a direct or indirect Parent of the Issuer to service the substantially concurrent payment of cash interest amounts as and when due under or in respect of any Indebtedness of such Parent, in the case of this clause, the net proceeds of which have been contributed to the Issuer or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "*—Limitation on Indebtedness*" above; *provided* that any such Indebtedness of the Issuer or any of its Restricted Subsidiaries (including in the form of a guarantee) is subordinated in right of payment to the Notes and the Guarantees;

(18) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter therefrom), any Restricted Payments; *provided* that, on the date of such Restricted Payment, the Consolidated Net Leverage Ratio would not exceed 4.0 to 1.0 on a *pro forma* basis after giving effect thereto; and

(19) 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 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; or (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).

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.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the assets 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 acting in good faith. For purposes of this covenant, the fair market value of property or assets or marketable securities received by the Issuer or any Restricted Subsidiaries shall be measured at the time received and shall not give effect to subsequent changes in value.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), 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 obligations under the Notes and the Indenture (or a Guarantee in the case of Liens of a Guarantor) are directly secured, at least 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 pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) otherwise as set forth under "*—Release of Liens*."

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:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock to the Issuer or a Restricted Subsidiary, or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) 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 or other common equity interests 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), the Indenture, the Notes, the Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents and the security documents relating to the Revolving Credit Facility or (b) 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;

(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 was

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 entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company (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 Company;

(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 clause (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 clause (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 (a) are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of Senior Management) or (b) are customary in comparable financings and where, in the case of this sub-clause (b), 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 a member of Senior Management);

(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; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(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 (C) 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;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority or any governmental licenses, concessions, franchises or permits, including restrictions or encumbrances on cash or deposits (including assets in escrow accounts) paid on property;

(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;

(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 of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith, and the Intercreditor Agreement, together with the Security Documents associated therewith, 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) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or a member of Senior Management, are necessary or advisable to effect such Qualified Receivables Financing; 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 Board of Directors or an Officer); and

(2) except where the Asset Disposition is a Permitted Asset Swap, at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

   (i) 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);

   (ii) Cash Equivalents;

   (iii) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or such 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 or Indebtedness owed to the Issuer or a Restricted Subsidiary), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obliged in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary are released from any guarantee of such Indebtedness as a result of such Asset Disposition;

   (iv) Replacement Assets;

   (v) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

   (vi) 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;

   (vii) 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 €13.0 million and 20% 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

   (viii) a combination of the consideration specified in clauses (i) through (vii) of this paragraph (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days (or 545 days in the circumstances described in clause (8) below) 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*" or any Refinancing Indebtedness in respect thereof; (ii) unless included in (1)(i), prepay, repay, purchase or redeem Notes or Indebtedness of the Issuer or any Guarantor that is secured by a Lien on the Collateral on a senior or *pari passu* basis with the Notes, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem (x) any Indebtedness of a Restricted Subsidiary that is not a Guarantor or (y) any Indebtedness of the Issuer or a Restricted Subsidiary that is secured on assets which do not constitute Collateral; *provided* that, the Issuer shall prepay, repay, purchase or redeem Indebtedness that is Public Debt (other than the Notes) pursuant to clause (ii) only if the Issuer either (1) reduces the aggregate principal amount of the Notes on an equal and ratable basis with any such Indebtedness by redeeming Notes in accordance with the redemption provisions of the Indenture or by purchasing Notes through open-market purchases or in privately negotiated transactions at market prices or (2) makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of the Notes outstanding bears to (y) the sum total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);

(2) (A) purchase the Notes pursuant to an offer to all Holders of the Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the repurchase date), *provided* 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 redemption 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 clause (1), (3), (4), (5) or (6) of this paragraph (or any 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 any Restricted Subsidiary may temporarily reduce revolving credit borrowings or other Indebtedness or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day after an Asset Disposition (or the 546th day if a binding commitment as described in clause (8) above has been entered into), or such earlier time as the Issuer elects, if the aggregate amount of Excess Proceeds exceeds the greater of €13.0 million and 20% of Consolidated EBITDA, the Issuer will be required within 10 Business Days thereof to make an offer ("**Asset Disposition Offer**") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding *Pari Passu* Indebtedness, to purchase the maximum principal amount of Notes and any such *Pari Passu* Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any such *Pari Passu* Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of *Pari Passu* Indebtedness, in each case, plus accrued and unpaid interest thereon and additional tax gross-up 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 such *Pari Passu* Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of Notes.

To the extent that the aggregate amount of Notes and such *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer or the relevant Restricted Subsidiary may use any remaining Excess Proceeds for any other purpose, 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 repaid or repurchased 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 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 or the relevant Restricted Subsidiary upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, insofar 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 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 any 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.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "**Affiliate Transaction**") involving aggregate value in excess of the greater of €6.5 million and 10% 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 €16.0 million and 25% 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 Board of Directors 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*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the second paragraph of the covenant described under "*—Limitations on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2) and (11) of the definition thereof);

(2) any issuance, transfer or sale of Subordinated Shareholder Funding, Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, 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;

(3) any Management Advances or Parent Expenses and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) 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) (a) the Transactions; (b) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of the Acquisition Agreement or 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 or described in this Offering Memorandum under "*Certain Relationships and Related Party Transactions*," 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 (as determined in good faith by the senior management or the Board of Directors or any direct or indirect Parent of the Issuer); and (c) 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 or payment pursuant to which the Issuer or any Affiliate of the Issuer or any of its Subsidiaries is required or permitted to file a consolidated or combined 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;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, 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 or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors 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) 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, investor or advisory fees and related expenses and indemnities in an aggregate amount not to exceed the greater of €2.0 million and 3.0% of Consolidated EBITDA per fiscal year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities (including, in each case, related costs, taxes and expenses), including in connection with loans, capital market transactions, private placements, acquisitions or divestitures, joint ventures or other investments, 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 in good faith;

(12) any transactions for which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (a) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (b) on terms not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that 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 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; 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% 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 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending December 31, 2022, annual reports containing: (i) an operating and financial review of the audited financial statements, including a discussion of the financial condition, results of operations and consolidated EBITDA and a discussion of liquidity and capital resources, material commitments and contingencies and critical

accounting policies of the Issuer; (ii) 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 (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year with comparative balance sheet information as at the end of the prior fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years, 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; (iv) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; and (v) a description of material risk factors and material subsequent events; *provided* that the information described in clauses (iv) and (v) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (or, in the case of the fiscal quarters ending March 31, 2022 and June 30, 2022, 90 days) following the end of each of the first three fiscal quarters in each fiscal year of the Issuer, beginning with the quarter ending March 31, 2022, quarterly financial statements containing the following information: (i) 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 end year-to-date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) 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; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; and (iii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, consolidated EBITDA and material changes in liquidity and capital resources of the Issuer; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Issuer or change in auditors of the Issuer or any other material event that the Issuer or any Restricted Subsidiary announces publicly, a report containing a description of such event.

In addition, to the extent not satisfied by the foregoing, 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 Exchange Act by persons who are not "affiliates" under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Notes copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant on the Issuer's website and, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of such reports will also be made available on the website of the Luxembourg Stock Exchange.

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% of the Issuer's Consolidated EBITDA for the Relevant Testing Period 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.

All financial statement information shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented, except 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. 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.

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, would (if it were restricted) constitute 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 its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

Furthermore, the Issuer shall, in connection with the delivery of the reports set forth in clauses (1) and (2) of this covenant, use commercially reasonable efforts to hold a conference call (or cause a conference call to be held) to discuss such reports and the results of operations for the relevant reporting period.

All reports provided pursuant to this *"Reports"* covenant shall be made in the English language.

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). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

With respect to periods commencing prior to the Issue Date, to the extent comparable prior period financial information of the Issuer does not exist, the comparable prior period financial information of the Company or special purpose financial information of the Issuer (incorporating such financial information of the Company) may be provided in lieu thereof.

Notwithstanding the foregoing, the Issuer may comply with any requirement to provide reports or financial statements of the Issuer under this covenant by providing any financial statements or reports of any Parent or the Company, in which case references to the Issuer in clauses (1), (2) and (3) of the first paragraph hereof will be deemed to be references to such Parent or the Company, as applicable.

To the extent that material differences exist between the financial condition or results of operations of the Issuer and its Restricted Subsidiaries and any Parent that is the reporting entity or the Company (as the case may be), the annual and quarterly reports shall include a reasonably detailed explanation of such material differences.

If and for so long as the equity securities of the Issuer, any Parent or IPO Entity are listed on Borsa Italiana or any other internationally recognized stock 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 any such internationally recognized stock exchange, for so long as it elects, the Issuer will be entitled to deliver to the Trustee such annual and quarterly reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with such internationally recognized stock exchange. Upon complying with the foregoing sentence, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs in this covenant; *provided* that if such internationally recognized stock exchange does not require the Issuer or such Parent or IPO Entity to prepare and file quarterly reports with such internationally recognized stock exchange, the Issuer shall additionally provide the reports set forth in paragraph (2) above.

Delivery of any reports, information and documents to the Trustee pursuant to this section will be for informational purposes only, and the Trustee's receipt thereof shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants under the Indenture or documents related thereto.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person (other than in connection with the Post Completion Merger), unless:

(1) either the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "**Successor Company**") will be a Person organized and existing under the laws of a Permissible Jurisdiction, the United

Kingdom, the United States of America, 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 Company (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement 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 Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the Relevant Testing Period, either (a) the Issuer or the Successor Company, 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 *pro forma* effect to such transaction; and

(4) the Issuer or the Successor Company, as applicable, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel to the effect that such consolidation, merger or transfer and such supplemental indenture (if any is required in connection with such transaction) comply with the Indenture and that all conditions precedent provided for therein relating to such transaction have been complied with or satisfied, and that the assumption (if any) of obligations under clause (1) above constitutes the legal, valid and binding obligation of the Successor Company and that the supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company in accordance with its terms, *provided* that in giving any Opinion of Counsel, counsel may rely on an Officer's Certificate as to matters of fact. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and an Opinion of Counsel without independent verification.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "*—Merger and Consolidation—The Issuer*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" or (ii) the creation of a new Subsidiary as a Restricted Subsidiary.

Guarantors

No Guarantor (other than a Guarantor whose Guarantee is to be released in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and other than in connection with the Post Completion Merger) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless:

(A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor; or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of that Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents; and

(C) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(D) 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 the prohibition in clauses (1), (2) and (3) of this covenant shall not apply to the extent that compliance with clauses (A) or (B)(1) 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 a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Restricted Subsidiary that is a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) any Restricted Subsidiary that is a Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Restricted Subsidiary that is a Guarantor; (iii) any consolidation or merger of the Issuer into any Restricted Subsidiary that is a Guarantor; *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, if any, to which it is a party, and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; (iv) the Post Completion Merger; and (v) 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 (other than in respect of the Post Completion Merger) clauses (1), (2) and (4) under the heading "*—The Issuer*" and clause (3) (other than clause (3)(B)(2)) under the heading "*—Guarantors*," as the case may be, shall apply to any such transaction.

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.

Post Completion Merger and Further Assurances

The Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to implement the Post Completion Merger in accordance with Articles 2501-bis and following of the Italian Civil Code and other applicable provisions of Italian law, with MergerCo being the surviving entity, as soon as reasonably practicable following the Issue Date. Failure to complete the Post Completion Merger shall not constitute a Default or an Event of Default under the Indenture. The Post Completion Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to Our Structure and the Financing—We may be unable to complete the Post Completion Merger within the anticipated time frame, or at all.*"

Each holder of the Notes, by accepting a Note will be deemed to agree, for the purposes of Article 2503-bis (et seq.) of the Italian Civil Code, to the consummation of the Post Completion Merger and, in the event that the Company is the successor company of the Post Completion Merger, the assumption by MergerCo of all obligations of BidCo in respect of the Notes, its Guarantee, the Indenture, the Intercreditor Agreement and the relevant Security Documents in accordance with the terms of the Indenture upon completion of the Post Completion Merger.

In the event the Post Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that (i) the Post-Closing Guarantors guarantee the Notes and (ii) the Notes are secured by security interests granted on a first-priority basis over the Biofarma Group Collateral, in each case, within 90 days of the Cut-Off Date and subject to the Agreed Security Principles and certain significant limitations pursuant to applicable laws as described under "*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*" and "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and 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 their validity and enforceability*."

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "**Reversion Date**"), the provisions of the Indenture summarized under the following captions will not apply to the Notes: "*—Limitation on Restricted Payments*," "*—Limitation on Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Affiliate Transactions*," "*—Limitation on Sales of Assets and Subsidiary Stock*," the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer*," "*—Impairment of Security Interests*" and 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 MidCo, the Issuer and its Restricted Subsidiaries, as applicable. 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 will constitute a Default or Event of Default. The "*—Limitation on Restricted Payments*" covenant and the second, third and fourth paragraphs of the definition of "Unrestricted Subsidiary" will be interpreted as if they have been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness 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*."

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)(b) of the second paragraph of the covenant set forth under "*—Limitation on Affiliate Transactions*," and (b) any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (A) through (C) 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*."

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 any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status.

Impairment of Security Interests

The Issuer shall not, and shall not permit any Restricted Subsidiary to, and MidCo shall not, 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), and the Issuer shall not, and shall not permit any Restricted Subsidiary to, and MidCo shall not 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 (1) the Issuer, its Restricted Subsidiaries and MidCo may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens; (2) the Collateral may be discharged or released or released and retaken in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement; and (3) the applicable Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released and retaken, from time to time (i) to cure any ambiguity, mistake, omission, defect, manifest error or inconsistency therein, (ii) to comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (iii) to add Collateral, (iv) to evidence the succession of another Person to the Issuer or any Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes, the Intercreditor Agreement and the Security Documents, in each case, including in accordance with "*—Certain Covenants—Merger and Consolidation*," (v) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, (vi) to effect any Permitted Reorganizations or the Post Completion Merger or (vii) in any manner that does not adversely affect the Holders in any material respect; *provided, however*, that, except with respect to any discharge, amendment, extension, renewal, restatement, supplement or modification, replacement, release or release and retaking in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement (including for the avoidance of doubt, clause (3) 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, either (i) a solvency opinion reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the relevant Person and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (ii) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (iii) an Opinion of Counsel reasonably satisfactory to the Trustee, 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 or the relevant Restricted Subsidiary complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall guarantee the Indebtedness of the Issuer or a Guarantor outstanding under the Revolving Credit Facility, any Credit Facility with an aggregate outstanding principal amount in excess of €5.0 million or any Public Debt, unless such Restricted Subsidiary is or becomes a Guarantor on the date on which such 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 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 Guarantee is contrary to the Agreed Security Principles or 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. At the option of the Issuer, any Guarantee may contain limitations on Guarantor 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 Guarantees granted pursuant to this provision shall be released as set forth under "*—Releases of the Guarantees*." A Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (i) 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 (ii) 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 Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the 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 Collateral 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 its Restricted Subsidiaries of any Indebtedness, 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 or a restatement, amendment or other modification of the existing Intercreditor Agreement (an "**Additional Intercreditor Agreement**") on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of Security Interests; *provided* that 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 or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement; it being understood that, for the avoidance of doubt, an increase in the amount of Indebtedness being subject to the terms of the Intercreditor Agreement or Additional Intercreditor Agreement will be deemed to be on substantially similar terms to the Intercreditor Agreement and will be deemed not to adversely affect the rights of the Holders and will be permitted by this provision if, in each case, the Incurrence of such Indebtedness (and any Lien in its favor) is permitted by the covenants described under "*—Limitation on Indebtedness*" and "*—Limitation on Liens*."

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 or any Additional 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 or Guarantors 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. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or any Additional Intercreditor Agreement, 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 the Security Agent, as applicable, adversely affect their respective rights, duties, liabilities 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, or the offices of the Trustee.

Limitation on Activities Prior to Post Completion Merger

The Indenture will provide that, prior to the Post Completion Merger, the Issuer and BidCo may not engage in any business trading activities or own any assets or Incur any Indebtedness, other than:

(1) (i) the entry into and performance of rights and obligations under and in connection with the Transactions, the Notes Documents, the Revolving Credit Facility Agreement, the Post Completion Merger and any documents related to the foregoing; and (ii) the performance of any contract, agreement or other transaction existing on the Issue Date;

(2) the performance of any contract, agreement or other transaction with the Issuer's Restricted Subsidiaries and the making of any Investment, in each case to the extent not prohibited by the Indenture and reasonably relating to the other activities enumerated herein;

(3) the entry into and performance of its rights and obligations in respect of (i) contracts and agreements with its officers, directors, employees, consultants and independent directors, (ii) subscription or purchase agreements for securities and/or preferred equity certificates, public offering rights agreements, voting and other shareholder agreements, engagement letters, underwriting agreements, dealer manager agreements, solicitation agency agreements, agreements with rating agencies and other agreements in respect of its securities or any offering, issuance or sale thereof and (iii) engagement letters and reliance letters in respect of legal, accounting and other advice and/or reports received and/or commissioned by it;

(4) holding shares and other debt and equity interests in Subsidiaries and the subscription for debt or equity in and the making of capital contributions in or loans to or Investments in Subsidiaries;

(5) (i) ownership of cash and Cash Equivalents and (ii) entry into, holding and utilization of Bank Products and participation in cash pooling and cash management arrangements, in each case to the extent not prohibited by the Indenture and reasonably relating to the other activities enumerated herein;

(6) the Incurrence of (including liabilities and obligations in respect of) Indebtedness, Subordinated Shareholder Funding and Liens not otherwise prohibited by the Indenture (including in respect of Permitted Collateral Liens and Permitted Liens) and activities reasonably incidental thereto (including, without limitation, the entry into and performance of the terms and conditions of, and any obligations under, any document in connection therewith);

(7) administrative, managerial, legal, treasury and accounting services, arrangements with shareholders and the employment and secondment of employees, including the entry into and performance of any employee incentive or benefit arrangements, the fulfilment of any audit, financial monitoring or reporting requirements, services agreements, tax consolidation agreements or arrangements, and any activities or requirements in connection with an IPO Event, and activities reasonably incidental to such services and arrangements (including entering into contracts with employees) and the ownership of assets necessary to provide such services as well as other holding company activities in the ordinary course of business;

(8) the making or receipt of any payment, distribution or permitted or not prohibited by the covenant described under "*—Limitation on Restricted Payments*" and any transaction permitted under the covenant described under "*—Merger and Consolidation*" or under "*—Limitation on Sales of Assets and Subsidiary Stock*;"

(9) owning, leasing, managing or operating any properties or assets related to administration, employees and functions incidental to its existence or properties and assets related to the business or operations as a holding company or as permitted by the other paragraphs of this covenant;

(10) the incurrence and payment of any fees, costs, expenses and Taxes relating to the activities of or services provided to or duties of the Issuer and any Restricted Subsidiaries (including, without limitation, overhead costs, management costs, filling fees, audit costs, Taxes and other ordinary course fees, costs and expenses);

(11) other transactions, activities and arrangements related or reasonably incidental to the establishment and/or maintenance of its or the Issuer's or any Restricted Subsidiary's corporate existence (including

the provision of holding company, corporate or performance guarantees) and otherwise consistent with the activities of a holding company and activities reasonably incidental thereto;

(12) the performance of obligations and exercise of rights under contracts or arrangements with any Parent, Management Investor, Permitted Holder or direct or indirect shareholder entered into in compliance with the Indenture;

(13) entry into, performance of and Incurrence of liabilities under any Intercreditor Agreement, Additional Intercreditor Agreement and the Security Documents or any Permitted Lien, Permitted Collateral Lien or Lien Incurred in accordance with the covenant described under "—*Limitation on Liens*;"

(14) the issuance, offering, sale and listing of Capital Stock (including in a Public Offering) and conducting activities related or reasonably incidental to any Initial Public Offering, including the maintenance of any list of equity issued by any IPO Entity;

(15) the entry into and performance of any Tax Sharing Agreement, the making and receipt of Parent Expenses and any other transaction, activities and arrangements contemplated by the covenant described under "—*Limitation on Affiliate Transactions*;" and

(16) other transactions, activities and arrangements consistent with the above or not specifically set out above that are *de minimis* in nature.

Financial Calculations

When determining or calculating the availability under any basket, threshold or ratio under the Indenture in connection with any transaction (including, for the avoidance of doubt and without limitation, any Incurrence or assumption of Indebtedness (including any Reserved Indebtedness Amount) or Liens, a 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 and any other transaction requiring the testing of any basket or threshold based on the Consolidated EBITDA of the Issuer), the date of determination of such basket, threshold or ratio or the testing of any such transaction 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, thresholds 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 and Consolidated Net Leverage Ratio after giving effect to such transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had 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, threshold 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, if any of such baskets, thresholds or ratios are determined to be in compliance under sub-clause (A) above: (x) if such baskets, thresholds or ratios are exceeded as a result of fluctuations in such baskets, thresholds or ratios (including due to fluctuations in the Indebtedness, Consolidated Net Income or Consolidated EBITDA of the Issuer or a business, asset or target company subject to such transaction) subsequent to the Transaction Commitment Date and at or prior to the consummation of the relevant transaction, such baskets, thresholds 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; (y) such baskets, thresholds or ratios shall not be tested at the time of consummation of such transaction or related transactions; and (z) 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, thresholds 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 Net Income or 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.

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, which continues for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any of its Restricted Subsidiaries or, solely in connection with the covenant described under "*—Certain Covenants—Impairment of Security Interests*," MidCo, 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 agreements contained in the Indenture (other than a default in performance or breach of a covenant or agreement which is specifically dealt with in clauses (1) or (2) above);

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("**payment default**"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**"), and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €15.0 million or more;

(5) certain events of bankruptcy, insolvency or court protection of MidCo, the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer or any other applicable reporting entity under the covenant described under "*—Certain Covenants—Reports*"), 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 and its Restricted Subsidiaries or any other applicable reporting entity under the covenant described under "*—Certain Covenants—Reports*"), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €15.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "**judgment default provision**");

(7) any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect (other than (i) in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture or (ii) caused by the action or inaction of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of €6 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer or MidCo, as applicable, shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days.

However, a Default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the Default and, with respect to clauses (3), (4) and (6) the Issuer does not cure such Default within the time specified in clauses (3), (4) or (6), 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 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 (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except 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 of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the applicable 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, which may only be waived with the consent of Holders holding not less than 75% of the then outstanding aggregate principal amount of Notes) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

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 indemnity and/or security (including by way of prefunding) satisfactory to the Trustee against any loss, liability or expense. 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 security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; 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 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 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 holders 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 satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default or Event of Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year (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 in the covenant entitled *"—Reports"* or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture provides for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured (including by way of prefunding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions and subject to compliance with the provisions described in "*—Meetings of Holders of Notes*" below, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of such Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived 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, the Notes); *provided* that (x) if any such amendment, supplement or waiver will only affect one series of Notes (or less than all series of Notes) then outstanding under the Indenture, then only the consent of the Holders of at least a majority in principal amount of the Notes of such series then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series of the Notes) shall be required and (y) if any such amendment, supplement or waiver by its terms will affect a series of Notes in a manner that is different from and materially adverse relative to the manner in which such amendment, supplement or waiver affects other series of

Notes, then the consent of the Holders of at least a majority in principal amount of the Notes of such series then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series of the Notes) shall also be required. However, without the consent of Holders holding not less than 75% of the principal amount of the Notes affected then outstanding, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case, as described above under "—*Optional Redemption*;"

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the right of any Holder to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(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 of the 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 such Notes (except pursuant to a rescission of acceleration of such 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 of the Guarantors from any of their obligations under their respective Guarantees or the Indenture, except in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence,

provided that (x) if any such amendment, supplement or waiver will only affect one series of Notes (or less than all series of Notes) then outstanding under the Indenture and does not or would not affect holders of the Notes generally, then only the consent of the holders of not less than 75% in principal amount of the Notes of such series then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series of the Notes) shall be required and (y) if any such amendment, supplement or waiver by its terms will affect a series of Notes in a manner that is different from and materially adverse relative to the manner in which such amendment, supplement or waiver affects other series of Notes, then the consent of the Holders of not less than 75% in principal amount of the Notes of such series then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series of the Notes) shall also be required.

Notwithstanding the foregoing, without the consent of any Holder of any series of Notes, the Issuer, any Guarantor, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a 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) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of Senior Management) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant 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 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;

(7) to conform the text of the Indenture, the Guarantees, the Security Documents or the Notes to any provision of this *"Description of Notes*" to the extent that such provision in this *"Description of Notes*" was intended to be a verbatim recitation of a provision of the Indenture, a Guarantee, the Intercreditor Agreement, the Security Documents or the Notes;

(8) to 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;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a Lien in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a Lien is required to be granted to the Security Agent, or to the extent necessary to grant a Lien in the Collateral for the benefit of any Person; *provided* that the granting of such Lien is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interests*" is complied with; or

(10) as provided in "*—Certain Covenants—Additional Intercreditor Agreements*" or "*—Certain Covenants—Impairment of Security Interests*."

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment pursuant to subsections (3) and (6) in respect of providing for a Guarantee, it shall only be necessary for the supplemental indenture or Guarantee of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee.

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

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 or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors 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 rights of the Trustee and the Holders under the Security Documents, 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 its, its Restricted Subsidiaries' and MidCo's obligations under the covenants described under "*—Certain Covenants*" (other than clauses (1) and (2) of "*—Certain Covenants—Merger and Consolidation—The Issuer*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*," the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*—Events of Default*" ("**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—The Issuer*"), (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 by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof in an amount sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders 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);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement 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, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all such 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 such Notes not previously delivered to the Trustee 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; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity directed, selected or designated by the Trustee for this purpose), euro or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent 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 the Trustee or other entity directed, designated or selected by the Trustee, as applicable, to apply the funds deposited towards the payment of such Notes at Stated Maturity or on the redemption date, as the case may be; *provided* that, if requested by the Issuer, the Trustee, the Paying Agent or other entity directed, designated or selected by the Trustee, as applicable, may distribute any amounts deposited in trust to the Holders prior to the maturity or the redemption date, as the case may be, *provided, however*, that the Holders shall have received at least five Business Days' notice from the Issuer of such earlier repayment date (which notice may be contained in the notice of redemption); 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), (3) and (4)).

For the avoidance of doubt, the distribution and payments to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break cost or any other premium on such amounts. The Trustee, any other entity directed, designated or selected by the Trustee under this "*Satisfaction and Discharge*" and the Paying Agent shall not be liable to any Person for the distribution of funds to Holders early as described in such paragraph.

Meetings of Holders of Notes

All meetings of Holders of the Notes will be held in accordance with Italian applicable laws and regulations.

In addition to and without prejudice to the provisions described above under "*—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 of the Notes 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 5.0% 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 of Notes 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 of the Notes (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 Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes*." Any resolution duly passed at any such meeting shall be binding on all the holders of the Notes, 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 "*—Meeting of Holders of Notes*" will be in addition to, and not in substitution of, the provisions described under "*—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 "*—Meeting of Holders of Notes*" 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 BNP Paribas, Italian Branch, 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 BNP Paribas, Italian Branch, as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the "**Noteholders' 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. 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 The Law Debenture Trust Corporation p.l.c. as the Noteholders' Representative. 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 Guarantor or any of their respective Subsidiaries or Affiliates, 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

The Law Debenture Trust Corporation p.l.c. 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.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

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 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 6 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 certain losses, liabilities and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes will be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu). All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the Registrar. However, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer in accordance with the rules and procedures of Euroclear and Clearstream, as applicable, in lieu of the aforesaid mailing. Such notices may instead be published by the Issuer 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.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer 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 five 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 relevant Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint 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, any Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, subject to the provisions set forth in *"—Financial Calculations*" above, 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, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower euro equivalent) or made, as the case may be.

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 any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. 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 Guarantees brought in any U.S. Federal or New York State court located in the City of New York.

Governing Law

The Indenture, the Notes and the Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder are governed by and construed in accordance with the laws of England and Wales. The Security Documents are and will be governed by the laws of Italy.

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.

"**Acquisition**" means the acquisition of the Group pursuant to the Acquisition Agreement as described in this Offering Memorandum under "*Summary—The Acquisition.*"

"**Acquisition Agreement**" means quota purchase agreement relating to all of the equity interests in the Company dated January 15, 2022, among Ardian Buyout Fund VII B SLP (represented by its management company Ardian France S.A.), as purchaser (whose rights under the Acquisition Agreement were subsequently assigned to BidCo), and the sellers party thereto, together with all annexes thereto.

"**Additional Amounts**" has the meaning ascribed to that term under "*—Withholding Taxes*."

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreed Security Principles**" means the agreed security principles appended to the Indenture.

"**Apharm**" refers to Apharm S.r.l.

"**Apharm Proceeds Loan**" refers to the intercompany loan for an aggregate amount of €5.4 million made with a portion of the proceeds of the Nutrilinea Proceeds Loan by Nutrilinea, as lender, to Apharm, as borrower, drawn on the Completion Date to refinance a portion of the Refinanced Company Indebtedness and to pay related fees and expenses. See "*Use of Proceeds*" and "*Description of Certain Financing Arrangements—Proceeds Loans*."

"**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:

(A) the present value at such redemption date of (1) the redemption price of such Note at May 15, 2023 (such redemption price (expressed in percentage of principal amount) being set forth in the table under the heading "*—Optional Redemption*" (excluding accrued and unpaid interest)), plus (2) all required interest payments due on such Note to and including May 15, 2023 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points and assuming that the rate of interest on the Notes for the period from the redemption date through May 15, 2023 will equal the rate of interest on the Notes in effect on the date on which the applicable notice of redemption is given; over

(B) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, the Paying Agent, the Calculation Agent, the Transfer Agent or the Registrar.

"**Ardian Investors**" means:

(1) any fund or limited partnership directly or indirectly managed or advised by Ardian France S.A. or any of its affiliated advisory entities; or

(2) the respective Affiliates or direct or indirect Subsidiaries or other entities, in respect of which any fund or partnership referred to in clause (1) of this definition individually or in the aggregate directly or indirectly controls a majority of the issued voting rights, or any trust, fund, company or partnership directly or indirectly owned, controlled, managed or advised by Ardian France S.A. or any of its affiliated advisory entities; or

(3) any entity (a) directly or indirectly controlled by all or substantially all of the managing directors of a fund or other entity referred to in clause (1) or (2) of this definition or Ardian France S.A. from time to time or (b) formed pursuant to the alternative investment vehicle provisions in the Ardian fund partnership documentation for Ardian Buyout Fund VII B SLP and its affiliated fund vehicles, and shall, for the avoidance of doubt, include any Special Purpose Vehicle,

excluding, in each case, the Issuer and its Subsidiaries and any other Ardian portfolio company.

"**Asset Disposition**" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of the Issuer or 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 of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall be deemed not to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out inventory, equipment or assets or equipment, facilities or other assets that are no longer used or useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance or transfer of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved 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 or an Officer) of less than the greater of €6.5 million and 10% of Consolidated EBITDA;

(8) 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, solely for purposes of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, leases, transfers or other dispositions to the extent the proceeds thereof are used to make Restricted Payments, Permitted Payments or Permitted Investments;

(9) the granting of Liens not prohibited 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 any Restricted Subsidiary;

(11) the licensing, sub-licensing or assignment of patents, trademarks or other intellectual property or other general intangibles, licenses, sub-licenses, leases, subleases or assignments 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, bills of exchange and/or inventory (together with any related rights and assets, including cash collection accounts, books and records in connection with (i) any Qualified Receivables Financing, (ii) any factoring, sale or discounting transaction or (iii) 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 (including personnel) to a Person who is providing services related to, or with the contribution of, 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 or a member of Senior Management shall certify that in the opinion of the Board of Directors or such member of Senior Management, as applicable, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole);

(19) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock or Disqualified Stock that is not prohibited by the covenant described under "*—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 other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; and

(21) any disposition with respect to property built, owned 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.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset 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 an Asset 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 its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"**Bank Products**" means any facilities or services related to treasury and/or cash management, cash pooling, treasury, depository, overdraft, BACS, CHAPS, payment lines, processing, credit or debit card, purchase card, returned check concentration, electronic funds transfer, daylight exposures, open credits, contingent obligation lines, letters of credit, the collection of cheques, deposits and direct debits, account reconciliation and reporting, cash, or other cash management and cash pooling arrangements.

"**BidCo Proceeds Loan**" refers to intercompany loan for an initial principal amount of €345.0 million (gross of applicable fees) made by the Issuer, as lender, to BidCo, as borrower, on the Completion Date with a portion of the proceeds of the Bridge Facilities, as described under "*Summary—The Transactions*," as amended, accreted or partially repaid from time to time.

"**Biofarma Group Collateral**" has the meaning ascribed to that term under "*—Security—General*."

"**Biofarma Proceeds Loan**" refers to the intercompany loan for an initial principal amount of €215.8 million made by BidCo, as lender, to the Company, as borrower on the Completion Date with a portion of the proceeds of the BidCo Proceeds Loan, as described under "*Summary—The Transactions*," as amended, accreted or partially repaid from time to time.

"**Biofarma Quota Pledge**" has the meaning ascribed to that term under "*—Security—General*."

"**Board of Directors**" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). References to "Board of Directors" shall be construed to mean "Board of Directors" of the Issuer or any Parent unless expressly stated otherwise.

"**Bridge Facilities**" refers to €345.0 million senior secured bridge facilities made available under the senior secured bridge facility agreement dated as of March 16, 2022, by and between, among others, the Issuer, as original borrower, and the lenders named therein, which will be repaid in full and cancelled on the Issue Date with the proceeds of the offering of the Notes.

"**Bund Rate**" as selected by the Issuer, 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 has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the

Board of Directors or a member of Senior Management in good faith)) most nearly equal to the period from the redemption date to May 15, 2023; *provided, however*, that if the period from the redemption date to May 15, 2023 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 May 15, 2023 in 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; *provided further* that in no case shall the Bund Rate be less than 0.00%.

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Luxembourg, Milan, Italy or London, United Kingdom are authorized or required by law to close; *provided, however*, that for any payments to be made to the Holders in euro under the Indenture, such day shall also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open for the settlement of payments in euro.

"**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 finance lease or a capitalized lease for financial reporting purposes on the basis of GAAP or if the IFRS Election has been made to apply IFRS as of a date after December 31, 2018, as lease liabilities on the balance sheet in accordance with IFRS 16 (Leases). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with GAAP or IFRS, as applicable, 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 Kingdom, the United States or Canadian governments, a Permissible Jurisdiction, 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 time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof (a "**Deposit**") or cash in credit balance or deposit which are freely transferable or convertible within 90 days of issue or held by any lender party to the Revolving Credit Facility Agreement or by any bank or trust company (a) whose commercial paper is rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's or at least "F-3" or an equivalent thereof 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 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-3" or the equivalent thereof by S&P, at least "P-3" or the equivalent thereof by Moody's or at least "F-3" or an equivalent by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if each of 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 Kingdom, the United States, any state of the United States of America, Canada or any province of Canada, a Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P or higher from Fitch (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P, "Baa3" or higher from Moody's or "BBB-" or higher from Fitch (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United Kingdom, the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clauses (1), (2) or (3) of this definition, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(9) interests in any investment company, money market or enhanced high yield fund at least 95% of the assets of which constitute cash or Cash Equivalents of the kinds described in any other paragraph of this definition; and

(10) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"**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 being or becoming 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; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

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 another company if (i) the direct or indirect holders of the Voting Stock of such other 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) one or more companies satisfying the requirements of this provision) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such other 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, *société anonyme*, or any successor securities clearing agency.

"**Collateral**" has the meaning ascribed to that term under "*—Security—General*."

"**Commodity Hedging Agreement**" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"**Company**" means Biofarma S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of Italy and the direct subsidiary of BidCo. Following the Post Completion Merger, any reference in this "*Description of Notes*" to the Company shall be deemed to refer to MergerCo.

"**Completion Date**" means March 22, 2022, the date of completion of the Acquisition.

"**Consolidated EBITDA**" for any period means, without duplication, the Consolidated Net Income of the Issuer for such period, plus the following to the extent deducted or, in the case of clauses (13) and (15) below, not included, in calculating such Consolidated Net Income:

(1) Fixed Charges 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);

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense, including goodwill, or provisions for bad debt;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments, including earn-outs), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or a member of Senior Management;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*;"

(8) other non-cash charges, expenses, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special, extraordinary, exceptional, unusual or non-recurring items and the amount of any restructuring charges, accruals, or reserves and any integration costs, 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 expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by the Issuer in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income;

(11) any Receivables Fees and discounts or losses on the sale of accounts receivables in connection with any Qualified Receivables Financing or any other receivables financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period;

(12) any acquisitions, dispositions or restructuring, reorganization, outsourcing or cost saving initiatives, business optimization expenses and other restructuring charges, expenses, accruals or reserves (which shall include, without limitation, retention, severance, systems establishment cost, expenses relating to pensions including service costs and pension interest costs, contract termination costs, including future lease commitments, integration costs, transition costs, costs related to the start-up, closure, relocation or consolidation of facilities and costs to relocate employees), startup costs for new businesses and branding or re-branding of existing businesses, any costs associated with non-ordinary course tax projects and audits, signing, retention or completion bonuses, and any fees and expenses relating to any of the foregoing; and

(13) 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 (15) 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 achieved within 24 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 (a) 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 (13) or sub-clause (15) below (jointly considered) in such calculation of Consolidated EBITDA for any Relevant Testing Period may not exceed in aggregate 20% 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;

(14) 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

(15) to the extent not already included herein, (a) the specific adjustments and add-backs corresponding to those made in the calculation of "*Pro Forma* Structuring EBITDA" in this Offering Memorandum; and (b) adjustments of a nature consistent with the adjustments and add-backs which were included in the calculation of "*Pro Forma* Structuring EBITDA" in this Offering Memorandum; *provided* that any adjustment under each of sub-clauses (a) and (b) 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 (13) above.

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 for 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" and in accordance with the provisions under *"—Financial Calculations*."

"**Consolidated Income Taxes**" means Taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"**Consolidated Interest Expense**" means, for any period (in each case, determined on the basis of GAAP), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (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);

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings;

(5) 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);

(6) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer, 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 a responsible accounting or financial officer of the Issuer;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Issuer or any Restricted Subsidiary 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, (iii) interest with respect to Indebtedness of any Parent appearing upon the balance sheet of the Issuer 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 (including, without limitation, under any Credit Facility), which is included in interest expenses under GAAP, (v) any interest expense related to a guarantee of Indebtedness of a Parent Incurred in compliance with the Indenture to the extent that the interest expense of any proceeds loan related thereto is included in the calculation of Consolidated Interest Expense in an equal or greater amount, (vi) any capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding and (vii) any commissions, discounts, yield and other fees and charges related to factoring, receivables or securitization financings in each case on a non-recourse (*pro soluto*) basis.

"**Consolidated Leverage**" means the sum of the aggregate outstanding Indebtedness and the Reserved Indebtedness Amount of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations).

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries for such period determined on a consolidated basis on the basis of GAAP; *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, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to 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);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer or a Guarantor that holds the equity interests in such Restricted Subsidiary by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes and the Indenture, (c) contractual restrictions in effect on the Issue Date (including pursuant to the Revolving Credit Facility Agreement and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date and (d) restrictions permitted under 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 (including by way of a loan) during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or loan to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed or discontinued operations of the Issuer or any Restricted Subsidiaries (including pursuant to any Sale and Leaseback Transaction) which is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or a member of Senior Management);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions (including the Post Completion Merger) or any investments), acquisition costs, integration and facilities' opening costs and other business optimization costs and expenses and operating improvements, system establishment, software or information technology implementation or development costs, costs related to closure, consolidation or disruption of facilities, internal costs in respect of strategic initiatives, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events), contract terminations and professional and consulting fees Incurred with any of the foregoing;

(5) 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;

(6) the cumulative effect of a change in law, regulation or accounting principles;

(7) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*;"

(8) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(9) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(11) any unrealized foreign currency translation or 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;

(12) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Transactions or any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(13) any goodwill or other intangible asset amortization charge, impairment charge or write-off or write-down; and

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding,

provided that, 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, at the option of the Issuer, Consolidated Net Income shall include (i) any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, and, in each case, 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) 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 Consolidated Leverage less the amount of cash and Cash Equivalents that is stated on the consolidated balance sheet of the Issuer as of such date in accordance with GAAP.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) the Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA of the Issuer for the Relevant Testing Period. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes, amends or reprices, replaces, exchanges or otherwise discharges any Indebtedness and Indebtedness Incurred under any revolving credit facility (unless such Indebtedness has been permanently repaid and has not been replaced) subsequent to the commencement of the Relevant Testing Period but prior to or simultaneously with the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "**CNLR Calculation Date**") or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such period, then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect to such Incurrence, deemed Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment, amendment, repricing, replacement, exchange or other discharge of Indebtedness, 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 of Consolidated Net Leverage shall not give effect to (i) any Indebtedness Incurred on the CNLR Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the CNLR Calculation 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*" (in each case other than for the purposes of the calculation of (x) the Consolidated Net Leverage Ratio in connection with the making of any Restricted Payment pursuant to clause (18) of the second paragraph under "*—Certain Covenants—Limitation on Restricted Payments*" and (y) the Consolidated Senior Secured Net Leverage Ratio pursuant to clause (2)(d) of the definition of "Permitted Collateral Liens"). 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 (13) and (15) of the definition of "Consolidated EBITDA", (ii) be limited to those reasonably expected to be achieved within 24 months of the CNLR Calculation Date and (iii) not exceed 20% 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 Consolidated Net Leverage Ratio:

(1) acquisitions and 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 CNLR Calculation Date, or that are to be made on the CNLR 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 CNLR 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) any Person that is a Restricted Subsidiary on the CNLR Calculation Date will be deemed to have been a Restricted Subsidiary at all times during the Relevant Testing Period; and

(4) any Person that is not a Restricted Subsidiary on the CNLR Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during the Relevant Testing Period.

When calculating Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, *pro forma* adjustments may be taken into account in the manner set forth above, in the definition of "Fixed Charge Coverage Ratio" and in accordance with the provisions under "*—Financial Calculations*."

"**Consolidated Senior Secured Net Leverage**" means the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries less the amount of cash and Cash Equivalents that is stated on the consolidated balance sheet of the Issuer as of such date in accordance with GAAP.

"**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 of its Restricted Subsidiaries, one or more debt facilities, arrangements, instruments, trust deeds or indentures (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, performance guarantees, 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 original 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 or an Officer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated

Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant 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) of the first 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 a Parent, the Issuer or a Restricted Subsidiary (other than to the Issuer or its Subsidiaries) (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 (other than to the Issuer or its Subsidiaries), the proceeds of which are contributed as Subordinated Shareholder Funding or capital contribution or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Parent Debt Contribution) of the Issuer or any of its Restricted Subsidiaries, in each case after the Issue Date.

"**Escrowed Proceeds**" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent 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 in accordance with the terms of the applicable escrow arrangement.

"**euro equivalent**" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Calculation Agent, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Board of Directors or a member of Senior Management) on the date of such determination.

"**Euroclear**" means Euroclear Bank SA/NV or any successor securities clearing agency.

"**European Government Obligations**" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, 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 the Net Cash Proceeds or fair market value of property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer after the Issue Date, in each case, 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 Notes*" or the Indenture (except in relation to an enforcement action or distressed disposal pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this *"Description of Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"**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 of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes, amends or reprices, replaces, exchanges or otherwise discharges any Indebtedness and Indebtedness Incurred under any revolving credit facility (unless such Indebtedness has been permanently repaid and has not been replaced) 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**") or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such period, then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect to such Incurrence, deemed Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment, amendment, repricing, replacement, exchange or other discharge of Indebtedness, 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 of Fixed Charges 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*" 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 in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (in each case other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5)(II) thereunder). 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 (13) and (15) of the definition of "Consolidated EBITDA", (ii) be limited to those reasonably expected to be achieved within 24 months of the CNLR Calculation Date and (iii) not exceed 20% 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 FCCR Calculation 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.

When calculating the Fixed Charge Coverage Ratio, *pro forma* adjustments may be taken into account in the manner set forth above and in accordance with the provisions under *"—Financial Calculations*."

"**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 Italian GAAP in effect from time to time; *provided*, *however*, that on any date after the Issue Date the Issuer may make an irrevocable election to establish that "GAAP" shall mean IFRS (the "**IFRS**

Election"); *provided further* that the Issuer may make an irrevocable election to establish that "GAAP" shall mean GAAP 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 promptly give notice of any such election made in accordance with this definition to the Trustee.

"**Group**" means the Issuer and its Subsidiaries.

"**guarantee**" means any 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.

"**Guarantee**" means the guarantee by each Guarantor of any obligations of the Issuer under the Notes and the Indenture.

"**Guarantor**" means BidCo and any Restricted Subsidiary that guarantees the Notes from time to time pursuant to the terms of the Indenture.

"**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.

"**IFRS**" means the International Financial Reporting Standards issued by the International Accounting Standards Board.

"**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 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), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person (the amount of such Indebtedness being equal to the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer) 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 termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "**Indebtedness**" shall not include (i) Subordinated Shareholder Funding, (ii) prepayments of deposits received from clients or customers in the ordinary course of business, (iii) 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 (iv) any asset retirement obligation.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with GAAP. Indebtedness represented by loans, notes or other debt instruments shall not be included to the extent funded with the proceeds of Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) (a) Contingent Obligations Incurred in the ordinary course of business, (b) obligations under or in respect of Qualified Receivables Financings and (c) accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(ii) 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 due and payable, the amount is paid within 30 days thereafter; and

(iii) 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 or under any Tax Sharing Agreement.

"**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 Public Offering**" means 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 (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 March 16, 2022 by and among, *inter alios*, the Issuer, MidCo and the Security Agent, as amended from time to time.

"**Interest Rate Agreement**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any 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 in accordance with GAAP; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "**Investment**" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; 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 or a member of Senior Management.

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 Permissible Jurisdiction, the United Kingdom, 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 "888-" 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 Issuer and its Subsidiaries;

(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 above.

"**Investment Grade Status**" shall occur when all of the Notes receive any two of the following:

(1) a rating of "BBB-" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; and

(3) a rating of "BBB-" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, S&P 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 May 20, 2022.

"**Issue Date Collateral**" has the meaning ascribed to that term under "*—Security—General*."

"**Issuer**" means Kepler S.p.A. and any and all successors thereto in accordance with the Indenture.

"**Italian Civil Code**" means the Italian civil code (*codice civile*), enacted by Italian Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

"**Italian GAAP**" means the Italian laws governing the preparation of financial statements, as interpreted and integrated by the accounting principles established by the *Organismo Italiano di Contabilità*.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"**Management Advances**" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding the greater of €3.0 million and 5% of Consolidated EBITDA in the aggregate outstanding at any time.

"**Management Investors**" means the managers, officers, (executive and non-executive) directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

"**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.

"**MergerCo**" means the entity resulting from the Post Completion Merger, expected to be the Company.

"**MidCo**" means Denis S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy and the direct parent company of the Issuer, any New MidCo and in each case any and all successors thereto.

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) 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 instalment 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, 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, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, in accordance with 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**" means, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"**Notes Documents**" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"**Nutrilinea**" refers to Nutrilinea S.r.l.

"**Nutrilinea Proceeds Loan**" refers to the intercompany loan for an original aggregate amount of €54.8 million made with a portion of the proceeds of the Biofarma Proceeds Loan by the Company, as lender, to Nutrilinea, as borrower, drawn on the Completion Date to refinance a portion of the Refinanced Company Indebtedness and to pay related fees and expenses, subsequently increased by an aggregate amount of €18.4 million.

"**Offering Memorandum**" means the offering memorandum dated May 20, 2022 relating to the issuance of the Notes offered hereby.

"**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, 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 from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"**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 any Parent.

"**Parent Debt Contribution**" means a contribution to the Issuer or any of its Restricted Subsidiaries in the form of equity, funding the issuance or sale of Capital Stock of the Issuer or any Restricted Subsidiary or Subordinated Shareholder Funding or otherwise on lent as a proceeds loan to the Issuer or any of its Restricted Subsidiaries pursuant to which dividends, loans, distributions, advances or other payments may be paid pursuant to clause (17) of the second paragraph under "*—Certain Covenants—Limitation on Restricted Payments.*"

"**Parent Expenses**" means:

(1) costs (including all professional fees and expenses, audit and accounting costs) 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 the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act or the 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 or applicable law to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees, costs and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overheads, fees, costs and expenses including (a) professional and advisory fees and expenses, regulatory costs and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) with respect to any litigation or other dispute relating to the Transactions or the ownership of MidCo, the Issuer or any of its Restricted Subsidiaries, directly or indirectly, by any Parent, (c) 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, directors, officers and employees of such Parent, (d) customary salary, bonus, severance and other benefits payable to current or former directors, officers, members of management, managers, employees or consultants (or any immediate family member thereof) of any Parent plus any reasonable and customary indemnification claims made by current or former directors, officers, members of management, managers, employees or consultants of any Parent, to the extent such salary, bonuses, severance and other benefits or claims in respect of any of the foregoing are directly attributable and reasonably allocated to the ownership or operations of such Parent, (e) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent and (f) insurance premiums to the extent relating to such Parent, the Issuer or any of its Restricted Subsidiaries;

(6) other fees, expenses and costs relating directly or indirectly to the ownership of or to activities or management of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or an Equity Offering 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 €2.0 million and 3% of Consolidated EBITDA in any fiscal year;

(7) without duplication of any Taxes described in clause (2) of the definition of Related Taxes, any income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries in an amount not to exceed with respect to such Taxes the sum of the amount of any such Taxes that the Issuer and its Restricted Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its 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 attributable to the income of such Unrestricted Subsidiaries;

(8) fees, costs and expenses (including, without limitation, in respect of underwriting, commitment or arrangement) Incurred by any Parent in connection with any actual or contemplated public offering or other sale of Capital Stock or Indebtedness: (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary, (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or (z)otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(9) costs and expenses equivalent to those set out in clauses (1) to (8) above with respect to a Special Purpose Vehicle.

"***Pari Passu* Indebtedness**" means Indebtedness of the Issuer or any Restricted Subsidiary that is a Guarantor which does not constitute Subordinated Indebtedness and is secured by a Lien on the Collateral on a senior or *pari passu* basis with the Notes.

"**Paying Agent**" means any Person authorized by the Issuer to pay the principal of (and premium and Additional Amounts, if any) or interest on any Note on behalf of the Issuer.

"**Permissible Jurisdiction**" means any member state of the European Union as of the Issue Date.

"**Permitted Asset Swap**" means the substantially concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash or Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any Net Cash Proceeds received by the Issuer or a Restricted Subsidiary in excess of the value of any cash or Cash

Equivalents sold or exchanged must be applied in accordance with the covenant described under *"—Limitation on Sales of Assets and Subsidiary Stock"* (to the extent required pursuant to such covenant).

"**Permitted Collateral Liens**" means:

(1) Liens on the Collateral that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (11), (12), (13), (14), (17), (18), (19), (20), (21), (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) Liens on the Collateral to secure:

(a) Indebtedness that is permitted to be Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;" *provided* that if such Lien is *pari passu* with the Liens securing the Notes or the relevant Guarantees, after giving *pro forma* effect to such Incurrence on that date and the application of proceeds therefrom, the Consolidated Senior Secured Net Leverage Ratio would have been no greater than 5.1 to 1.0;

(b) Indebtedness described under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;" which Indebtedness may have super seniority priority status not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(c) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;" to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in another clause of this definition of Permitted Collateral Liens;

(d) Indebtedness described under clause (5) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;" *provided* that, in the case of clause (5)(II), after giving *pro forma* effect to such Incurrence at the time of the acquisition or other transaction pursuant to which such Indebtedness was Incurred, (i) the Consolidated Senior Secured Net Leverage Ratio would have been no greater than 5.1 to 1.0 or (ii) the Consolidated Senior Secured Net Leverage Ratio would have been no greater than it was immediately prior to giving effect to such acquisition or transaction, the Incurrence of such Indebtedness and the application of the proceeds thereof on a *pro forma* basis;

(e) Indebtedness described under clause (4)(a)(x) 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 have super senior priority status 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)(a) (other than with respect to Capitalized Lease Obligations), (11) or (13) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;"

(h) Indebtedness secured on a junior priority basis to the Notes and the Guarantees; and

(i) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a) to (h) and this clause (i),

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.

In the event that a Permitted Collateral Lien meets the criteria of more than one of the types of Permitted Collateral Liens (at the time of Incurrence or at a later date), the Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Collateral Lien in any manner that complies with the Indenture and such Permitted Collateral Lien shall be treated as having been made pursuant only to the paragraph or paragraphs of the definition of Permitted Collateral Lien to which such Permitted Collateral Lien has been classified or reclassified.

"**Permitted Holders**" means, collectively, (1) the Ardian Investors, (2) Management Investors, (3) any Related Person of any Persons specified in clause (1) or (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any IPO Entity, the Parent or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Ardian Investors 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 held by such group. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investment**" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments made in connection with any Qualified Receivables Financing, including Investments held in accounts permitted or required by the arrangements governing such Qualified Receivables Financing or any related Indebtedness;

(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;

(6) (a) Management Advances and (b) any advances or loans at any one time outstanding 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 (other than Disqualified Stock) of the Issuer or a Parent of the Issuer with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(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, and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) (i) Bank Products and (ii) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—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 €22.5 million and 35% 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 (11);

(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 not 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 and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (8), (9) and (12) of that paragraph));

(15) guarantees not prohibited by the covenant described "*—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, the Notes and any Additional Notes and any other Indebtedness of the Issuer and/or its Restricted Subsidiaries the Incurrence of which was not prohibited by the Indenture;

(17) Investments in joint ventures or a Similar Business, 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 €16.0 million and 25.0% 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 (17);

(18) Investments in Unrestricted Subsidiaries, 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 €13.0 million and 20.0% 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 (18); and

(19) any other Investment arising in the ordinary course of business of the Issuer or a Restricted Subsidiary.

"**Permitted Liens**" means, with respect to any Person:

(1) Liens on assets or property of any Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed bylaw, 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; *provided* that appropriate reserves or provisions required pursuant to GAAP have been made in respect thereof;

(5) Liens (a) in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business and (b) securing obligations in respect of letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments permitted to be Incurred pursuant to the second paragraph of the covenant entitled "—Certain Covenants—Limitations on Indebtedness;"

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing (x) Capitalized Lease Obligations, Purchase Money Obligations and, in each case, any Indebtedness which refinances, replaces, refunds or reimburses such Indebtedness (as applicable), or 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; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property; and (y) Indebtedness in respect of Sale and Leaseback Transactions and any Indebtedness which refinances, replaces, refunds or reimburses such Indebtedness;

(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 its 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 the assets, property or shares of stock acquired (including those of a Person that becomes a Restricted Subsidiary) 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 Guarantor;

(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 interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(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 on receivables and other assets (a) of the type described in the definition of "Qualified Receivables Financing" Incurred in connection with a Qualified Receivables Financing and (b) in connection with Indebtedness permitted to be Incurred under clause (12)(y) of the second paragraph under "*—Certain Covenants—Limitations on Indebtedness*;"

(22) Liens on cash proceeds (including, for the avoidance of doubt, any Escrowed Proceeds) for the benefit of the related holders of debt securities (including holders of a specific series of Notes and not any other series) or other Indebtedness (or the underwriters, arrangers or trustees (including the Trustee) thereof) or Liens on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash to prefund any interest or other costs associated with such Indebtedness;

(23) Liens (i) in connection with Bank Products or (ii) arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Issuer or any of its Restricted Subsidiaries maintains a banking relationship, and including Liens arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other banking or 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;

(25) (a) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement or deferred consideration as part of any acquisition or 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 any acquisition by the Issuer or any Restricted Subsidiary;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(28) any security granted over the marketable securities portfolio described in clause (10) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(29) 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;

(30) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and the Guarantees; and (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the

Revolving Credit Facility; (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; and (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;

(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 €19.5 million and 30% of Consolidated EBITDA; and

(32) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (31) (other than Liens described in clause (31) of this definition); *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

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 meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with this definition and such Permitted Lien shall be treated as having been made pursuant only to the paragraph or paragraphs of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"**Permitted Parent Reorganization**" means a reorganization transaction on a solvent basis comprising the incorporation of a new direct Parent of the Issuer ("**New MidCo**") and the transfer of the Capital Stock and any receivables of the Issuer held by the then-current MidCo to New MidCo; *provided* that (1) New MidCo shall be a Person organized and existing under a Permissible Jurisdiction, (2) New MidCo will acquire the Capital Stock and any such receivables of the Issuer held by the then-current MidCo 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 MidCo 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 MidCo, (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 MidCo which confirms the solvency of New MidCo 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 MidCo shall be released from its obligations under the Notes Documents.

"**Permitted Reorganization**" means any Permitted Subsidiary Reorganization or Permitted Parent Reorganization. For the avoidance of doubt, the Post Completion Merger and transactions related thereto will be permitted under the Indenture and will not be required to comply with any of the conditions for a Permitted Subsidiary Reorganization and/or a Permitted Parent Reorganization.

"**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.

"**Post Completion Merger**" means the merger pursuant to article 2501-bis of the Italian Civil Code of BidCo with the Company, with MergerCo being the surviving entity, as described under "*Summary—The Transactions*" in this Offering Memorandum, or any other form of merger which will be resolved upon by and exclusively involve the BidCo and the Company.

"**Post Merger Collateral**" has the meaning ascribed to that term under "*—Security—General*."

"**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.

"**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.

"**Pasteur**" refers to Pasteur S.r.l.

"**Pasteur Proceeds Loan**" refers to the intercompany loan for an aggregate amount of €34.2 million made with a portion of the proceeds of the Biofarma Proceeds Loan by the Company, as lender, to Pasteur, as borrower, drawn on the Completion Date to refinance a portion of the Refinanced Company Indebtedness, pay related fees and expenses. See "*Use of Proceeds*" and "*Description of Certain Financing Arrangements—Proceeds Loans*."

"**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 transaction or series of transactions that may be entered into by the Issuer or any of its Restricted Subsidiaries pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary or (b) any other Person, or may grant a security interest in, any receivables (whether now existing or arising in the future) of the Issuer or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables, the bank accounts into which the proceeds of such receivables are collected and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations, receivable sale facilities, factoring facilities or invoice discounting facilities involving receivables.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"**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 with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (a) 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), (b) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (c) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary has any 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 shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors 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 any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, 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 underwriting discounts, 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 the Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Guarantees, as applicable, on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include (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 the Issuer or a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"**Related Person**" with respect to any Permitted Holder, means:

(1) any controlling equity holder or majority (or more) owned Subsidiary 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 controlled, directly or indirectly, 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:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* that such Taxes are in fact paid) by any Parent by virtue of its:

   (a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

   (b) issuing or holding Subordinated Shareholder Funding;

   (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

   (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

   (e) having made any payment 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*;" or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the sum of the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries and the amount actually received in cash from its Unrestricted Subsidiaries.

"**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 "*—Certain Covenants—Reports*" covenant 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 Issuer's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or Senior Management are reasonably related.

"**Representative**" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"**Restricted Investment**" means any Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"**Revolving Credit Facility**" means the revolving credit facility made available under the Revolving Credit Facility Agreement.

"**Revolving Credit Facility Agreement**" means the €60.0 million revolving credit facility agreement dated March 16, 2022, between, among others, the Issuer and BidCo, as original borrowers, and the lenders named therein, as the same may be amended from time to time.

"**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.

"**S&P**" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Security 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, confirmed, supplemented or otherwise modified from time to time, creating the Liens in the Collateral as contemplated by the Indenture.

"**Security Interests**" means the security interests in the Collateral that is created by the Security Documents and secures, directly or indirectly, obligations under the Notes or the Guarantees and the Indenture.

"**Senior Management**" means the officers, directors, and other members of senior management of the Issuer or MidCo.

"**Senior Secured Indebtedness**" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or clauses (1), (4)(a)(x), (5), (7)(a), (11) or (13) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (and any Refinancing Indebtedness in respect thereof), in each case secured by a Lien on the Collateral (excluding Indebtedness to the extent secured on a junior priority basis to the Notes or any Guarantee).

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"**Similar Business**" means (a) any businesses, services or activities engaged or proposed to be engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date, (b) the pharmaceutical, health supplements, medical devices and cosmetics business and (c) 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.

"**Special Purpose Vehicle**" means an entity established by any Parent for the purposes of maintaining an equity incentive or compensation plan for Management Investors.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer 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 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 under "*—Change of Control*" and "*—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, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any Guarantee pursuant to the Intercreditor Agreement, any Additional Intercreditor Agreement or any other a written agreement.

"**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 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 to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding 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 "**Holdco Liabilities**" or the "**Shareholder Liabilities**" (each as defined therein), as applicable.

"**Subsidiary**" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

    (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity; or

(3) any corporation, association, partnership, limited liability company or other business entity which is required pursuant to GAAP to be consolidated in the consolidated financial statements of such Person.

"**Subsidiary Proceeds Loans**" refers to, collectively, the Nutrilinea Proceeds Loan, the Apharm Proceeds Loan and the Pasteur Proceeds Loan.

"**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 Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, 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.

"**Temporary Cash Investments**" means any of the following:

(1) any investment in:

(a) direct obligations of, or obligations guaranteed by, (i) the United Kingdom, the United States or Canada, (ii) a Permissible Jurisdiction, (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-2" or "A" by Fitch or 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 sub-clause (7) below, 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, "A-3" or "A" by Fitch or by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of or "A" by Fitch, Moody's or S&P then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clause (2) of this definition, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(4) 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;

(5) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) 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 Kingdom, United States, Canada, a Permissible Jurisdiction 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);

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) 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, "**A2**" by Moody's or "**A**" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(9) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (8) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(10) investments in money market funds (a) 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 or (b) rated "AAA" by S&P, "Aaa" by Moody's or "AAA" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization).

"**Transactions**" shall have the meaning assigned to such term in this Offering Memorandum under "*Summary—The Transactions.*"

"**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 in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors 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 any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer or the relevant Restricted Subsidiary in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and 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.

BOOK-ENTRY; DELIVERY AND FORM

Certain defined terms used but not defined in this section have the meanings assigned to them in the Indenture as described in "*Description of Notes*."

The Notes sold to QIBs in reliance on Rule 144A (the "**Rule 144A Notes**") under the U.S. 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 U.S. 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 for the accounts of Euroclear and Clearstream 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 the Offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the "**Restricted Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the 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 the Book-Entry Interests will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their 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 be considered the "holders" of Notes for any purpose under the Indenture.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee), 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.

The Notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

None of the Issuer, the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent, the Registrar, or 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 that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominees), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or the Trustee 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). The Issuer understands 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 by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no Book-Entry Interest of less than €100,000 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 relevant Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent. The Paying Agent will, in turn, make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent, the Registrar and their respective agents will treat the registered holders of the Global Notes (*i.e.*, the nominee of the common depositary for Euroclear or Clearstream) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent, the Registrar, or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

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. None of the Issuer, the Initial Purchasers, the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent, the Registrar or 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.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes (as defined under "*Description of Notes—Events of Default*"), 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 between participants in Euroclear or Clearstream 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 and will be settled in immediately available funds. If a holder of a Note requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will each 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 and certification requirements 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 U.S. Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Restricted 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 to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or otherwise in accordance with the transfer restrictions described under *"Transfer Restrictions*," and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a 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.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under *"Description of Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes.

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and to be 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 Calculation Agent, the Paying Agent, the Transfer Agent, the Registrar or 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 the Issuer that it is unwilling or unable to continue to act as depositary for the Global Notes, and we fail to appoint a successor depositary;
- 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 the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issues or causes to be issued Notes in definitive registered form to all owners of Book- Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, 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, each of the Issuer, the Trustee, the Calculation Agent, the Paying Agent, the Registrar and the Transfer Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such.

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 will authenticate a replacement Definitive Registered Note if such Trustee's and the Issuer's requirements are met. The Issuer and 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 us to protect us, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for 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 us pursuant to the provisions of the Indenture, the Issuer in their 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*."

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which we expect to be the *Luxemburger Wort*). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the paying agent in Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require.

Global Clearance and Settlement under the Book-Entry system

Initial settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value 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

We expect that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and Common Codes for the Notes are set out under "*Listing and General Information*."

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The following description of the operations and procedures of Euroclear and Clearstream are 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. None of the Issuer, the Initial Purchasers, the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent, the Registrar or any of their respective agents take any responsibility for these operations and procedures and we urge 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 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.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any other jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to QIBs in reliance on Rule 144A under the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes and the Guarantees are being offered for resale in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or any other applicable securities law, and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (a) in the United States to a person whom it reasonably believe is a QIB in a transaction meeting the requirements of Rule 144A, (b) outside the United States in a transaction complying with Regulation S or (c) in compliance with the registration requirements of the U.S. 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 forth in paragraphs (4) and (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or acting on behalf of the Issuer and it is either:

    (i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A, and the acquisition of Notes will be for its own account or for the account of another QIB; or

    (ii) it is purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer, any Guarantor, the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent, the Registrar, the Initial Purchasers, or any person representing any of them, have made any representation to it with respect to the offering or sale of any 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 makes any representation or warranty as to the accuracy or completeness of the information contained in this Offering Memorandum. It has had access to such financial and other information concerning us, the Issuer and its subsidiaries and the Notes as it has deemed 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 U.S. Securities Act or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts beat 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 U.S. Securities Act.

(5) Each holder of Notes issued in reliance on Rule 144A ("**Rule 144A Notes**") 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 Rule 144A Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Rule 144A Notes prior to the date (the "**Resale Restriction Termination Date**") that is one year after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a

person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the U.S. 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, the Trustee's and the Registrar's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security 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 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 "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, 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 U.S. SECURITIES ACT.

Each purchaser acknowledges that each 144A Note will contain a legend substantially to the following effect:

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES 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 AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. 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, THE TRUSTEE'S AND THE REGISTRAR'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If it purchases Notes, it 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 agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(8) It acknowledges that the Registrar and Transfer Agent will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer, Transfer Agent and the Registrar that the restrictions set forth therein have been complied with.

(9) It acknowledges that the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify 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.

(10) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, any Guarantor 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 us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

(11) It represents that it is not a "retail investor" in the EEA. For the purposes of this paragraph, the expression "**retail investor**" means a person who is one (or more) of the following:

   (i) a "retail client" as defined in point (11) of Article 4(1) of MiFID II; a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   (ii) not a "qualified investor" as defined in the Prospectus Regulation.

(12) It represents that it is not a "retail investor" in the UK. For purposes of this paragraph, the expression "**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 European Union (Withdrawal) Act 2018 (the "E¸WA"); 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; or

   (iii) not a "qualified investor" as defined in the UK Prospectus Regulation;

(13) It understands and acknowledges that:

   (i) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "retail investor" in the EEA (as defined in paragraph 12 above) or any "retail investor" in the United Kingdom (as defined in paragraph 13 above); and

   (ii) no key information document required by PRIIPs Regulation in the EEA or for offering or selling the Notes or otherwise making them available to retail investors in the EEA (as defined in paragraph 12 above) 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.

CERTAIN TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in the European Union, Italy and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, European Union, Italian or United States law as in effect on the date of this Offering Memorandum and are subject to any change in such law that may take effect after such date, also on a retroactive basis. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to European Union, Italian and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding the Italian and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the 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 (such as dealers in securities or commodities) may be subject to special rules. Neither the Issuer nor any other entity belonging to the Biofarma Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

Tax treatment of interest

As a general rule, interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") deriving from notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree No. 917**")) are liable to a withholding tax, levied at a rate of 26%, to be applied by the notes issuer, in accordance with Article 26 of Decree No. 600 of September 29, 1973.

Decree No. 239 sets forth the applicable regime regarding the tax treatment of Interest deriving from notes falling within the category of bonds (*obbligazioni*) and similar securities pursuant to Article 44 of Decree No. 917, issued, *inter alia*, by:

(a) companies resident of Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States or States party to the European Economic Area Agreement ("**EEA State**") allowing a satisfactory exchange of information with the Italian tax authorities as included in (i) the Ministerial Decree of September 4, 1996 as subsequently amended and supplemented or (ii) once effective, any other decree that will be issued in the future under Article 11(4)(c) of Decree No. 239 (any of such decrees, the "**White List**"); or

(b) companies resident of Italy for tax purposes whose shares are not listed, issuing notes traded (*negoziati*) upon their issuance on the aforementioned regulated markets or platforms; or

(c) if not traded on the aforementioned markets or multilateral trading platforms, when such notes are held by "qualified investors" pursuant to article 100 of the Italian Financial Act.

For these purposes, 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 redemption), 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

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident beneficial owner of the Notes (a "**Noteholder**") is:

- an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- a non-commercial partnership (*società semplice*) or a professional association;
- a non-commercial private or public institution (other than Italian undertakings for collective investment); or
- an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and accrued during the relevant holding period, is subject to a substitutive tax (*imposta sostitutiva*), levied at a rate of 26%, unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the risparmio gestito regime under Article 7 of Legislative Decree No. 461 (see also "*—Tax treatment of capital gains—Discretionary investment portfolio regime (risparmio gestito regime)*" below).

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from any income taxation (including the 26% *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of December 11, 2016 ("**Finance Act 2017**"), as subsequently amended and supplemented and/or in Article 13-*bis* of Law Decree No. 124 of October 26, 2019 converted into Law No. 157 of December 19, 2019 ("**Decree No. 124**"), as subsequently amended and supplemented.

Noteholders engaged in an entrepreneurial activity

In the event that the Italian-resident Noteholders mentioned above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Where a Noteholder is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a non-Italian resident company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to the *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate income taxation (*i.e.*, IRES and, if applicable, any relevant additional surcharge, such as the additional 3.5% surcharge for banks and certain financial institutions) and, in certain circumstances, depending on the status of the Noteholder and also to the Italian regional tax on productive activities ("**IRAP**") (*i.e.*, generally in the case of banks and financial institutions).

Effective as of the fiscal year following the fiscal year that was current on December 31, 2015, Article 1(550) of Finance Act 2017 added paragraph 6-*bis* to Article 1 of Law Decree No. 201 of December 6, 2011, converted into Law No. 214 of December 22, 2011. Under this new rule, the base upon which the "**Aiuto alla Crescita Economica**" benefit set forth in Article 1 of Law Decree No. 201 of December 6, 2011 ("**ACE Benefit**") is computed shall be reduced by an amount equal to the positive difference (if any) between (i) the aggregate book value of securities (*titoli e valori mobiliari*), including the Notes, other than shares reported in the taxpayer's financial statements for the relevant fiscal year and (ii) the aggregate book value of securities (*titoli e valori mobiliari*) other than shares reported in the taxpayer's financial statements of the fiscal year that was current on December 31, 2010. Only Italian resident persons carrying on an entrepreneurial activity (such as the Italian resident corporations) and Italian permanent establishments of non-Italian resident persons can enjoy the ACE Benefit. The new restrictive rule enacted by Finance Act 2017 applies only to taxpayers different from those carrying out financial and insurance activities falling into section K of the ATECO classification of economic activities, other than non-financial holding companies.

Real estate investment funds and real estate SICAFs

Payments of Interest deriving from the Notes made to Italian resident real estate investment funds and real estate closed-ended investment companies (*società di investimento a capitale fisso*, or "**SICAFs**"), provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorized financial intermediary (or permanent establishment in Italy of non-Italian resident intermediary) are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders or shareholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund ("**Fund**") or an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAVs**") 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 the supervision of a regulatory authority and the Notes are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes will 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. The Fund, the non-real estate SICAF or the SICAV are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding tax of 26% will be levied, in certain circumstances, by the Fund, the non-real estate SICAF or the SICAV on proceeds distributed in favor of their unitholders or shareholders.

Pension funds

If an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a 20% substitute tax). Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, as subsequently amended and supplemented and/or in Article 13-*bis* of Decree No. 124, as subsequently amended and supplemented.

Application of the imposta sostitutiva

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, brokerage companies (*società di intermediazione mobiliare*, or "**SIM**"), fiduciary companies, *società di gestione del risparmio* ("**SGR**"), stockbrokers and other entities identified by decrees of the Ministry of Economy and Finance (each, an "**Intermediary**").

An Intermediary must:

(a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; 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.

If 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 the Interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of non-Italian resident corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Non-Italian resident Noteholders

If the Noteholder is a non-Italian resident for tax purposes (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) a beneficial owner of the payment of Interest and resident, for tax purposes, in a state or territory included in the 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 state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state 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 must promptly deposit the Notes together with the coupons relating to such Notes directly or indirectly with:

(i) an Italian or non-Italian resident bank or financial institution (there is no requirement for the bank or financial institution to be an EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies that are not resident of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or the permanent establishment in Italy of a non-Italian resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of the Italian Financial Act) for the purposes of the application of Decree No. 239. If a non-Italian resident Noteholder deposits the 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:

(i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(ii) the 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 eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by a 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 point b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in point d) above. Additional requirements are provided for "**institutional investors**" referred to in point c) above (in this respect see Circular Letters No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

The *imposta sostitutiva* will be applicable at a rate of 26% to Interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules). Noteholders who are subject to the *imposta sostitutiva*—might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, subject to timely filing of required documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Tax treatment of capital gains

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity. Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax ("**CGT**") levied at a rate of 26%. Noteholders may set off any capital losses with their capital gains.

In respect of the application of CGT, taxpayers may opt-under certain conditions-for any of the three regimes described below.

Tax return regime (regime della dichiarazione). Under the tax return regime, which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian resident individual holding the Notes 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, in their annual tax return, and pay the CGT on such gains, together with any balance of income tax due for such year. Within the same time limit, capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

Nondiscretionary investment portfolio regime (*risparmio amministrato regime*). As an alternative to the tax return regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the CGT separately on capital gains realized on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

- the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediaries (including permanent establishments in Italy of non-Italian resident intermediaries); and
- an express election for the risparmio amministrato regime being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the CGT 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. The depository must also pay the CGT 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 sale or redemption or certain other transfer 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 until the fourth tax year. Under the risparmio amministrato regime, the Noteholder is not required to declare the capital gains/losses realized within said regime in the annual tax return.

Discretionary investment portfolio regime (*risparmio gestito regime*). In the *risparmio gestito* regime, any capital gains realized 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% 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 within said regime in its annual tax return.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26% CGT) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30,1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017, as subsequently amended and supplemented and/or in Article 13-*bis* of Decree No. 124, as subsequently amended and supplemented. Under some conditions, capital losses realized by Italian resident individuals not acting in connection with an entrepreneurial activity upon sale or redemption of the Notes acquired prior to December 31, 2022 if the Notes are included in certain long-term savings accounts (*piani di risparmio a lungo termine*) governed by Decree No. 124 that meet specific requirements, give rise to a tax credit equal to the capital losses, provided that such tax credit does not exceed the 10% of the amount invested in the long-term saving accounts *(piani di risparmio a lungo termine*).

Noteholders engaged in an entrepreneurial activity

Any gain obtained from the sale or redemption of the Notes will be treated as part of taxable business 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 non-Italian resident entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real estate investment funds and real estate SICAFs

Any capital gains realized by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF will be subject neither to CGT nor to any income tax at the level of the real estate investment fund or the Real Estate SICAF (see "*Tax treatment of interest—Real estate investment funds and real estate SICAFs*"). However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares.

Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Any capital gains realized by a Noteholder which is a Fund, a SICAF (other than a real estate SICAF) or a SICAV will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the SICAF or the SICAV, but income realized by the unitholders or shareholders in case of distributions, redemption or sale of the units / shares may be subject to a withholding tax of 26%.

Pension funds

Any capital gains realized by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 20% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, as subsequently amended and supplemented and/or in Article 13-*bis* of Decree No. 124, as subsequently amended and supplemented.

Non-Italian resident Noteholders

A 26% CGT on capital gains may be payable on capital gains realized on the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, under Article 23(1)(f)(2) of Decree No. 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of notes issued by an Italian resident issuer and traded on regulated markets (which term includes, for these purposes, also certain multilateral trading facilities) in Italy or abroad are not subject to the CGT, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected).

Capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer, even if the Notes are not traded on regulated markets (which term includes, for these purposes, also multilateral trading facilities), are not subject to the CGT, provided that the beneficial owner is:

(a) a resident, for tax purposes, of a state or territory included in the 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 state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state 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 must satisfy the same conditions set forth above to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree No. 239 (see "*—Tax treatment of interest*").

If none of the above conditions is met, capital gains realized by non-Italian resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets (which term includes, for these purposes, also multilateral trading facilities), may be subject to the CGT at the current rate of 26%. However, Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

Under these circumstances, if non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorized financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that the non-Italian residents Noteholders file in time with the authorized financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Certain reporting obligations for Italian-resident Noteholders

Under Law Decree No. 167 of June 28, 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the tax year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their income 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 (save for deposits or bank accounts having an aggregate value not exceeding €15.0 thousand threshold throughout the year, which per se do not require such disclosure). 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.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of June 28,1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Italian inheritance tax and gift tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

(a) 4% for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;

(b) 6% for transfers in favor of siblings exceeding, for each beneficiary, a threshold of €0.1 million;

(c) 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law indirect 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 or the donee is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift taxes applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

With respect to Notes listed on regulated markets (including multilateral trading facilities), the value for inheritance 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.

The *mortis causa* transfer of financial instruments 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 Finance Act 2017, as subsequently amended and supplemented and/or in Article 13-*bis* of Decree No. 124, as subsequently amended and supplemented, is exempt from inheritance taxes.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

Wealth tax on financial products held abroad-direct holding

According to Article 19(18) of Law Decree No. 201 of December 6, 2011, Italian resident individuals, Italian non-commercial entities, Italian non-commercial partnerships and similar Italian resident entities holding financial products, including the Notes, outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax currently at the rate of 0.2% (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, in the absence of a market value, on the nominal value or redemption value of such financial products held outside Italy by Italian-resident individual. Taxpayers are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

The wealth tax cannot exceed €14.0 thousand per year for Noteholders other than individuals.

The wealth tax is due only in relation to financial assets held outside the Italian territory (and not through an Italian intermediary). If the Notes are held through Italian intermediaries, the rules described in subsection "*Stamp taxes and duties—holding through financial intermediary*" apply.

Stamp taxes and duties-holding through financial intermediary

Under Article 13(2ter) Tariff Part I of Decree No. 642 of October 26, 1972, a 0.2% 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.

The stamp duty cannot exceed €14.0 thousand for Noteholders other than individuals.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on May 24, 2012, the 0.2% stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "**clients**" according to the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.0 stamp duty for each copy.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Registration tax

Contracts relating to the transfer of the Notes are subject to the registration tax as follows:

(a) public deeds and private deeds with notarized signatures (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax of €200.0; and

(b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.0 only in the case of use or voluntary registration or occurrence of the so-called enunciazione.

Additional Notes

The Issuer may issue Additional Notes (as defined in "*Description of Notes*") under the Indenture. Any Additional Notes will be considered fungible for Italian income tax purposes with the initial Notes issued under the Indenture only if the conditions set forth in Article 11(2) of Decree No. 239 are met, which requires in particular that (i) the issuance of Additional Notes occurs within 12 months of the original issue of the initial Notes, and (ii) the spread between (a) the issue price of the initial Notes and (b) the issue price of the Additional Notes is less than 1 percent of the principal amount of the issuance multiplied by the number of full years until the maturity date. If these requirements are not met, the Additional Notes will not be considered fungible for Italian income tax purposes with the initial Notes issued under the Indenture.

General-payments by a Guarantor

According to a certain interpretation, payments on the Notes made by an Italian resident Guarantor under a Guarantee should be treated, in certain circumstances, as payment by the Issuer and should be subject to the tax regime described above. However, there are no Italian tax authorities' guidelines directly regarding the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments or that the Italian courts would not support such an alternative treatment.

In particular, according to a different interpretation, if a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of principal under the Notes), it is possible that such payments may be subject to withholding tax at applicable rates, pursuant to Presidential Decree No. 600 of September 29, 1973, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations related to the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. holder (as defined below) except for the discussion of FATCA (as defined under "—*Foreign Account Tax Compliance Act*"), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date of this Offering Memorandum, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of the alternative minimum tax or the unearned income Medicare contribution tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, individual retirement accounts, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities or arrangements and investors therein, U.S. holders that are resident in or have a permanent establishment in a jurisdiction outside the United States persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction, and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement. In addition, this discussion is limited to persons who purchase the Notes for cash at original issuance and at their "issue price" (the first price at which a substantial amount of the Notes is sold for money to investors) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code (generally for investment).

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, the U.S. federal Medicare tax on net investment income and state, local, non-U.S. or other tax laws.

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 Notes—IPO Debt Pushdown*," 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 generally would recognize any gain on such exchange (although any loss could be disallowed), and the "new" Notes could be treated as issued with a greater amount of OID for U.S. federal income tax purposes.

Characterization of the Notes

In certain circumstances (see *"Description of Notes—Withholding Taxes*," and "*Description of Notes—Change of Control*"), the Issuer may be obligated to redeem the Notes or to make certain payments on the Notes in excess of stated principal and interest. It is possible that the IRS could assert that the payment of such excess amounts is a "contingent payment," and that the Notes are therefore contingent payment debt instruments for U.S. federal income tax purposes. Under the applicable Treasury Regulations, however, for purposes of determining whether a debt instrument is a contingent payment debt instrument, remote or incidental contingencies (determined as of the date the notes are issued) are ignored. The Issuer believes that the possibility of making additional payments is, in the aggregate, remote and/or incidental, and that the Notes should not be treated as contingent payment debt instruments due to the possibility of such a redemption occurring or such excess payments being made. The Issuer's position is binding on a U.S. holder, unless the U.S. holder discloses in the proper manner to the IRS that it is taking a different position. If the IRS successfully challenged this position, and the Notes were treated as contingent payment debt instruments, U.S. holders could be required to accrue interest income at a rate different than their yield to maturity and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement, redemption or other taxable disposition of a Note. The balance of this discussion assumes that the Notes will not be considered contingent payment debt instruments. U.S. holders are urged to consult their own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of stated interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary interest income at the time the interest is received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the euro interest payment (translated at the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest, but may recognize exchange gain or loss attributable to the actual disposition of the euro so received.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes (or who otherwise is required to accrue interest prior to receipt) will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in euro that has accrued with respect to its Notes during an accrual period. The U.S. dollar value of such euro denominated accrued interest will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. An accrual basis U.S. holder may elect, however, to translate such accrued interest income into U.S. dollars at the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, at the spot rate of exchange on the last day of the taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. holder that has made the election described in the prior sentence may translate such interest at the spot rate of exchange on the date of receipt of the interest. The above election will apply to other debt instruments held by an electing U.S. holder and may not 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 will recognize exchange gain or loss with respect to accrued interest income on the date such interest is received.

The amount of 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 exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Original Issue Discount

The Notes will be issued with OID for U.S. federal income tax purposes equal to the difference between their "stated redemption price at maturity" and their issue price. The stated redemption price at maturity of a Note is the sum of all payments provided by the Note other than payments of "qualified stated interest." Under the applicable regulations, "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods) or certain variable rates as described below. Interest is payable at a single fixed rate only if the rate-appropriately takes into account the length of the interval between payments. Stated interest on the Notes is "qualified stated interest."

The amount of OID with respect to a Note includible in income by a U.S. holder with respect to a taxable year 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. A daily portion is determined by allocating to each day in an "accrual period" a ratable 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 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. For purposes of determining OID accruals and the adjusted issue price of the Notes, the amount of stated interest and OID on a Note is determined by assuming that the interest rate is based on the value of the floating rate applicable to the Notes as of the issue date. OID on a Note will be determined for any accrual period in the applicable foreign currency and then translated into U.S. dollars in accordance with either of the two alternative methods described above in the third paragraph under "*—Payments of Stated Interest*." A U.S. holder of such Note will recognize foreign currency exchange gain or loss when an amount attributable to OID is paid (including, upon 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 foreign currency payment received by such holder, 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 in the third paragraph under "*—Payments of Stated Interest*," for a U.S. holder using the accrual method of accounting. This foreign currency exchange gain or loss will be treated in the same manner as described in the third paragraph under *"—Payments of Stated Interest*." For these purposes, all receipts on a Note other than qualified stated interest will be viewed first, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and second, as receipts of principal.

Under the applicable regulations, a U.S. holder of a Note may elect to treat all interest, including stated interest, OID and *de minimis* OID, on such Note and calculate the amount includible in gross income under the constant yield described above. The election is to be made for the taxable year in which such U.S. holder acquired such Note and may not be revoked without consent of the IRS.

The rules governing OID instruments are complex and U.S. holders 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 tax credit

Interest income (including OID) on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by or on behalf of a U.S. holder in respect of payments on the Notes at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations (including holding period and at risk rules). The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. holder's particular circumstances. Alternatively, a U.S. holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes, provided that the U.S. holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. U.S. holders should consult their tax advisors regarding the availability of foreign tax credits or deductions under their particular circumstances.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note.

A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder, increased by any OID previously accrued by such holder with respect to such Note and decreased by any principal payments on such Note (including payments of amounts attributable to OID previously included in income). The cost of a Note purchased with euro generally will be the U.S. dollar value of the foreign currency purchase price translated at the spot rate on the date of purchase. If the applicable Note is treated as traded on an established securities market and the relevant U.S. holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described below, such U.S. holder will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

If a U.S. holder receives euro on a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such euro translated at the spot rate of exchange on the date of such taxable disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such euro by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the purchase or disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder from year to year and cannot be changed without the consent of the IRS. 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, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Such gain or loss generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's euro purchase price for the Note, translated at the spot rate of exchange on the date the U.S. holder disposes of the Note, and the U.S. dollar value of the U.S. holder's euro purchase price for the Note, translated at the spot rate of exchange on the date the U.S. holder purchased such Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and OID, if any, which will be treated as discussed above under "*—Payments of stated interest*" and "*—Original Issue Discount*," as applicable. However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder will recognize any foreign currency exchange gain or loss (including with respect to accrued stated interest and OID) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Any gain or loss recognized upon the sale, exchange, retirement, redemption 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. If any such gain is subject to foreign income tax, a U.S. holder may not be able to credit such tax against its U.S. federal income tax liability, unless such income tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income treated as derived from foreign sources. Alternatively, the U.S. holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes, provided that the U.S. holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

U.S. holders should consult their tax advisors regarding how to account for payments made in a foreign currency with respect to the acquisition, sale, exchange, retirement or other taxable disposition of a Note and the foreign currency received upon a sale, exchange, retirement or other taxable disposition of a Note.

Information reporting and backup withholding

In general, information reporting requirements will apply to payments of stated interest and OID on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a correct taxpayer identification number or a certification that it is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and 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.

Tax return disclosure requirements

Treasury Regulations require the reporting to the IRS of certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

U.S. holders who are individuals and who own "specified foreign financial assets" with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. If a U.S. holder does not file a required IRS Form 8938, such holder may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such holder for the related tax year may not close before the date which is three years after the date on which such report is filed. 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. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. holders should 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.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**") and subject to the proposed regulations discussed below, a "foreign financial institution" may be required to withhold U.S. tax on certain "foreign passthru payments" made after December 31, 2018 to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are published in the Federal Register generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA could apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Under proposed regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the purchase agreement among the Issuer, Bidco and the Initial Purchasers dated as of the date of the final Offering Memorandum (the "**Purchase Agreement**"), the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have severally agreed to purchase from the Issuer, the entire principal amount of the Notes. The Initial Purchasers are BNP Paribas, Mediobanca— Banca di Credito Finanziario S.p.A., Nomura Financial Products Europe GmbH and Intesa Sanpaolo S.p.A. Sales in the United States may be made through affiliates of the Initial Purchasers.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the Initial Purchasers will purchase all of the Notes being sold pursuant to the Purchase Agreement if any of them are purchased. If an Initial Purchaser defaults, the Purchase Agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the Purchase Agreement may be terminated.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover page of this Offering Memorandum. The Initial Purchasers may offer and sell Notes through certain of their affiliates. Intesa Sanpaolo S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A. are not registered with the Securities and Exchange Commission as broker-dealers under Section 15 of the Exchange Act, and such Initial Purchasers will not offer or sell any Notes to U.S. persons other than through registered broker-dealers in compliance with applicable U.S. securities

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 Purchase Agreement also provides that the Issuer will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Issuer will not, for a period of 60 days after the Closing Date, offer, sell, contract to sell or otherwise dispose of, except the Notes and the Guarantees thereof, any debt securities issued or guaranteed by the Issuer or any of its subsidiaries that are substantially similar to the Notes without the prior written consent of the representative under the Purchase Agreement. The Initial Purchasers propose to offer the Notes initially at the issue 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.

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction. In the Purchase Agreement, each Initial Purchaser has agreed that:

- The Notes may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act or in transactions not subject to those registration requirements; and
- During the initial distribution of the Notes, it will offer or sell Notes only to persons they reasonably believe to be QIBs in compliance with Rule 144A and outside the United States in compliance with Regulation S.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer;
- it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom;
- to the extent it is also a "Manufacturer," as defined in MiFID II, it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in

the European Economic Area in compliance with the applicable provisions of MiFID II, the Insurance Distribution Directive or the Prospectus Regulation relating to the offer and sale of securities to retail investors; and

- to the extent it is also a "Manufacturer," as defined in UK MiFIR, it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK in compliance with the applicable provisions of UK MiFIR, FSMA or the UK Prospectus Regulation relating to the offer and sale of securities to retail investors.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available any securities 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) MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. 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 or will be 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.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that 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; (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; or (iii) not a qualified investor as defined in the UK Prospectus Regulation.

This Offering Memorandum has been prepared on the basis that any offer of Notes (i) 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 and (ii) 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. This Offering Memorandum is not a prospectus for the purpose of the Prospectus Regulation or the UK Prospectus Regulation.

No action has been taken in any jurisdiction, including the United States, Italy and the United Kingdom, by us 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 us 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 *"Transfer Restrictions."*

It is expected that delivery of the Notes will be made against payment therefor on or about the Issue Date as specified on the cover page of this Offering Memorandum, which will be the tenth business day following the date of pricing of the Notes (such settlement being herein referred to as "**T+10**"). Under Rule 15(c)6-l under the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next seven succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+10, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Transfer Restrictions*." Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to have the Notes admitted to trading on the Euro MTF Market thereof. However, the Issuer cannot assure you that such listing will be accepted or maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, the Issuer cannot assure you that a liquid trading market will develop for the Notes or that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.*"

You should be aware that the laws and practices of certain countries require investors to pay stamp duty, taxes and other charges in connection with purchases of securities.

In connection with the Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may have the effect of preventing or retarding a decline in the market price of the Notes or cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. Neither we nor any of the Initial Purchasers make any representation that the Stabilizing Manager, or persons acting on its behalf, will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. If the Stabilizing Manager engages in stabilizing or syndicate covering transactions, it may discontinue them at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

The Initial Purchasers or their respective affiliates from time to time have provided in the past, provide currently and may provide in the future, commercial lending and banking, investment banking, hedging, consulting and financial advisory services to the Issuer, the Company and their subsidiaries and affiliates for which they have received, and in the future may receive, customary fees, commissions and expenses. The Initial Purchasers or their respective affiliates also act as mandated lead arrangers and/or lenders under the Bridge Facilities and the Revolving Credit Facility and have received customary fees for their services in such respective capacities. In addition, certain proceeds from the Bridge Facilities were used to repay outstanding amounts due under credit facilities of the Biofarma Group. Certain of the Initial Purchasers or their respective affiliates were lenders under such facilities and received fees in connection therewith. Moreover, the gross proceeds from the Offering will be used by the Issuer to repay the Bridge Facilities granted by the Initial Purchasers or their respective affiliates. See "*Summary—The Transactions—The Financing of the Acquisition and the Refinancing.*" Furthermore, Mediobanca acted as financial advisor to Ardian in the Acquisition.

Depending on market conditions, the Initial Purchasers may decide to initially purchase and hold a portion of the Notes for their own account.

In addition, in the ordinary course of their business activities, the Initial Purchasers and 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/or instruments of the Issuer or Issuer's affiliates (including the Notes). Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Initial Purchaser 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 securities (including potentially the Notes). Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or 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/or short positions in such securities and instruments.

The Initial Purchasers are acting exclusively for the Issuer and no one else in connection with the Offering contemplated in this Offering Memorandum. They will not regard any other person (whether or not a recipient of this Offering Memorandum) as their client in relation to the Offering contemplated by this Offering Memorandum and will not be responsible to anyone for providing the protections afforded to a client nor giving advice in relation to the Offering or any transaction or arrangement referred to herein.

LEGAL MATTERS

The validity of the Notes and certain other legal matters are being passed upon for us by Weil, Gotshal & Manges (London) LLP with respect to matters of U.S. federal, New York State, and English law, by Gattai Minoli & Partners with respect to matters of Italian law and by Gitti and Partners with respect to matters of Italian tax law. Certain legal matters will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP with respect to matters of U.S. federal, New York State, English and Italian law and by Maisto e Associati with respect to matters of Italian tax law.

INDEPENDENT AUDITORS

Our consolidated financial statements for each of the years ended December 31, 2021 and 2020, which were prepared in accordance with Italian GAAP, included in this Offering Memorandum, have been audited by Deloitte & Touche S.p.A., independent auditors, as set forth in its report included in this Offering Memorandum.

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.

SERVICE OF PROCESS AND ENFORCEMENT OF FOREIGN JUDGMENTS

Each of the Issuer and the Guarantors is a joint stock company (*società per azioni*), with the exception of the Company, and following the effectiveness of Post Completion Merger, MergerCo, Nutrilinea and Apharm, each of which is a limited liability company (*società a responsabilità limitata*), in each case incorporated under the laws of Italy. The Indenture, the Notes and the Guarantees will be governed by the laws of the State of New York. The Intercreditor Agreement and the Revolving Credit Facility Agreement will be governed by English law. The Security Documents will be governed by Italian law.

Service of Process

None of the directors or executive officers of the Issuer and the Guarantors are residents or citizens of the United States. Because substantially all of the assets of the Issuer and the Guarantors, and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors or any such other non-U.S. resident person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on such persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal or state securities laws. It may be possible for investors to effect service of process within other jurisdictions (including Italy) upon those persons or the Issuer or the Guarantors provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

If a judgment is obtained in a U.S. court against the Issuer or the Guarantors, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which the Guarantors or the Collateral are located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Enforcement of Judgements in Italy

Recognition and enforcement in Italy of final judgments rendered by U.S. courts, including judgments obtained in actions predicated upon the civil liability provisions of the U.S. federal or state securities laws, may not require retrial and will be enforceable in Italy, provided that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema italiano di diritto internazionale privato*) the following conditions are met:

- the U.S. court which rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction;
- the relevant summons and complaint was appropriately served on the defendants in accordance with U.S. law and during the proceedings the essential rights of the defendant have not been violated;
- the parties to the proceeding appeared before the court in accordance with U.S. law or, in the event of the defendant party's failure to appear before the court, the U.S. court declared such default in accordance with U.S. law;
- the judgment is final and not subject to any further appeal in accordance with U.S. law;
- there is no conflicting final judgment rendered by an Italian court;
- there is no action pending in Italy among the same parties for decision on the same matter which commenced prior to the action in the United States; and
- the provisions of such judgment would not violate Italian public policy (*ordine pubblico*).

In addition, pursuant to Article 67 of Italian Law No. 218 of May 31, 1995, if a judgment rendered by a U.S. court is not complied with, its recognition is challenged or its compulsory enforcement is necessary, then a proceeding shall be initiated before the competent Court of Appeal in the Republic of Italy to that end. The competent Court of Appeal does not consider the merits of the case but exclusively ascertains the fulfillment of all the conditions set out above. In original actions brought before Italian courts, the enforceability of liabilities or remedies based solely on the U.S. federal securities law is debatable. 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 or grant some of the remedies sought (punitive damages) if their application violates any Italian public policies and/or any mandatory provisions of Italian law.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE COLLATERAL AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Guarantees and of the security interests and a summary of certain insolvency law considerations in Italy the jurisdictions where each of the Issuer and Guarantors are organized. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor or a future security provider of the Notes and it does not purport to be complete or to discuss all the limitations or considerations that may affect the validity and enforceability of the Notes or the Guarantees or security interests being provided for the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the security interests in the Collateral. Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer is and the Guarantors are incorporated under the laws of Member States of the European Union (the "**EU**").

The EC Regulation No. 2015/848 on Insolvency Proceedings (the "**Insolvency Regulation**") applies to insolvencies which commence after June 26, 2017 (subject to certain exceptions).

Pursuant to Article 3(1) of the Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU member state (other than Denmark) where the company concerned has its "center of main interests." The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different EU member states may have differing and conflicting views.

The term "center of main interests" is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition. In the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another EU member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in an EU member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other EU member state. In that respect, the factors that courts may take into consideration when determining the center of main interests of a debtor can include where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established and where they recognize as being the centre of the company's operations.

If the center of main interests of a company, at the time an insolvency application is made, is located in an EU member state (other than Denmark), only the courts of that EU member state have jurisdiction to open main insolvency proceedings in respect of that company under the Insolvency Regulation. The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the Insolvency Regulation.

If the center of main interests of a company is in one EU member state (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of another EU member state (other than Denmark) have jurisdiction (subject to certain exceptions) to open secondary and territorial insolvency proceedings against that company only if such company has an "establishment" (within the meaning and as defined in Article 2(10) of the Insolvency Regulation) in the territory of such other EU member state. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Insolvency Regulation. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those insolvency proceedings opened in that other EU member state are restricted to the assets of the company which are situated in such other EU member state.

Pursuant to Article 3(4) of the Insolvency Regulation, where main proceedings in the EU member state in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another EU member state where the company has an establishment and either: (a) insolvency proceedings cannot be opened in the EU member state in which the company's center of main interests is situated under that EU member state's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor whose claim arises from the operation of the establishment or a public authority has the right to request the opening of such proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will always, subject to certain exemptions, be governed by the Lex fori concursus, that is, the local insolvency law of the court that has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all EU member states (other than Denmark) must recognize the judgment of the court opening main proceedings (subject to any public policy exceptions) and give the same effect to the order in the other relevant EU member state so long as no secondary proceedings have been opened there. The insolvency officeholder appointed by a court in a EU member state that has jurisdiction to open main proceedings may exercise the powers conferred on him by the law of that EU member state in another EU member state (such as to remove assets of the company from that other EU member state), subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member state or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets.

The Insolvency Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of our group's members.

In addition, the concept of "*group coordination proceedings*" has been introduced in the Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies in one or more member states of the EU (other than Denmark). Under Article 61 of the 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. Participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

In the event that the Issuer or the Guarantors experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer and the Guarantors.

Italy

Limitation on granting of security interests and on enforcement under Italian law

Under Italian law, the entry into a transaction (including the creation of a security interest or the granting of a guarantee) by a company incorporated under Italian law 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 Italian 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 guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company. 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. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for downstream guarantee or security (*i.e.*, a guarantee guaranteeing or a security interest granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross stream security or guarantee (*i.e.*, security or guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive adequate benefits or advantages from the granting of such guarantee or security. In particular, in case of an up-stream and cross-stream guarantee or security 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 the 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. Generally, the risk assumed by an Italian grantor of security or guarantor under a guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or a guarantee entered into) by an Italian company *ultra vires* and potentially affected by a conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the 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 up-stream, cross-stream and down-stream guarantees or security interests granted by Italian companies.

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 demanded to banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, among others, entail the relevant guarantees being considered null and void. In this respect, Italian Legislative Decree No. 53 of April 2, 2015, implementing Article 106, paragraph 3, of the Italian Banking Act, states that the issuance of guarantees or the granting of 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 the relevant 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.

Financial assistance

In addition, the granting of a security 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 for a company to give financial assistance (whether by means of loans, security, 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 the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation of financial assistance provisions. Any loan, guarantee or security given or granted in breach of these provisions is null and void. 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 an Italian guarantor 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 an Italian guarantor 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 Collateral

In order to comply with the above corporate law requirements on corporate benefit and financial assistance, the maximum amount that any Guarantor incorporated under the laws of Italy (each, an "**Italian Guarantor**") may be required to pay in respect of its obligations as Guarantor under the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement and any other transaction documents related thereto, will be 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 have effectively no obligation under its Guarantee.

In particular, as regards any Italian Guarantor, given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and/or the Intercreditor Agreement:

(i) the Guarantee and security interests granted by the relevant Italian Guarantor shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans advanced from time to time to the relevant Italian 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) on or following the Completion Date, and outstanding at the time of the enforcement of the relevant Guarantee and/or of security granted by such Italian Guarantor, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by such Italian Guarantor; *provided further* that no Italian Guarantor shall be liable as a Guarantor in respect of any amounts in excess of the amount that such Italian Guarantor is entitled to set-off against its claims of recourse or subrogation (*regresso or surrogazione*) arising as a result of any payment made by such Italian Guarantor under the relevant Guarantee;

(ii) the maximum amount guaranteed and/or secured by any Italian Guarantor, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed 120% of the outstanding principal amount of the Notes;

(iii) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by an Italian Guarantor will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed and/or secured by the relevant Italian Guarantor at that time; and

(iv) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (i) maximum interest rates (including the Italian Usury Law and article 1815 of the Italian Civil Code) and (ii) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Legislative Decree No. 385 of 1 September 1993), the obligations of any of the Italian Guarantor under its Guarantee shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Legislative Decree No. 385 of 1 September 1993, respectively.

As a result of the applicable limitations under Italian law with respect to, amongst others, financial assistance and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement, and/or the Intercreditor Agreement, as regards to Bidco and, following the effectiveness of the Post Completion Merger, MergerCo:

(i) the Guarantees and security interests granted by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans (including the Bidco Proceeds Loan) advanced from time to time to Bidco and, following the effectiveness of the Post Completion Merger, MergerCo (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Completion Date, and outstanding at the time of the enforcement of the relevant Guarantee and/or of security granted by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility, and/or the Intercreditor Agreement, and/or received upon the enforcement of any security interests granted by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo; *provided further* that Bidco and, following the effectiveness of the Post Completion Merger, MergerCo shall not be liable as a Guarantor in respect of any amounts in excess of the amount that such Bidco and, following the effectiveness of the Post Completion Merger, MergerCo is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by it under the relevant Guarantee;

(ii) the maximum amount guaranteed and/or secured by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed 120% of the outstanding principal amount of the Notes;

(iii) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed and/or secured by Bidco and, following the effectiveness of the Post Completion Merger, MergerCo at that time; and

(iv) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (i) maximum interest rates (including the Italian Usury Law and article 1815 of the Italian Civil Code) and (ii) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Legislative Decree No. 385 of 1 September 1993), the obligations of Bidco and, following the effectiveness of the Post Completion Merger, MergerCo, under its Guarantee shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Legislative Decree No. 385 of 1 September 1993, respectively.

In case the Post Completion Merger does not occur within the Cut-Off Date as regards to the Company and the other Post-Closing Guarantors, given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and/or the Intercreditor Agreement:

(ix) the Guarantee and security interests to be granted by the Company and the other Post-Closing Guarantors (other than Apharm) will only guarantee and secure the Issuer's obligations under Tranche B and Tranche C of the Notes and shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans (including the Biofarma Proceeds Loan with respect to the Company and the relevant Subsdiary Proceeds Loan with respect to each of the Post-Closing Guarantors) advanced from time to time to the Company and the other Post-Closing Guarantors (other than Apharm) (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code)by the Issuer (whether directly or indirectly) on or following the Completion Date, and outstanding at the time of the enforcement of the relevant Guarantee and/or of security granted by the Company and the other Post-Closing Guarantors (other than Apharm), in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/ or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by the Company and the other Post-Closing Guarantors (other than Apharm); provided that each of the Company and the other Post-Closing Guarantors (other than Apharm) shall not be liable as a Guarantor in respect of any amounts in excess of the amount that it is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by each of the Company and the other Post-Closing Guarantors (other than Apharm) under the relevant Guarantee (as applicable);

(x) the Guarantee and security interests to be granted by Apharm will only guarantee and secure the Issuer's obligations under Tranche B of the Notes and shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans (including the Apharm Proceeds Loan) advanced from time to time to Apharm (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Completion Date, and outstanding at the time of the enforcement of the relevant Guarantee and/or of security granted by Apharm, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/ or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by Apharm; provided that Apharm shall not be liable as a Guarantor in respect of any amounts in excess of the amount that it is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by Apharm under the Guarantee (as applicable);

(xi) the maximum amount guaranteed and/or secured by the Company and the other Post-Closing Guarantors (other than Apharm), also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed the lower of (a) 120% of the outstanding principal amount of the Notes, and (b) the aggregate amount of the original principal amount of Tranche B and Tranche C under the Notes, reduced, in each case and from time to time, by an amount equal to any repayment, prepayment or redemption of the principal amount of the Notes multiplied by the ratio of (A) the aggregate amount of the aggregate original principal amount of Tranche B and Tranche C under the Notes to (B) the original principal amount of the Notes;

(xii) the maximum amount guaranteed and/or secured by Apharm, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed the lower of (a) 120% of the outstanding principal amount of the Notes, and (b) the aggregate amount of the original principal amount of Tranche B under the Notes, reduced, in each case and from time to time, by an amount equal to any repayment, prepayment or redemption of the principal amount of the Notes multiplied by the ratio of (A) the aggregate amount of the original principal amount of Tranche B under the Notes to (B) the original principal amount of the Notes;

(xiii) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by each of the Company and the other Post-Closing Guarantors, as applicable, will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed and/or secured by the Company and the other Post-Closing Guarantors, at that time;

(xiv) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (a) maximum interest rates (including the Italian Usury Law and article 1815 of the Italian Civil Code) and (b) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Legislative Decree No. 385 of 1 September 1993), the obligations of each of the Company and the other Post-Closing Guarantors under its Guarantee shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Legislative Decree No. 385 of 1 September 1993, respectively;

(xv) any guarantee, indemnity, obligation and liability granted or assumed pursuant to the relevant Guarantee and/or security interest by the Company and the other Post-Closing Guarantors (other than Apharm), as applicable, does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations other than the amounts and/or payment obligations under Tranche B and Tranche C under the Notes, and

(xvi) any guarantee, indemnity, obligation and liability granted or assumed pursuant to the relevant Guarantee and/or security interest by Apharm, does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations other than the amounts and/or payment obligations under Tranche B under the Notes.

The abovementioned "virtual tranching" structure in respect of the Notes, which is aimed at identifying the relevant portion of the Notes' proceeds that do not constitute "acquisition debt" in respect of the Company and the other Post-Closing Guarantors and, therefore, does not fall within the prohibition under Italian financial assistance rules (namely, Article 2358 or 2474, as applicable, of the Italian Civil Code), is untested in Italian courts and it cannot be excluded that it might be deemed not sufficient to clearly distinguish and separate the non-acquisition portion of the Notes' proceeds from any portion of the Notes' proceeds to be utilized to support the acquisition or subscription by BidCo of the share capital of the Company. Should the Guarantee and/or the security interests granted by the Company and the other Post-Closing Guarantors, as applicable, be deemed by a court or public authority to be contrary to any provisions regulating financial assistance, including Articles 2358 and 2474, as applicable, of the Italian Civil Code, such Guarantee and/or security interests could be declared null and void and the Notes documents will provide that, if and to the extent such Guarantee and/or security interest would result in a breach of any provisions regulating financial assistance, including Articles 2358 and 2474, as applicable, of the Italian Civil Code, applicable to the Company or the other Post-Closing Guarantors, each of the Company and the other Post-Closing Guarantors, as applicable, will be deemed to have no liability thereunder and the respective Guarantee and/or security interest shall not be in force and effect.

In addition, the obligations of any Italian Guarantor and/or Italian security provider that becomes a Guarantor and/or a security provider will be subject to the Agreed Security Principles and will be subject to the additional limitations set forth in the relevant supplemental indenture to the Indenture and/or in the applicable security documents, in order for the applicable Italian Guarantor and/or Italian security provider to comply with the above corporate law requirements on, among others, corporate benefit and financial assistance.

In any case, the maximum amount that an Italian Guarantor and/or Italian security provider may be required to pay in respect of its obligations as Guarantor under the Indenture and/or security grantor under the relevant security documents upon enforcement of the security interests granted by such Italian Guarantor will ratably concur and not cumulate with the corresponding amounts due by such Italian Guarantor and/or Italian security provider to any guaranteed and/or secured creditor pursuant to the Revolving Credit Facility Agreement, and/or the Intercreditor Agreement (including any guaranteed and/or secured creditors with respect to any further *pari passu* indebtedness contemplated under the Intercreditor Agreement) and/or any security documents, and vice versa. For the avoidance of doubt, by virtue of the abovementioned limitations applicable to the guarantees and the security interests granted by an Italian Guarantor, the obligations of each Italian Guarantor as guarantor and/or security provider under the Notes, the Indenture, the Revolving Credit Facility Agreement, and/or the Intercreditor Agreement and any agreement regulating future *pari passu* indebtedness contemplated under the Intercreditor Agreement, the security documents relating to the Collateral and any other transaction documents related thereto shall not be deemed to be cumulative and shall be considered without duplication, and the transaction documents will provide that the aggregate amount of the proceeds deriving from any enforcement of any such guarantee and/or security obligations of the relevant Italian Guarantor shall not exceed on an aggregate basis the limit of the relevant Italian Guarantor's credit support as described above.

The proceeds of the enforcement of said guarantees and/or security interests will be distributed amongst the guaranteed and/or secured creditors (including, without, limitation, the holders of the Notes) in accordance with the provisions of the Intercreditor Agreement. Accordingly, the holders of the Notes will be able to recover limited amounts under the relevant Guarantees and security.

Trust

The Collateral will be created and perfected in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. 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 the holders of the notes or in favor of a representative (*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 the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct parties to the Indenture, there is the risk that the appointment 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 is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of paragraph 3 of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are new and, as such, untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, it cannot be excluded that an Italian Court may take a different view and interpretation and determine that, where the Collateral is granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Moreover, 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 the 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 trustee under security interests granted over Italian assets is uncertain under Italian law.

Certain considerations in relation to guarantees and security interests

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 in Italy as a *società a responsabilità limitata*, 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**"). According to Article 2467, paragraph 1 of the Italian Civil Code, 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. With the entering into force of the Insolvency Code (as defined below), which as of the date of this Offering Memorandum is scheduled for July 15, 2022, this provision will no longer be applicable.

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 of this Offering Memorandum, there are several court precedents interpreting the provisions summarized above. Some of such precedents have 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 that are a *società per azioni*.

Therefore, upon the occurrence of the requirements 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 the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interests granted by such Italian subsidiaries 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. The applicability of these extraordinary provisions has not been extended further and, therefore, these do not apply to any quotaholders and/or shareholders loan granted after December 31, 2020.

Certain limitations on 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 entity 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 debtor 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 law considerations*" below. 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 security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related 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 aspects:

- the enforcement of obligations may be limited by the insolvency proceedings listed below 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 e decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;
- pursuant to Article 1241 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 of the same kind 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 application of Italian overriding mandatory provisions (*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 in order 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' committee and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (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;
- the preemption rights (*prelazione*) granted by a pledge 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;
- in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor 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;
- 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;
- any obligation of an Italian company and/or any obligation secured or guaranteed by an Italian company, which is in violation of certain Italian mandatory or public policy rules (including, among others, any obligation to pay: (i) any portion of interest exceeding the thresholds of the interest rate permitted under the Italian Law No. 108 of March 7, 1998, as amended (the "**Italian Usury Law**"); and (ii) any portion of interest deriving from any compounding of interest which does not comply with Italian law, including Article 1283 of the Italian Civil Code, according to which, accrued and unpaid interest can be capitalized only after legal proceedings to recover the debt were started or in the event the interest were unpaid and capitalized for not less than six months based on an agreement executed after the relevant maturity date and Article 120 of the Italian Banking Act) may not be enforceable;
- if a party to an agreement is aware of the invalidity of that agreement and does not inform the other parties to that agreement of such invalidity, it is liable for the damages suffered by such other parties as a consequence of having relied upon the validity of the agreement;
- Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;
- a security interest does not prevent creditors of the relevant debtor other than such security interest from continuing enforcement or enforcement proceedings on the assets secured by the relevant security interest;
- the enforceability of an undertaking to assign future receivables is subject to interpretation of an Italian court. In addition, such an undertaking may not be recognized as enforceable vis-à-vis third parties; and

- 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/ shares.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a given debtor 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, in order to seek a claw-back 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; and
- that, in the case of non-gratuitous acts, 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.

Certain Italian insolvency law considerations

The insolvency laws 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.

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 it provides a comprehensive description of insolvency laws application where public companies are involved.

Italian insolvency laws and regulations have recently been substantially reviewed and significant amendments are expected in the near future. In particular, the Italian government approved on January 12, 2019 the Italian Legislative Decree No. 14 of January 12, 2019 implementing the guidelines contained in Law No. 155 dated October 19, 2017 containing the scheme of a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (the "**Legislative Decree**"), which enacts a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (so called "*Code of Business Crisis and Insolvency*," hereinafter the "**Insolvency Code**," aiming at superseding Royal Decree No. 267 of March 16, 1942, as subsequently amended and supplemented and currently in force (the "**Italian Bankruptcy Law**")). The Italian Legislative Decree was published in the Gazzetta Ufficiale on February 14, 2019 no. 38-Suppl. Ordinario no. 6. 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 judicial insolvency proceedings provided for by the same Insolvency Code; (iv) the adoption of definition of debtor's "center of main interest" as provided in the 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 preventive alert and mediation phase to avoid insolvency; (vii) the introduction of the new restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*) as well as of the new pre-bankrupcty restructuring frameworks (*quadri di ristrutturazione preventiva*); (viii) the precise identification of the early warning and alert measures aimed at detecting the likelihood of insolvency or of an impending business crisis; (xi) the jurisdiction of specialized courts over proceedings involving large debtors; and (x) amendments to certain provisions of the Italian Civil Code aimed at ensuring the general effectiveness of the reform.

The Insolvency Code has been amended and supplemented by (i) Italian Legislative Decree No. 147 of October 26, 2020 and (ii) by the Italian Draft Legislative Decree on "*Amendments to the Business Crisis and Insolvency Code, implementing Directive (EU) 2019/1023*" approved on 17 March 2022 by the Italian Council of Ministers (*Consiglio dei Ministri*).

Except for minor changes in some provisions of the Italian Civil Code, which entered into force on March 16, 2019, in response to the COVID-19 pandemic, such entry into force of the Insolvency Code was postponed at first to September 1, 2021, according to Article 5 of the Law Decree No. 23 of April 8, 2020 ("**Liquidity Decree**"), converted into law on June 5, 2020 no. 40, and is now scheduled for July 15, 2022. Until that date, insolvency proceedings will continue to be governed by Italian Royal Decree No. 267 of March 16, 1942 (the "**Italian Bankruptcy Law**"), as in force before. Therefore, the practical consequences of its implementation and its potential impact on the existing insolvency proceedings cannot to date be foreseen and significant amendments are expected in the near future that may impact the provisions set forth therein.

Considering the above, the following is a brief description of certain aspects of insolvency law in Italy as it stands now.

In addition to the above (including the additional postponement of the entry into force of the Insolvency Code), Italian Law Decree No. 118 dated August 24, 2021, published in the Gazzetta Ufficiale No. 202 of August 24, 2021, as converted into law pursuant to L. n. 147 of October 21, 2021, published in Gazzetta Ufficiale No. 253 of October 23, 2021 setting out, *inter alia*, "urgent measures concerning company crisis and business reorganization, recoveries, as well as further urgent measures on justice" (the "**Law Decree 118/2021**") introduced new tools in order to encourage companies to identify viable alternatives for restructuring or business reorganizations. More precisely, the main innovations of the Law Decree 118/2021 are the following:

(i) introduction of a new a negotiated crisis composition proceeding (*composizione negoziata per la soluzione della crisi d'impresa*);

(ii) introduction of a simplified court-supervised pre-bankruptcy composition with creditors for the sale of assets (*concordato semplificato per la liquidazione del patrimonio*); and

(iii) amendments to the Italian Bankruptcy Law, which anticipate certain provisions of the Insolvency Code.

The postponement of the entry into force of the Insolvency Code, and the amendments to the Italian Bankruptcy Law, are effective as of August 25, 2021 (*i.e.*, the day following the publication of the Law Decree 118/2021 in the *Gazzetta Ufficiale*), while the *composizione negoziata per la soluzione della crisi d'impresa* and the *concordato semplificato per la liquidazione del patrimonio* are effective as of November 15, 2021. Accordingly, the practical consequences of the implementation of such reforms cannot to date be foreseen in their entirety. Apart from the Law Decree 118/2021 and the Insolvency Code, the most recent reforms that have been implemented by the Italian government on the main Italian bankruptcy legislation as defined below are: (i) the reform approved on June 23, 2015, through a Law Decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the "**Decree 83/2015**"). The Decree 83/2015 entered into force in June 2015 and has been converted into law by Italian Law No. 132 of August 6, 2015, effective August 21, 2015 (the date of its publication in the Gazzetta Ufficiale) (the "**Law 132/2015**") and (ii) the amendments implemented by means of the adoption of (a) the Law Decree No. 59 of May 3, 2016, converted into law by Italian Law No. 119 of June 30, 2016, and (b) Italian Law No. 232 of December 11, 2016.

The two primary aims of the Italian Bankruptcy Law are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claim as well as, in case of the "*Prodi-bis*" procedure or "*Marzano*" procedure, 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. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy (*fallimento*) must be declared by a court, based on the insolvency (*insolvenza*) of a debtor upon a petition filed by the debtor itself, the public prosecutor and/or one or more creditors. Insolvency, as defined under Article 5 of the Italian Bankruptcy Law, occurs when a debtor 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 a debtor is insolvent.

In cases where a debtor is facing financial difficulties or temporary cash shortfall and, in general, 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 debtor, 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 bankruptcy alternatives are available under Italian law for companies in a state of crisis and for insolvent debtors and, in certain cases, also to debtors experiencing an economic or financial imbalance such as to make it likely that distress or insolvency will occur.

The amendments to the Italian Bankruptcy law introduced by the Law Decree 118/2021, which anticipate certain provisions of the Insolvency Code, will be examined in the following sections.

Restructuring outside of a judicial process (accordi stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor 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 bankruptcy. 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.

Composizione negoziata per la soluzione della crisi d'impresa (introduced by Law Decree 118/2021)

The *composizione negoziata per la soluzione della crisi d'impresa* is an out-of-court proceeding, but the court can be involved in the two following circumstances: (i) when the entrepreneur files a petition pursuant to Article 7 of the Law Decree 118/2021 requesting the competent court, pursuant to art. 9 of the Italian Bankruptcy Law, to confirm or modify the protective measures provided for pursuant to Article 6 of the Law Decree 118/2021 (the "**Protective Measures**") on the same day as the publication of the request in the relevant Companies' Register (*Registro delle Imprese*) and the acceptance of the Expert (as defined below), and, if necessary, to enact the interim measures necessary to complete the negotiations (the "**Interim Measures**"), and (ii) when the entrepreneur files a petition pursuant to Article 10 of the Law Decree 118/2021 asking the court to authorize certain acts, or to modify the conditions of certain contracts if, as a consequence of the COVID-19 pandemic, such contracts pose an excessive burden on the entrepreneur.

The *composizione negoziata per la soluzione della crisi d'impresa* is a proceeding aimed at facilitating the recovery of companies which—as specified in the explanatory report to the Law Decree 118/2021- "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."

The *composizione negoziata per la soluzione della crisi d'impresa* 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, regardless the general thresholds for the application of Italian Bankruptcy Law being met or not. Pursuant to Article 5 of the Law Decree 118/2021, *inter alia*, the entrepreneur or the enterprise filing for a *composizione negoziata per la soluzione della crisi d'impresa* (i) shall certify that no requests for the admission to a *concordato preventivo* procedure, including simplified petition for a *concordato preventivo* (a so-called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law), nor *accordi di ristrutturazione dei debiti* pursuant to Article 182-*bis* of the Italian Bankruptcy Law have been previously filed and (ii) in the event that the application for a *composizione negoziata per la soluzione della crisi d'impresa* is dismissed, may not submit a new request before one year has elapsed after dismissal.

Pursuant to Article 13 of the Law Decree 118/2021, the *composizione negoziata per la soluzione della crisi d'impresa* may also apply to group of companies, which may commence one proceeding all together. It should be noted that paragraph 10 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 11 of the Law Decree 118/2021 (as set out below) as a group, or separately use one of the tools referred to therein. The *composizione negoziata per la soluzione della crisi d'impresa* is commenced on a voluntary basis only filing of a petition for the appointment of a third party and independent expert to the Secretary General of the relevant Chamber of Commerce by way of a dedicated electronic platform (the "**Expert**"). Pending a procedure for over-indebtedness restructuring agreement or liquidation of assets referred to in Articles 7 and 14-ter of Law No 3 of 27 January 2012 (*i.e.*, *procedimenti di* *composizione della crisi da sovraindebitamento e di liquidazione del patrimonio*), the petition cannot be filed. Pursuant to Article 4 of the Law Decree 118/2021 the person who acted as Expert in the context of such proceeding, shall not have or maintain professional relations with the entrepreneur during the two years following the termination of the negotiated proceeding.

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 concrete 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 *composizione negoziata per la soluzione della crisi d'impresa* does not, by itself, constitute ground for withdrawal of overdraft facilities. 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 notifies 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 5, paragraph 7 of the Law Decree 118/2021) 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 7 and/or Article 10 of the Law Decree 118/2021.

Pursuant to Article 5, paragraph 8 of the Law Decree 118/2021, 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 6 of the Law Decree 118/2021, together with the petition for appointment of the Expert, or with a subsequent petition, the entrepreneur can request the application of Protective Measures. 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 are stayed. However, as opposed to what happens in the *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 appointment of the Expert, the entrepreneur cannot be declared bankrupt nor insolvent by the court.

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.

If the entrepreneur applies for the Protective Measures (which, as said, are immediately effective), he 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 discretionary order the revocation of such Protective Measures or shorten their duration.

During the procedure the entrepreneur remains able to continue the ordinary and extraordinary management of the company, subject to certain conditions. More precisely, pursuant to Article 9 of the Law Decree 118/2021, 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 7, paragraph 6 of the Law Decree 118/2021.

Pursuant to Article 10 of the Law Decree 118/2021, 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:

(a) the entrepreneur or one or more companies belonging to the same group to incur new super-senior indebtedness (*prededucibile*) pursuant to Article 111 of the Italian Bankruptcy Law;

(b) the entrepreneur to incur new super-senior indebtedness (so-called *prededucibile*) via shareholders' financing pursuant to Article 111 of the Italian Bankruptcy Law;

(c) 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.

Pursuant to Article 11 of the Law Decree 118/2021, the co*mposizione negoziata per la soluzione della crisi d'impresa* can terminate as follow:

(a) execution of an agreement between the entrepreneur and one or more creditors, which constitutes cause for application of the reward measures provided under Article 14 of the Law Decree 118/2021 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;

(b) execution of a standstill agreement (*convenzione di moratoria*) pursuant to Article 182-*octies* of the Italian Bankruptcy Law;

(c) execution of an agreement signed by the entrepreneur, by the creditors and by the Expert, with the effects provided under Article 67, paragraph 3, letter d) of the Italian Bankruptcy Law without the need for an independent expert's report (*attestazione*) provided thereby.

At the end of the negotiations, the entrepreneur can also file a petition requesting the sanctioning of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*) pursuant to Article 182-*bis*, Article 182-*septies* or Article 182-*novies* of the Italian Bankruptcy Law. The percentage referred to under Article 182-*septies*, para. 2, of the Italian Bankruptcy Law is reduced to 60% if the achievement of the agreement results from the report of the Expert.

Alternatively, the entrepreneur may:

(a) arrange an out-of-court reorganization plan (*piano attestato di risanamento*) pursuant to Article 67, paragraph 3, letter d) of the Italian Bankruptcy Law;

(b) file a petition for admission to the *concordato semplificato per la liquidazione del patrimonio* pursuant to Article 18 of the Law Decree 118/2021, which pursuant to Article 11 of the Law Decree 118/2021 can be filed only following the end of the negotiations;

(c) enter into one of the insolvency proceedings provided under the Italian Bankruptcy Law or in the so-called *Prodi-bis* procedure or *Marzano* procedure.

Pursuant to Article 12 of the Law Decree 118/2021:

(i) the acts authorized by the court pursuant to Article 10 of the Law Decree 118/2021 maintain their effects in the event of subsequent sanctioned debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti omologato*), sanctioned court-supervised pre-bankruptcy composition with creditors (*concordato preventivo omologato*), bankruptcy (*fallimento*), compulsory administrative winding-up (*liquidazione coatta amministrativa*), extraordinary administration for large insolvent companies (*amministrazione straordinaria*) or *concordato semplificato per la liquidazione del patrimonio*;

(ii) 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 67, paragraph 2, of the Italian Bankruptcy Law 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;

(iii) 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 66 and Article 67 of the Italian Bankruptcy Law if the Expert has registered his/her dissent in the companies' register or if the court has denied its authorization pursuant to Article 10 of the Law Decree 118/2021;

(iv) 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 10 of the Law Decree 118/2021, benefit of exemptions from the potential application of certain criminal sanctions.

Potential outcomes: concordato semplificato per la liquidazione del patrimonio (introduced by Law Decree 118/2021)

Article 18 of the Law Decree 118/2021 introduces a simplified court-supervised pre-bankruptcy composition with creditors with liquidation purpose (*concordato semplificato per la liquidazione del patrimonio*).

If, in its Final Report, in the context of a *composizione negoziata per la soluzione della crisi d'impresa* proceeding, the Expert states that the negotiations did not have a positive outcome but have been conducted according to fairness and good faith, that the options provided under Article 11, paragraphs 1 and 2, of the Law Decree 118/2021 are not feasible and the entrepreneur has not been able to reach an agreement with its creditors, within 60 days following the notification of the Final Report the entrepreneur may file to the competent court where the entrepreneur has its registered office a petition for admission to the *concordato semplificato per la liquidazione del patrimonio*, together with a liquidation plan and the documents listed under Article 161, paragraph 2, letters a), b), c) and d) of the Italian Bankruptcy Law. The petition for *concordato semplificato per la liquidazione del patrimonio* 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 111, 167, 168 and 169 of the Italian Bankruptcy Law 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 debtor to the creditors appearing on the list filed by the debtor itself; and (iii) sets the date of the hearing for the court approval (*omologazione*). Creditors and any third party which has any interests are entitled to object to the court approval (*omologazione*) within ten days before the date fixed for the hearing.

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.

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 bankruptcy 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 approval (*omologazione*) the *concordato semplificato per la liquidazione del patrimonio* 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 insolvent liquidation of the entrepreneur, and in any case ensures that each creditor receives a certain recovery.

The parties may file an objection (*opposizione*) to the above-mentioned decree within 30 days after having been notified of the same.

Out-of-court reorganization plans (piani di risanamento) pursuant to Article 67, paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by debtors in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed directly by the debtor 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 expert. The 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.

Out-of-court debt restructuring arrangements 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. Out-of-court debt restructuring arrangements are not required to be approved and consented to by a specific majority of all outstanding claims.

The terms and conditions of these plans are freely negotiable, provided they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. However, the possibility to adopt such tools to liquidate the debtor is disputed, as it is argued they shall provide for the restructuring of the debtor's indebtedness and the rebalancing its financial condition on a going concern basis. Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail, and the debtor be declared bankrupt, the payments and/or acts carried out, and/or security interest granted for the implementation of the reorganization plan, subject to certain conditions (a) are not subject to claw-back action; 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 is possible upon a debtor'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-bankruptcy 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 bankruptcy, if the competent court were to assess that the reorganization plan was not feasible at the time it was certified by the independent expert.

In order to grant protection against claw-back actions and potential civil and criminal responsibilities, out-of-court debt restructuring plans pursuant to Article 67, paragraph 3, lett. d) of the Italian Bankruptcy Law must be supported by adequate documentation representing the financial and commercial situation of the company. Moreover, they must be suitable for the purpose of assuring the restructuring of the indebtedness of the debtor and the rebalancing of its financial position and, in case of its failure and subsequent challenge before an Italian court, it must not be deemed as unreasonable

Debt restructuring agreements with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (accordi di ristrutturazione dei debiti)

Debt restructuring agreements with creditors (*accordi di ristrutturazione dei debiti*) may be entered into by the debtor with creditors holding at least 60% of the outstanding indebtedness, to be sanctioned (*omologato*) by the competent court. An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare and that the agreement is feasible and, particularly, that it ensures 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 sanctioning (*omologazione*) of the 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 sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (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 sanctioning (*omologazione*) of the debt restructuring agreement by the court. Pursuant to Article 182-*bis* of the Italian Bankruptcy Law, only a debtor who is insolvent or in a situation of "financial distress" (*i.e.*, facing financial crisis which does not yet amount to insolvency) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and becomes effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any conservative or enforcement actions against the assets of the debtor in relation to pre-existing receivables and cannot obtain any security interest (unless agreed) in relation to pre-existing debts. 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 validate the agreement by issuing a decree, which can be appealed within 15 days of its publication.

The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, *inter alia*, either for the debtor 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. The new Article 182-*bis*, paragraph 8 of the Italian Bankruptcy Law, as amended by Italian Law No. 69 of May 21, 2021, and subsequently replaced by the Law Decree 118/2021, 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 report shall also be renewed in the event of substantial amendment. In the event of substantial amendments after the approval, the debtor shall make such amendments as are appropriate to ensure the implementation of the agreements, by requesting the update of the certified report issued by the expert having the requirements set forth in Article 67, paragraph 3, letter (d) of the Italian Bankruptcy Law. 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 above-mentioned decree within 30 days after having been notified of the same.

The Decree 83/2015, as amended by Law 132/2015 modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning (*omologazione*) of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

The Law Decree 118/2021 significantly amended Article 182-*septies* of the Italian Bankruptcy Law and introduced in the Italian Bankruptcy Law the new Article 182-*octies*, Article 182-*novies* and Article 182-*decies*, thus anticipating some of the provisions of the Insolvency Code.

The key features of a debt restructuring agreement

A by-law 60-days moratorium (automatic stay) applies starting from the date of publication of the debt restructuring agreement. During the standstill period creditors cannot initiate or continue any interim proceedings or enforcement over the assets of the debtor. Creditors cannot obtain any security interest (unless it is agreed in the debt restructuring agreement) in relation to pre-existing debts. The 60-day moratorium can also be requested, pursuant to Article 182-*bis*, paragraph 6 of the Italian Bankruptcy Law, to the court by the debtor pending negotiations with creditors (*i.e.*, prior to the above-mentioned publication of the agreement), subject to certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. From the date of publication of the petition of moratorium, it is prohibited to commence or continue the enforcement and the conservative actions, as well as the acquisition of pre-emption rights (*diritti di prelazione*), unless agreed upon by the parties. No dispossession of debtor occurs in respect of a debt restructuring agreement. It is a court-supervised procedure, which can take from a few months up to more than a year (the duration of the proceedings are 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 not adhering creditors, who shall be fully re-paid within 120 days from validation of the debt restructuring agreement (if the claims are already due and payable at such date) or within 120 days from the respective maturity date.

The court, having verified the completeness of the documentation filed by the debtor, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. Pending such deadline, creditors and other interested parties may file an opposition to the agreement. At such hearing, the court decides upon any opposition and assesses whether the conditions for anticipating the moratorium are in place 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.

The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

Pursuant to the Article 182-*septies* of the Italian Bankruptcy Law, as amended by Law Decree 118/2021, debtors are entitled to enter into debt restructuring agreement 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 status and economic interests), and can request the court to declare that agreement binding on the non-adhering financial creditors belonging to the same category (so called "cram down").

More in detail, debt restructuring agreements with extended effects—which were previously only permitted in relation to debts owed to banks and financial intermediaries where such debts represented at least 50% of the total indebtedness—can now be applied to any category of creditors, provided that, *inter alia*: (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 debtor's assets, economic and financial situation as well as on the restructuring agreement and its effects; (ii) the agreement provides for the continuation of the business activity either directly or indirectly; (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 in other available alternatives being understood that a creditor may hold claims in more than one category; and (v) the debtor has notified the agreement, the application for court approval and the documents attached thereto to the creditors to be crammed down.

Pursuant to Article 11 of the Law Decree 118/2021, 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 *composizione negoziata per la soluzione della crisi d'impresa*.

Moreover, pursuant to the new Article 182-*septies*, Paragraph 5, of the Italian Bankruptcy Law, a special provision is set forth for debtors 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 182-*octies* of the Italian Bankruptcy Law, a standstill agreement (*convenzione di moratoria*) entered into between a debtor 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 67, paragraph 3(d) of the Italian Bankruptcy Law 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 non-adhering creditors suffer a prejudice that is proportionate and consistent with the recovery strategies undertaken by the debtor, and (B) certain further conditions are met (*e.g.*, 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 debtor'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.

The provisions regulating this tool will be applicable only to the proceeding for standstill agreements started after August 25, 2021.

In no case debt restructuring agreements provided for under article 182-*septies* of the Italian Bankruptcy Law and standstill agreements provided under Article 182-*octies* of the Italian Bankruptcy Law 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.

The Law Decree 118/2021 has also introduced Article 182-*novies* of the Italian Bankruptcy Law, which provides for the so called "facilitated debt restructuring agreement." It is a particular kind of debt restructuring agreement which may be entered into with creditors representing as little as 30% of the total indebtedness (instead of the 60% generally required under Article 182-*bis*, para. 1, of the Italian Bankruptcy Law) provided that the debtor: (i) has waived the standstill on the payment 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 filed a preliminary petition for composition with creditors (the so-called composition with creditors "*in bianco*") pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law or an application for the granting of a standstill period pursuant to Article 182-*bis*, paragraph 6, of the Italian Bankruptcy Law. Pursuant to the new Article 182-*decies* of the Italian Bankruptcy Law, introduced by the Law Decree 118/2021, Article 1239 of the Italian Civil Code applies to the creditors that have adhered to the debt restructuring agreements. Non-participating creditors maintain their claims towards (i) those who are jointly and severally liable with the debtor, (ii) the debtor'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.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, any financing granted to the debtor pursuant to a debt restructuring agreement (or a court-supervised pre-bankruptcy composition with creditors) sanctioned by the competent court enjoy super senior priority status (prededucibilità) in case of subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80 percent of such financing, unless the lender has become a shareholder of the debtor as implementation of the debt restructuring agreement or of the supervised pre-bankruptcy composition with creditors, as in such case the priority status is afforded to 100% of the financing) accordingly with the provisions set forth in Article 111 of Italian Bankruptcy Law. Financing (together with the related claims) granted, in any form, in view of (*i.e.*, before) presentation of a petition for the sanctioning (*omologazione*) of a debt restructuring agreement or a court-supervised pre-bankruptcy composition with creditors (*i.e.*, *concordato preventivo*) (*finanza ponte*) described below or granted in execution of the composition with creditors (*finanza in esecuzione*), may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority status is expressly provided for by the court at the time of approval of the plan or sanctioning (*omologazione*) of the debt restructuring agreement or the approval of the *concordato preventivo*. The same provisions apply to financings granted by shareholders up to 80% of their amount (unless the lender has become a shareholder of the debtor as implementation of the debt restructuring agreement under Article 182-bis of the Italian Bankruptcy Law or of the Supervised Pre-Bankruptcy Composition with Creditors, as in such case the priority status is afforded to 100% of the financing).

Moreover, pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy Law, the Court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, paragraph 1, of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law (in relation to the court supervised pre-bankruptcy composition with creditors procedure described below) may authorize the debtor, if so expressly requested: (i) to incur in new super senior indebtedness and to secure such indebtedness, subject to the court's authorisation with in rem security (*garanzie reali*), or by assigning claims, provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares that the new financing aims at providing a better satisfaction of the rights of the creditors, and (ii) to pay pre-existing debts deriving from the supply of services or goods, to the extent already payable and due, provided that the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. In addition, according to the provisions of the Decree 83/2015, as amended by Law 132/2015, the aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-*quinques* of the Italian Bankruptcy Law applies to both debt restructuring agreement and to the court-supervised pre-bankruptcy compositions with creditors (*concordato 352reventive*) outlined below.

Pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law (as amended by way of Decree 118/2021), in the event of a composition with creditors on a going concern basis initiated following a petition filed after the entry into force of the Decree (*i.e.*, on August 25, 2021):

(a) the debtor may repay, in accordance with the relevant contractual terms, the installments 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 application for admission to the composition with creditors, the debtor has fulfilled its obligations or the court authorises the payment of the debt for principal and interest due at that date; and (b) the expert meeting the requirements set forth in Article 67, paragraph 3, letter (d) of the Italian Bankruptcy Law 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 182-quinquies, paragraph 5, of the Italian Bankruptcy Law) 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 installments due does not prejudice the rights of the other creditors;

(b) the court may authorize payment of the remuneration due, for the months preceding the filing of the application for the composition with creditors, to the workers employed in the business whose continuation is envisaged under the plan.

Furthermore, according to the Article 1 of the Decree 83/2015, as amended by Law 132/2015, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super senior (so called *prededucibile*) indebtedness and in new and urgent indebtedness, aimed at supporting urgent financial needs related to the company's business (*finanza d'urgenza*). The company, while filing such request of authorization, is required to specify (i) the purpose of the financing; (ii) that it is unable to otherwise obtain the required funds and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company. Such authorization request can also be filed in relation to the maintaining short-term facilities (*linee di credito autoliquidanti*) already in place as of the filing date.

The provision of Article 182-*quinques* of the Italian Bankruptcy Law applies to both debt restructuring agreement and to the court supervised pre-bankruptcy composition with creditors (*concordato preventivo*) outlined below.

Court supervised pre-bankruptcy composition with creditors (concordato preventivo)

A company which is insolvent or in a situation of crisis (*i.e.*, financial distress which does not yet amount to insolvency) and that has not been declared insolvent by the court has the option 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 bankruptcy proceedings (so called "*concordato preventivo*"). Such composition proposal can be made by a commercial enterprise which exceeds any 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 debtor company can initially file a petition with the court for a *concordato preventivo* with the court based in the location of the debtor's main office. The debtor 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 and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the company's 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*, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of the *concordato preventivo* by the court) are stayed. During this time, all enforcement, precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed. 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.

The composition proposal filed in connection with the petition 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 composition with creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186-*bis* of the Italian Bankruptcy Law, 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 debtor company making the composition proposal; (iii) the division of creditors into classes, 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. The Decree 118/2021, by amending Article 186-*bis* of the Italian Bankruptcy Law, has provided that, in the context of a composition with creditors on a going concern basis, the plan may provide for a standstill of up to two years from the date of homologation of the composition with creditors proposal (instead of the previous term of one year) for the payment of secured creditors, except in case of liquidation of the assets or rights on which the security has been created. This provision applies to plans submitted after the entry into force of the Decree (*i.e.*, on August 25, 2021).

In order to strengthen the position of the unsecured creditors, a pre-bankruptcy composition with creditors proposal with liquidation purpose (*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 the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to composition with creditors proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

Under the composition with creditors, there is no dispossession of the debtor who accordingly retains management powers under the supervision of a court-appointed official (*commissario giudiziale*) and the deputy judge. From the date of the publication of the petition to the date on which the court sanctions the *concordato preventivo*, the debtor is entitled to operate in the ordinary course of its business, although extraordinary transactions require the prior written approval of the court. During this time, all enforcement actions, precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed. The accrual of interests is suspended for the same timeframe, except for claims secured by pledges, liens or mortgages. 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 debtor is also exempt from certain bankruptcy crimes provided under Articles 216, third paragraph ("preferential bankruptcy"), and 217 ("simple bankruptcy") of the Italian Bankruptcy Law, in relation to acts and payments made in execution of the Composition with Creditors and/or in relation to finance provided under Article 182-*quinquies* of the Italian Bankruptcy Law upon judicial authorization. Claims arising from acts lawfully carried out by the distressed company have super priority (*prededucibilità*) in the event of a subsequent bankruptcy (see Statutory priorities below).

For details regarding super senior financing, please refer to the paragraph relating to debt restructuring agreements.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary and simplified petition for a *concordato preventivo* (so called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law. The debtor company may file such petition along with: (i) its financial statements from the latest three financial years; and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court *(a)* between 60 and 120 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 *(b)* equal to 60 days in the event where a bankruptcy proceeding is pending. As a temporary exception to the abovementioned rule, it shall be noted that, pursuant to the Decree 118/2021, starting from after the entry into force of the Decree (*i.e.*, on August 25, 2021) and until the end of the state emergency in Italy (currently set until March 31, 2022, subject to any further deferral and/or prorogation of such term to be established by the Italian legislator), the deadline for filing the plan, the proposal and all the relevant documentation is between 60 and 120 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 (*giustificati motivi*) for such extension) also in the event where a bankruptcy proceeding is pending. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (*e.g.*, concealment of part of assets, omission to report one or more claims, declaration of nonexistent 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. The statutory provisions providing for the stay of enforcement and interim relief actions by the creditors referred to in respect of the *concordato preventivo* also apply to preliminary petitions for *concordato preventivo* (so called *concordato in bilancio*).

The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the *concordato preventivo* having followed. The decree setting the term for the presentation of the documentation contains also 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 debtor company 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 application for the composition with creditors 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 bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and-if appointed-the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the petition for *concordato preventive in bianco* and until the decree of admission to the composition with creditors, 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.

Claims arising from acts lawfully carried out by the distressed company after the filing of the concordato preventivo petition (including preliminary petition) have super priority (*prededucibilità*) in case of subsequent bankruptcy.

In addition, pursuant to Article 182-*quinquies*, paragraph 3, of the Italian Bankruptcy Law, new super senior indebtedness authorized by the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, paragraph 6 of the Italian Bankruptcy Law or after the filing of the concordato preventivo petition (including preliminary petition) pursuant to Article 161 of the Italian Bankruptcy Law, aimed at supporting urgent financial needs related to the company's business (*finanza d'urgenza*), are treated as super-senior (so called *crediti prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments, guarantees and security interests granted are exempted from the claw-back action provided under Article 67 of the Italian Bankruptcy Law. 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 (Article 182-*quinquies*, paragraph 2 of the Italian Bankruptcy Law).

The *concordato preventivo* proposal may provide, *inter alia*: (i) the continuation of the business by the debtor as going concern; or (ii) the transfer of the business to one or more companies and any assets that are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the plan and the petition for the *concordato preventivo* should 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 will 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 be terminated by admission to procedure.

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.

Under Article 182-*quinquies*, paragraph 5, of the Italian Bankruptcy Law, a debtor who files for a *concordato preventivo* based on business continuity may request the court to be authorized to pay pre-filing claims relating to the purchase of goods or services if an independent expert certifies that they are essential for business continuity and to ensure the best satisfaction of creditors.

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 calls a creditors' meeting. 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).

Article 163-*bis* of the Italian Bankruptcy Law, introduced by the Decree No. 83, as amended by Law 132, provides that, if the Composition with Creditors plan, pursuant to Article 161, paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or the sale of a going concern of the debtor to an identified third party, the court shall open a competitive bidding process by decree establishing the terms of participation for the bidders. A bidder's offer is irrevocable. If there is more than one improving offer, the Judge shall open a new competitive bidding process between bidders. The debtor must amend the *concordato preventivo* proposal and plan in accordance with results of competitive bidding process. If the plan filed by the debtor does not ensure the repayment of unsecured claims in an amount at least equal to 40% of their nominal value (if based on liquidation) or 30% (if based on business continuity pursuant to Article 186-*bis*), creditors holding claims representing at least 10% of the aggregate debt (even if the claims have been assigned to the creditors after the filing of the *concordato preventivo* petition but with the exception of individuals or entities controlled, controlling or under common control of the debtor) may submit (within 30 days prior to the scheduled hearing) a competing Composition with Creditors proposal (*proposta concorrente*), alternative to the one provided by the debtor. The creditor(s) are entitled to vote on its (their) own *proposta concorrente* only if located in an independent class. The *proposta concorrente* setting out several classes of creditors shall be submitted to the bankruptcy court in order to verify the accuracy of the criteria used in creating different classes.

The *concordato preventivo* is voted on at a creditors' meeting 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, and (b) the majority of the classes. The Composition with Creditors is approved only if the required majorities of creditors expressly voted in favor of the proposal. Under the current regime, creditors who did not exercised their voting rights in the creditors' meeting can do so within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. In relation to voting by the holder of the Notes in the *concordato* proceedings, 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 (recent 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 quora 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 the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected to it) if: (i) the majority of classes has approved it; and (ii) the court deems that the interests of the non adhering creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in case there are different classes of creditors, by a creditor belonging to a non adhering class, entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

The court approves 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 177 of the Italian Bankruptcy Law and when, also on the basis of the result of the report of the independent expert referred to in article 161, paragraph 3, of the Italian Bankruptcy Law, the proposal to satisfy the aforesaid authorities and entities is convenient compared to a liquidation scenario. In such case, pursuant to Law Decree 118/2021, the accession of the tax authority or the social contribution entities (as the case may be) must occur within 90 days from the filing of the proposal of the debt restructuring agreement. Article 163 paragraphs 4 and 5 of the Italian Bankruptcy Law provides for the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan (*proposta concorrente*) to the debtor's plan in a pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor does not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

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 bankruptcy scenario. after the creditors' approval, the bankruptcy court approves 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 debtor does not cooperate, including by taking all corporate actions required.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

The terms and the performance of outstanding contracts are not automatically affected by *concordato preventivo*. However, pursuant to Article 169-*bis* of the Italian Bankruptcy Law, the debtor may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*), 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 debtor's request, the pending agreements can also be suspended for a period of time not exceeding 60 days, renewable just once. 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 pre-bankruptcy composition.

In the event of a breach of the composition with creditors plan or fraud, provided that the relevant requirements are met, the *concordato* can be terminated or annulled, as the case may be, upon petition of one or more of the creditors and bankruptcy may follow, at the behest of the bankruptcy court. if the composition with creditors is implemented, terms and conditions of payments are amended as per the *concordato* proposal, and the debtor 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 debtor.

Impacts of the COVID-19 emergency on Insolvency Proceedings

In response to the COVID-19 pandemic, the Italian Government adopted new urgent measures, *inter alia*, on insolvency matters (in addition to the Law Decree 118/2021 mentioned above) in order to (i) preserve the continuity of companies throughout the COVID-19 pandemic and after its end, with particular regard to those that were trading on a going concern basis before the COVID-19 pandemic, and (ii) ensure the successful outcome of certain insolvency proceedings already pending during the COVID-19 pandemic or already approved by the beginning of the COVID-19 pandemic.

Among such legislative measures, the Italian Government enacted the Liquidity Decree.

Article 9 of the Liquidity Decree provides, among other things, the extension of 6 months of the deadlines for fulfillment of the obligations provided in an approved *concordato preventivo or accordo di ristrutturazione dei debiti* based on a plan expiring after February 23, 2020. In the procedures for the approval (*omologazione*) of a *concordato preventivo* and of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*), pending on February 23, 2020, the debtor may submit, until the hearing, a petition for the grant of an extension up to 90 days for the deposit of a new plan and a new proposal for a *concordato preventivo* in accordance with Article 161 of the Italian Bankruptcy Law or a new debt restructuring agreement pursuant to Article 182-*bis* of the Italian Bankruptcy Law. The period starts from the date of the decree by which the court assigns the term, and it shall not be extended. The request is inadmissible if submitted in the context of a *concordato preventivo* in the course of which it has already been held the meeting of creditors but the majorities were not reached according to Article 177 of the Italian Bankruptcy Law.

Also, a set of measures is aimed at “relaxing” directors’ duties in connection with insolvency/pre-insolvency scenarios. The rules requiring the recapitalization (or liquidation or transformation into a different company type) of companies whose losses have substantially eroded the share capital will not apply with respect to losses arisen in the financial year ended on 31 December 2021 and until the five subsequent financial years. This measure, originally provided for by Article 6 of the Liquidity Decree, subsequently replaced by Article 1, paragraph 266, of Law No. 178 of 30 December 2020, is intended to address the risk that the impact of losses arising from the COVID-19 pandemic on the share capital of companies push directors into the unsustainable position of choosing between the following: (i) putting the company into liquidation or into a bankruptcy or insolvency proceedings or (ii) facing potential personal liability as a result of the delay in complying with such obligations.

Bankruptcy proceedings (fallimento)

Bankruptcy (*fallimento*) is a court-supervised procedure for the liquidation of an insolvent company’s assets and for the distribution of the proceeds. It results in the company’s dissolution.

A company is declared bankrupt when insolvent. Insolvency, as defined under the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. Bankruptcy is declared by the competent bankruptcy court. A request to declare a debtor company bankrupt and to commence bankruptcy proceedings and the judicial liquidation of the debtor company’s assets can be filed by (i) the debtor company itself, (ii) any of its creditors, provided that the debts which become overdue during the pre-bankruptcy evidential phase of the procedure amount to no less than €30,000, and (iii) in certain cases, by the public prosecutor.

The bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met: the company (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.

Upon the commencement of bankruptcy 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 bankrupt’s other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorization from the designated judge (*giudice delegato*). After hearing the bankruptcy receiver and the creditors’ committee, the designated judge 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 bankrupt's other unsecured debt. Secured creditors may sell the secured asset only with the court authorization. After hearing the bankruptcy receiver (*curatore fallimentare*) 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 debtor and all the acts, transactions, payments made or received by the insolvent debtor are immediately suspended and formalities with third parties that have been carried out after the declaration of bankruptcy are not effective as regards the creditors of the debtor (Article 45 of Italian Bankruptcy Law);
- the debtor is dispossessed, and the administration of the debtor and the management of its assets are transferred to the bankruptcy receiver (*curatore fallimentare*). The debtor may no longer validly act in court as claimant or defendant in relation to the assets (Article 43 of the Italian Bankruptcy Law). The bankruptcy receiver is vested with such powers upon the authorization of the delegated judge. However, all pending proceedings in which the debtor is involved are automatically stayed from the date the adjudication is issued and need to be re-initiated by or against the bankruptcy receiver;
- the beginning of bankruptcy involves the cessation of all the activities of the company with a view to a sale of all assets. However, continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors. The bankruptcy court may order that business operations be continued whenever cessation could cause greater damage to the company, provided that the continuation does not adversely affect the creditors of the bankrupt debtor. If the bankruptcy court authorizes the continuation of the business (*esercizio provvisorio dell'impresa del fallito*), the management of the business is entrusted to the bankruptcy 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 debtor in a certain period before the debtor's submission to a bankruptcy procedure (varying from six months to two years) can be set aside and clawed back if certain conditions are met (Article 67 of Italian Bankruptcy Law);
- any act (including payments, pledges, and issuance of guarantees) made by the debtor 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 execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over. Although the general rule is that the bankruptcy 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 Bankruptcy Law.

In order to overcome the uncertainty that may predictably arise, the contractual counterparty may file a written petition requiring the Court to give the bankruptcy receiver (*curatore fallimentare*) a deadline of no more than 60 days scheduled; within such deadline, the receiver must decide to enter into the agreement or withdraw from it. Upon expiration of the deadline without the bankruptcy receiver having replied to the counterparty's request, the pending agreement is deemed terminated. Although the general rule is that the bankruptcy 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 Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee (*comitato dei creditori*). The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority rights. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate property. In this respect, Law 132/2015 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requirements applicable to the liquidation procedure and as a consequence the timing for the liquidation of a debtor is shortened. Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and costs related to the receiver's running of the company, Italian tax and national social security contributions and employee arrears of wages or salary. Such priority of payment is provided under mandatory provisions of Italian law (as a consequence it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). Unsecured creditors are satisfied after payment of preferential and secure creditors, out of available funds and assets (if any) as below indicated.

- **Bankruptcy composition with creditors (*concordato fallimentare*)**. Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The procedure is aimed at speeding up bankruptcy proceedings and is an alternative to a receiver conducting the liquidation proceedings. Over time it has proved to be more efficient in terms of costs and timing. The relevant petition can be filed by one or more creditors, third parties (including a special purpose vehicle formed for that purpose), or the receiver starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before the lapse of two years from the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal.

  Under Article 124 of the Italian Bankruptcy Law, the petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The Italian Bankruptcy Law does not provide any guidance with respect to the content of a concordato fallimentare; thus, it may encompass any kind of transaction to effect the liquidation of the assets of the debtor (*e.g.*, debt- equity swap, sale of assets, business assignments, etc.). According to Article 124, paragraph 3 of the Italian Bankruptcy Law, the petition may provide that secured claims are paid only in part, to the extent that the plan provides for the satisfaction in proportion to that which is possible in the event of winding-up, having regard to the market value attributable to the assets or rights over which the cause of pre-emption (*causa di prelazione*) exists, indicated in the sworn report of a professional meeting the requirements set out in art. 67, third paragraph, letter d) designated by the court. The treatment established for each class may not have the effect of altering the order of the legitimate causes of pre-emption (*cause di prelazione*).

  The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, by a majority (by value) of the claims in a majority of the classes). Final court confirmation is also required.

- **Statutory priorities**. The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "*predeductible*" claims (*i.e.*, claims originated in the insolvency proceeding, such as costs related to the procedure); (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), mortgages (*creditori ipotecari*), pledges (*creditori prignoratizi*) and, lastly, unsecured creditors (*crediti chirografari*). Under Italian law, the proceeds from the sale of the bankrupt'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 bankruptcy 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 bankrupt's estate or part thereof, or from a single asset. In particular, Article 111 of the Italian

Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order:

(i) for payments of super-senior claims (*crediti prededuciibili*) (*i.e.*, claims originated in the insolvency proceeding, such as costs related to the procedure). In general, claims are considered to be super senior when they are so qualified by a specific provision of law or when they arise as part of the bankruptcy (including, *inter alia*, claims originated in the insolvency proceedings, such as costs related to the procedure). These claims are paid before other claims (secured, preferred, unsecured and subordinated). Examples of these claims are bankruptcy receiver's (and his/her advisors's) fees and costs; the costs of the sale of the assets; the rent for the debtor's offices after adjudication; employees' salaries and social security payments relating to the period after adjudication;

(ii) for payment of claims that benefit from preferential treatment (*crediti privilegiati*), which include creditors who hold a security interest (creditori ipotecari o pignoratizi) and creditors whose claim is secured by operation of law, such as the claims of the Italian tax authorities and social security entities, and claims for employee wages. As a general principle, creditors holding a security interest are satisfied with the proceeds arising out of the sale of the secured assets. However, the Italian Civil Code contains very detailed rules (Article 2745) regulating priority conflicts between secured and preferred creditors. A mortgagee and a pledgee are entitled to satisfy their claims from the proceeds of the sale of the encumbered assets. Any excess is available for distribution to other creditors (*i.e.*, second mortgages, preferred creditors and unsecured creditors). Where the relevant asset is insufficient to satisfy its claim against the debtor, a creditor will rank as an unsecured creditor for the remainder;

(iii) for the payment of unsecured creditors' claims (*crediti chirografari*). Unsecured creditors have no priority right or security interest and will therefore be paid only if and to the extent any proceeds of the estate remain after all other claims have been satisfied. Unsecured creditors rank *pari passu* among themselves in the estate, in proportion to the size of their claims; and

(iv) for the payment of subordinated creditors' claims (*creditori postergati e subordinati*). Subordinated creditors have no preference or security and are subordinated by law or contractual provisions. They shall be paid only if and when all the creditors with a higher rank have been paid in full.

- **Avoidance powers in insolvency**. A fundamental principle of the Italian Bankruptcy Law is the equal treatment of all creditors ("*par condicio creditorum*"), according to which, absent statutory priorities or security right, no creditor may be paid a higher percentage of his claim than other creditors. A consequence of this principle is not only that the payment of debts by the bankruptcy receiver is strictly regulated, but also that all transactions effected by the debtor over the previous year (or, in certain cases, over the previous six months) are scrutinized and potentially unwound as preferential.

  Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions include, but are not limited to, transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions.

  In bankruptcy proceedings, depending on the circumstances, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six months in certain circumstances) and a two-year ineffectiveness period for certain 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 Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner, as detailed below.

- **Acts ineffective by operation of law**. Under (i) Article 64 of the Italian Bankruptcy Law, subject to certain limited exception, all transactions entered into for no consideration are ineffective vis-a-vis creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian

Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without need to wait the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the delegated judge for violation of law; and (ii) Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective vis-a-vis creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

- **Acts that may be avoided at the request of the bankruptcy receiver/ court commissioner**.

(a) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) vis-a-vis the bankruptcy as provided for by Article 67 of the Italian Bankruptcy Law and be declared ineffective, unless the non-insolvent party proves that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into:

(i) onerous transactions entered into in the year before the insolvency declaration, where the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;

(ii) payments of debts, due and payable, made by the debtor which were not paid in cash or by other customary means of payment in the year prior to the insolvency declaration;

(iii) pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which not yet due at the time the new security was granted; and

(iv) pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

(b) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:

(i) payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months prior to the insolvency declaration; and

(ii) granting of priority rights/security interests for debts simultaneously created (event those of third parties) and made in the six months prior to the insolvency declaration.

(c) The following transactions are exempt from claw-back actions:

(i) payments for goods or services made in the ordinary course of business according to market practice;

(ii) a remittance on a bank account; provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;

(iii) the sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the Italian Civil Code, in force as the date of this Offering Memorandum, 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;

(iv) transactions entered into, payments made or guarantees granted with respect to the debtor's goods, provided that they concern the implementation of a *piano di risanamento attestato* (see "Out-*of-court reorganization plans (piani di risanamento) pursuant to Article 67, paragraph 3(d) of the Italian Bankruptcy Law*" above);

(v) a transaction entered into, payment made or guarantee granted in the context of "*concordato preventivo*" (*Court supervised pre-bankruptcy composition with creditors (concordato preventivo)*) or an "*accordo di ristrutturazione del debito*" (*Debt restructuring agreements* *with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (accordi di ristrutturazione dei debiti)*) and transactions entered into, payments made and security interests granted after the filing of the application for a *concordato preventivo* (see above);

(vi) remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them; and

(vii) payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

The limitation period for initiating claw-back action proceedings is three years from the declaration of bankruptcy or, if earlier, five years from the act or transaction to be clawed back. In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared ineffective within the ordinary claw-back period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity 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 bankruptcy entity for the purpose of prejudicing the bankrupt entity) 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 Insolvency Code provides special regimes on preferences and avoidances of intra-group transactions. Under Article 290 the limitation period of initiating intra-group clawback 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 bankruptcy declaration.

Law 132/2015 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 debtor 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/ nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (*e.g.*, gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale* or "family trust"). In case of gratuitous transfers, the enforcement action can also be carried out by the creditor against the third party purchaser. Finally, as noted above, 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 European Union.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza).

The extraordinary administration procedure is available under Italian law for large industrial and commercial enterprises; this procedure is commonly referred to as the "*Prodi-bis procedure.*" Prodi-bis Procedure, which is regulated by Italian Legislative Decree No. 270 of July 8, 1999 ("**Prodi-bis Decree**"), replaces the previous special administration for large companies in a state of crisis (*amministrazione straordinaria delle grandi Imprese in crisi*), introduced by Law no. 95 of April 3, 1979 ("**Prodi Decree**"). To be eligible, companies must be insolvent although able to demonstrate serious recovery prospects, have employed at least 200 employees in the previous year preceding the commencement of the procedure, and have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income deriving from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Preferential payment is granted to those credits (even unsecured) accrued to allow the conduct of the company's business activity. Extraordinary administration procedures involve two main phases-a judicial phase and an administrative phase.

Judicial Phase. In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissari giudiziali*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submit(s) a report to the court (within 30 days), and within 10 days from such filling, the Italian Ministry of Economic Development (the "**Ministry**") may make an opinion on the admission of the company to the extraordinary administration procedure. The court has 30 days (from the filling of the report) to decide whether to admit the company to the procedure or place it into bankruptcy.

In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Ministry.

Administrative Phase. If the company is admitted to the extraordinary administration procedure, the administrative phase begins and the extraordinary commissioner(s) appointed by the Ministry prepare a restructuring plan. The extraordinary commissioner(s) prepare(s) a plan which can provide either for 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 company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). It may also include a composition with creditors (*e.g.*, a debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner(s). In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Italian Ministry of Economic Development. The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan; however, should either plan fail, the company will be declared bankrupt. If the Disposal Plan is approved, the extraordinary commissioner(s) can initiate claw- back actions according to the avoidance provisions set forth with respect to bankruptcy proceedings. If acts such as those that could be declared ineffective at the request of the bankruptcy receiver (see above) are put in place among companies belonging to the same group, the claw-back period is extended to up to three or five years.

The declaration of the state of insolvency produces certain immediate effects, such as the automatic stay of all legal actions by creditors against the debtor's assets and the freezing of the accrual of interest.

The effects of the admission to the Prodi-bis Procedure (second phase) are that the stay of actions continues, and claw-back 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 claw back law applies to the Prodi-bis Procedure. The claw back "avoidance period" is extended up to three to five years for intra group transactions.

Introduced in 2003 pursuant to Italian Law Decree No. 347 of December 23, 2003, as converted into Italian Law No. 39 of 2004 and subsequently amended, this procedure 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 work faster than the Prodi-bis procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt (including those from outstanding guarantees). The decision whether to open a Marzano procedure is taken by the Ministry following the debtor'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 company. The court also decides on the company'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 debtor must apply to the Ministry of Economic Development for 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 Ministry, 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 debtor 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 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 or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings. The Recovery Plan can provide for the satisfaction of creditors' claims through a composition, which must specify any conditions of its implementation and describe any offered guarantees.

The extraordinary commissioner may bring claw-back actions for the benefit of creditors during the implementation of a recovery plan. Bankruptcy rules concerning criminal bankruptcy law and bankruptcy claw back law applies to Marzano procedure. The claw back "avoidance period" is extended up to three to five years for intra- group transactions. Unlike in the Prodi-bis procedure, in the Marzano procedure the extraordinary commissioner(s) can initiate claw-back actions also if a Recovery Plan is approved, provided that this results in a material benefit for the creditors.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is special insolvency proceedings in that the entity is liquidated not by the bankruptcy 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 (*e.g.*, 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 (*e.g.*, the Bank of Italy or the Ministry of Economic Development). The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. Unlike other procedures, there is no delegated judge, as the procedure is mainly administrative in nature. The liquidator must review claims and consider whether a composition is feasible. If so, he will prepare with the debtor a plan of repayment, to be submitted to the creditors.

The effect of the forced administrative winding-up on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative winding-up. If a composition does not appear feasible, arrangements are made for the disposal of the debtor's assets and the distribution of proceeds among the creditors in the same order of priority as in bankruptcy.

Hardening period/clawback and fraudulent transfer

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six-months in certain circumstances). In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the debtor are declared ineffective within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*).

Under Italian law, in the event that the relevant guarantor and/or security provider enters into insolvency proceedings, the security interests created under the documents entered into to secure the Collateral and any future security interests or guarantees could be subject to potential challenges by an insolvency administrator or by other creditors of such guarantor and/or security provider under the rules of avoidance or claw-back of Italian Bankruptcy Law 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**"). 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 the value of the consideration received by the debtor), or involving unusual means of payment (*e.g.*, payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted within six months prior to the declaration of insolvency with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, 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, if the bankruptcy receiver proves that the creditor was aware of the insolvency of the debtor. The transactions potentially subject to avoidance also include those contemplated by a Guarantor's Guarantee or the granting of security interests under the Security Documents by a guarantor and/or security provider. If they are challenged successfully, the rights granted under the guarantees or in connection with security interests under the relevant Security Documents 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, 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.

It should be noted that: (i) under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions carried out by the insolvent debtor for no consideration are ineffective *vis -a-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, 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 (ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective *vis-a-vis* creditors, if made by the bankrupt entity in the two-year period prior to insolvency.

In addition, as noted above, 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 European Union.

LISTING AND GENERAL INFORMATION

Listing

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 thereof in accordance with the rules and regulations of that exchange.

For so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes will be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu). 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.

For so long as the Notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, copies of the following documents may be inspected and obtained at the specified office of the Paying Agent during normal business hours on any weekday:

- this Offering Memorandum;
- the organizational documents of the Issuer and the Guarantors;
- our most recent audited consolidated financial statements;
- the Indenture (including the Guarantees);
- the Intercreditor Agreement; and
- other material agreements described in this Offering Memorandum as to which we specify that copies thereof will be made available.

The current paying agent and transfer agent is The Bank of New York Mellon, London Branch. We reserve the right to vary such appointment and we will publish notice of such change of appointment on the website of the Luxembourg Stock Exchange or in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream and Euroclear under Common Codes 247695923 and 247695940, respectively. The international securities identification number ("**ISIN**") for the Notes sold pursuant to Regulation S is XS2476959239 and the ISIN for the Notes sold pursuant to Rule 144A is XS2476959403.

Legal Information

Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy. The Issuer is registered with the Companies' register of Milan, Monza, Brianza and Lodi under registration number and fiscal code 12245460964. The LEI code of the Issuer is 815600F7845A197E1D68. The registered office of the Issuer is at Largo Francesco Richini 2/A, Milan, Italy. The Issuer has an authorized share capital of €3.0 million, fully paid up and composed of 3.0 million ordinary shares with no par value. The Issuer's financial year runs from January 1 to December 31. The Issuer obtained, or will obtain before the Issue Date, all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance of and performance of its obligations under the Notes. The creation and issuance of the Notes was authorized by resolutions of the board of directors of the Issuer taken on May 6, 2022.

BidCo

BidCo is a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy. BidCo is registered with the Companies' register of Milan, Monza, Brianza and Lodi under registration number and fiscal code 12259980964. The registered office of BidCo is at Largo Francesco Richini 2/A, Milan, Italy. BidCo's guarantee was authorized by resolutions of the board of directors of BidCo taken on April 4, 2022.

No Material Adverse Change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in our consolidated financial and trading position or our prospects since the date of our last published financial statements.

Litigation

Except as disclosed in this Offering Memorandum, we are not involved in and have no knowledge of any threatened litigation, administrative or governmental proceedings or arbitration which would have a material adverse impact on our results of operation or financial condition, prospects or on the issue and offering of the Notes.

ANNEX A: SUMMARY OF CERTAIN DIFFERENCES BETWEEN ITALIAN GAAP AND IFRS

This Offering Memorandum contains historical financial information derived from the Audited Financial Statements, prepared in accordance with Italian GAAP.

The information below summarizes 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 the Audited 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 Company and its consolidated subsidiaries 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 Audited Financial Statements. All the differences indicated below are applicable to the 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 Company and its consolidated subsidiaries.

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 must be amortized over its estimated useful life or, if the estimated useful life cannot be estimated, over a maximum of ten years. For the existing goodwill recognized prior to July 1, 2016, the previous accounting criteria described in the previous paragraph can be maintained until the end of the amortization period.

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. PROPERTY, PLANT AND EQUIPMENT Italian GAAP

Under OIC tangible assets are measured with a cost model meaning costs less any accumulated depreciation and any accumulated impairment. Under OICs and according to the Civil Code, revaluations permitted only if authorized by specific laws. In such cases the revaluation does not represent a gain to be accounted on Profit or Loss but it will be credited into a specific reserve ("*III—Riserve di Rivalutazione*") within equity.

IFRS

IFRS provides two measurement models:

i) the cost model, in which an asset is recognised at cost less any accumulated depreciation and any accumulated impairment losses, and

ii) the revaluation model, in which items of property, plant and equipment are measured at fair value. If an entity opts for the revaluation model, it shall apply that model to the entire class of property, plant and equipment.

Whichever accounting policy is selected, it is required to be applied to entire classes of property, plant and equipment. Please note that according to IFRS the revaluation of assets is never permitted if the cost model is adopted by the company, even if authorized by specific laws.

3. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES Italian GAAP

According to Italian GAAP, all investments in subsidiaries are consolidated except when not significant, when financial data are not available on timely manner and without significant costs or when the investment is to be sold in the upcoming 12 months.

IFRS

In accordance with IFRS, all investments in subsidiaries are consolidated.

4. INVENTORY Italian GAAP

According to Italian GAAP, inventory can be evaluated with the following methods: FIFO (first it first out), LIFO (last in first out) and average costs.

IFRS

IAS 2 does not allow the LIFO method in the inventory valuation. Only FIFO or Weighted Average Cost can be applied.

5. PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES (TFR) Italian GAAP

Provisions for employee severance indemnities (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 Biofarma 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 1 January 2007 onward is considered a Defined Contribution Plan and no actuarial calculation is necessary; and ii) TFR accrued since 31 December 2006 is a Defined Benefit Plan and an actuarial calculation is required.

6. DEBT ISSUANCE COSTS Italian GAAP

According to Italian GAAP, loans are measured at amortised cost using the effective interest rate method. Debt issuance costs are included in the calculation of the effective interest rate and consequently amortised as interest expenses through income statement over the term of the loan. For the existing debt issuance costs recognized prior to July 1, 2016, the previous accounting criteria that included the capitalization of costs can be maintained until the end of the amortization period.

IFRS

According to IFRS, loans are measured at amortised cost using the effective interest rate method. Debt issuance costs are included in the calculation of the effective interest rate and consequently amortised 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 IFRS 9, 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 IFRS 9, "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."

7. 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 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.

8. 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 and, under a broader approach, the revenues recognition must fall under the general assumptions for the preparation of the Financial Statements (*i.e.*, accrual and costs/revenues correlation principles)

IFRS

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognize revenue when (or as) the entity satisfies a performance obligation.

9. LEASE Italian GAAP

Rental costs, in the Separate Financial Statements, are accounted for on accrual basis. Whereas Rental costs in the Audited Financial Statements level are accounted for in accordance with the former provisions of IAS 17, thus including the accounting under the financial method for Financial Lease.

IFRS

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless

(i) the lease term is 12 months or less or

(ii) the underlying asset has a low value.

Upon lease commencement a lessee recognizes a right-of-use asset and a lease liability.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate (*i.e.*, the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment).

10. DEFERRED TAX ASSETS

Italian GAAP

Deferred tax assets are classified without provide disclosure of current and non-current.

IFRS

Deferred tax assets are classified within non-current assets.

11. PRESENTATION AND DISCLOSURE REQUIREMENTS

IFRS requires for certain elements of the financial statements to provide wider and more detailed presentations and 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 IFRS 9/IFRS 7 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.

ANNEX B: UNAUDITED PRO FORMA 2019 COMBINED FINANCIAL DATA

1. Introduction

This document sets out the unaudited pro forma 2019 combined financial data (hereinafter "Combined pro forma 2019 data") of Biofarma S.r.l. (hereinafter "Biofarma" or the "Company") and its subsidiaries (hereinafter "Biofarma Group" or the "Group"). The Combined pro forma 2019 data is composed of the Combined Balance Sheet as of December 31, 2019 and Combined Profit and Loss Statements for the year ended December 31, 2019.

Capitalized terms used below shall have the meanings given to them in the Offering Memorandum unless otherwise defined.

The Combined pro forma 2019 data has been prepared for the purpose of inclusion in the Offering Memorandum to provide information relating to what the trends in the Group's financial information would have been in the 2019 financial year: (i) had the acquisition and the aggregation of Biofarma Group with Nutrilinea Group by private equity funds advised by White Bridge Investments II S.p.A. on February 12, 2020 (hereinafter the "Transaction") taken place on January 1, 2019 and (ii) had the acquisition of Claire S.r.l. and Apharm S.r.l. (hereinafter the "Acquisitions") by Nutrilinea S.r.l. that occurred during 2019 taken place on January 1, 2019. The Combined pro forma 2019 data should not be taken as representative of the future consolidated results of operations or financial position of the Group following the Transaction and Acquisitions.

The Combined Pro forma 2019 data is based on the audited balance sheet statement and profit and loss statement for the year ended as of December 31, 2019 of Biofarma S.r.l., Nutrilinea S.r.l., Pharcoterm S.r.l., Claire S.r.l. and Apharm S.r.l. prepared in accordance with Italian GAAP wherein certain Italian GAAP line items in the Consolidated Financial Statements have been reclassified and renamed in a manner that aligns the presentation of the financial statements to IFRS as issued by the IASB.

The following changes in presentation have been performed to conform with IFRS:

- Goodwill included in the "Intangible assets" financial line item under Italian GAAP has been presented as a separate financial line item;
- Trade receivables, tax receivables, deferred tax assets, other receivables, prepaid expenses and accrued income, which were consolidated within the "Receivables" financial line item under Italian GAAP, have been presented as separate financial line items;
- Trade payables, advances, tax payables, social security payables, other payables, accrued expenses, other financial liabilities, current portion of bank loan, bank loan and current portion of bank loan, which were consolidated within the "Payables" financial line item under Italian GAAP, have been presented as separate financial line items;
- Deferred tax liabilities included in the "Provision for risk and charges" financial line item under Italian GAAP, has been presented as a separate financial line item;
- Foreign currency effects included in "Net revenues" financial line item under Italian GAAP has been presented as the "Financial Income" financial line item under IFRS;
- Changes in inventory of work in progress and finish products included in "Net revenues" financial line item under Italian GAAP have been presented as the "Purchase of goods and changes in inventory" financial line item; and
- Capitalization in fixed assets for internal work included in the "Net revenues" financial line item under Italian GAAP have been presented as a separate financial line item.

The 2019 information is presented for illustrative purposes only, it is not audited and is not in line with accounting policies for the Audited Financial Statements. Given that the Combined pro forma 2019 data has been prepared for illustrative purposes only, there are limitations concerning the nature of the Combined pro forma 2019 data that do not reflect all potential impacts that could have arisen from the Transaction and the Acquisitions. If the Transaction and the Acquisitions had actually taken place on the dates presented, they would not necessarily have produced the same results as presented in the Combined pro forma 2019 data. These companies did not have any historical relationship prior to the Transaction and the Acquisitions, as applicable. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

2. Assumptions made for the preparation of the Combined pro forma 2019 data

The underlying assumptions behind the Combined pro forma 2019 data relate to the impact that there would have been on the Combined pro forma 2019 data if the Transaction and Acquisitions had taken place on January 1, 2019.

Specifically, as far as the Transaction is concerned:

- retrospectively accounting for the acquisition of the interest in Biofarma S.r.l. by the private equity White Bridge Investments II S.p.A. More specifically, on February 12, 2020, 100% of the share capital of Biofarma S.r.l. was acquired by Esculapio S.r.l., a special purpose entity set up for the Transaction controlled directly by Biofarma Holding S.r.l., another special purpose entity set up for the Transaction controlled directly by White Bridge Investments II S.p.A. Esculapio S.r.l. and Biofarma Holding S.r.l. were partially financed by capital injection and partially by bank loan. As per the terms of the deed of merger in 2020, Biofarma Holding S.r.l. and Esculapio S.r.l. were merged by absorption into Biofarma S.r.l.
- retrospectively accounting for the aggregation of the Nutrilinea Group consisting of Nutrilinea S.r.l. and Pharcoterm S.r.l. with Biofarma S.r.l. More specifically, on February 12, 2020, 100% of the share capital of Biofarma was contributed under Biofarma Holding S.r.l.
- retrospectively accounting for the amortisation of intangible assets resulting from the Purchase Price Allocation process performed in connection with the Transaction.
- retrospectively accounting for the amortisation of intangible assets resulting from the Purchase Price Allocation processes performed in connection with the Acquisitions (hereinafter, collectively, together with that relating to the above Transaction, "PPA").

Specifically, as far as the Acquisitions are concerned:

- retrospectively accounting for the acquisition completed by the Nutrilinea Group during the course of 2019, in particular:
  - acquisition of 100% of the equity interests of Claire S.r.l. in July 2019
  - acquisition of 70% of the equity interests of Apharm S.r.l. in June 2019.

3. Unaudited pro forma combined balance sheet statement for the year ended December 31, 2019

€ thousands	Biofarma FS 2019	Nutrilinea FS 2019	Pharcoterm FS 2019	Claire FS 2019	Apharm FS 2019	Nutrilinea sub-group consolidation Adjustments	Claire Integration	Apharm Integration	Business Combination	Interest adjustment and tax effect	Pro-forma Combined FS 2019
						Note 5.1	Note 5.2	Note 5.3	Note 5.4	Note 5.5	
Assets											
Goodwill	0	51.759	1.179	0	7.021	25.129	1.279	7.979	66.026	0	160.371
Intangible Assets	1.099	3.940	1.115	146	112	(114)	124	(10)	376	0	6.789
Property, plant and equipment	16.869	14.122	730	3.800	44	600	(30)	(570)	0	0	35.565
Investments in subsidiaries and other companies	372	48.550	12	1	0	(48.550)	0	0	0	0	384
Other non current assets	5	68	15	0	0	(0)	0	0	270	0	358
Non-current Assets	**18.345**	**118.439**	**3.050**	**3.947**	**7.177**	**(22.935)**	**1.373**	**7.399**	**66.672**	**0**	**203.467**
											0
Inventories	10.387	9.654	2.900	1.502	1.055	(1.411)	903	507	0	0	25.497
Trade receivables	24.791	13.778	4.881	3.288	2.946	(322)	(270)	(1.297)	0	0	47.796
Tax receivables	1.948	2.745	831	102	697	(42)	(44)	86	0	0	6.323
Deferred tax assets	123	69	136	11	4	(2)	(2)	4	0	0	343
Other receivables	871	216	6	19	0	41	(21)	(20)	0	0	1.112
Prepaid expenses and accrued income	226	388	237	149	11	438	(12)	(426)	0	0	1.012
Cash and cash equivalents	7.360	1.168	1.110	788	2.801	(1.167)	(375)	1.543	1.037	0	14.265
Current Assets	**45.706**	**28.018**	**10.101**	**5.859**	**7.515**	**(2.465)**	**179**	**397**	**1.037**	**0**	**96.348**
Total Assets	**64.051**	**146.457**	**13.151**	**9.807**	**14.692**	**25.400**	**1.552**	**7.796**	**67.709**	**—**	**299.815**

€ thousands	Biofarma FS 2019	Nutrilinea FS 2019	Pharcoterm FS 2019	Claire FS 2019	Apharm FS 2019	Nutrilinea sub-group consolidation Adjustments	Claire Integration	Apharm Integration	Business Combination	Interest adjustment and tax effect	Pro-forma Combined FS 2019
						Note 5.1	Note 5.2	Note 5.3	Note 5.4	Note 5.5	
Liabilities and Shareholders' equity											
Share capital	3.000	631	100	1.000	100	(1.200)	0	0	(631)	0	3.000
Reserve	20.928	70.381	4.525	2.533	1.255	(10.774)	1.429	1.028	46.544	0	137.848
Retained earnings	0	(3.006)	0	0	0	0	0	0	3.006	0	0
Current earnings	7.714	(4.593)	668	1.602	1.864	(6.329)	1.065	(190)	(6.317)	(1.201)	(5.717)
Equity attributable to the owners of the parent	**31.642**	63.413	5.293	5.134	3.219	(18.303)	**2.494**	**838**	**42.602**	**(1.201)**	**135.131**
Equity attributable to non-controlling interests	0	0	0	0	0	1.085	0	(277)	0	0	808
Total Shareholders' equity	**31.642**	**63.413**	**5.293**	**5.134**	**3.219**	**(17.219)**	**2.494**	**561**	**42.602**	**(1.201)**	**135.939**
											0
Deferred tax liabilities	7	0	0	0	0	0	0	0	0	0	7
Provisions for employee severance indemnities	277	544	405	294	42	56	(62)	6	0	0	1.563
Provisions for risks and charges	61	659	0	12	17	(20)	3	17	0	0	749
Bank loan	12.230	51.349	0	1.599	6.202	(5.153)	(1.049)	6.202	26.000	0	97.380
Other financial liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current Liabilities	**12.575**	**52.553**	**405**	**1.905**	**6.261**	**(5.117)**	**(1.108)**	**6.225**	**26.000**	**0**	**99.699**
											0
Current portion of bank loan	4.788	4.833	2.777	552	1.778	(2.329)	552	1.778	0	1.580	16.308
Other financial liabilities	0	3.537	0	0	2	(2)	0	2	0	0	3.539
Trade payables	11.938	20.851	4.232	1.815	2.751	(1.866)	562	(584)	0	0	39.698
Advances	0	35	0	5	0	42	(42)	0	0	0	40
Tax payables	414	253	108	167	616	(536)	(37)	573	(179)	(379)	1.000
Social security payables	778	253	88	45	12	3	(3)	0	0	0	1.176
Other payables	1.879	728	248	160	39	1.649	(876)	(773)	(714)	0	2.340
Accrued expenses	37	1	0	24	14	(24)	10	14	0	0	76
Current Liabilities	**19.834**	**30.491**	**7.453**	**2.767**	**5.211**	**(3.064)**	**166**	**1.010**	**(893)**	**1.201**	**64.177**
											0
Total Liabilities and Shareholders' equity	**64.051**	**146.457**	**13.151**	**9.807**	**14.692**	**25.400**	**1.552**	**7.796**	**67.709**	**—**	**299.815**

4. Unaudited pro forma combined profit and loss statement for the year ended as of December 31, 2019

€ thousands	Biofarma FS 2019	Nutrilinea FS 2019	Pharcoterm FS 2019	Claire FS 2019	Apharm FS 2019	Nutrilinea sub-group consolidation Adjustments	Claire Integration	Apharm Integration	Business Combination	Interest adjustment and tax effect	Pro-forma Combined FS 2019
						Note 5.1	Note 5.2	Note 5.3	Note 5.4	Note 5.5	
Net revenue	77.648	46.651	18.031	9.255	13.083	(10.264)	3.536	5.758	0	0	163.698
Other revenue and income	871	2.681	458	354	1.400	(770)	178	114	0	0	5.287
Total net revenue and income	**78.519**	**49.332**	**18.489**	**9.609**	**14.483**	**(11.033)**	**3.714**	**5.872**	**0**	**0**	**168.985**
											0
Purchase of goods and changes in inventory	31.836	27.637	10.678	4.083	8.673	(3.680)	562	2.148	0	0	81.936
Cost of services	13.637	6.035	3.953	1.350	1.872	(1.399)	507	414	0	0	26.369
Use of third party assets	2.238	302	473	286	41	(189)	162	27	0	0	3.340
Personnel costs	15.170	6.913	2.272	1.142	146	(635)	531	105	0	0	25.643
Other operating costs	383	86	26	40	20	(40)	14	26	0	0	555
Capitalization in fixed assets for internal work	0	(303)	(627)	0	0	0	0	0	0	0	(930)
Depreciation—tangible assets	3.963	1.615	189	489	24	(201)	204	(3)	0	0	6.281
Amortization—intangible assets	368	8.338	588	38	798	2.766	221	2.070	6.603	0	21.790
Provisions for risks	126	0	0	21	0	(21)	21	0	0	0	147
Total operating costs	**67.721**	**50.624**	**17.553**	**7.450**	**11.573**	**(3.401)**	**2.222**	**4.787**	**6.603**	**0**	**165.131**
											0
Operating profit	**10.798**	**(1.292)**	**936**	**2.160**	**2.910**	**(7.632)**	**1.492**	**1.085**	**(6.603)**	**0**	**3.854**
											0
Financial Income	(114)	(2.482)	(34)	(23)	(143)	149	(13)	(136)	286	(1.580)	(4.089)
											0
Profit before taxes	**10.684**	**(3.774)**	**903**	**2.137**	**2.767**	**(7.483)**	**1.479**	**949**	**(6.317)**	**(1.580)**	**(235)**
											0
Income taxes	(2.970)	(819)	(235)	(535)	(903)	1.316	(413)	(903)	0	379	(5.083)
Profit for the year	**7.714**	**(4.593)**	**668**	**1.602**	**1.864**	**(6.167)**	**1.066**	**46**	**(6.317)**	**(1.201)**	**(5.318)**
											0
Attributable to:											**0**
Owners of the parent	7.714	(4.593)	668	1.602	1.864	(6.329)	1.066	(190)	(6.317)	(1.201)	(5.717)
Non-controlling interests	0	0	0	0	0	162	0	236	(0)	0	399

5. Description of adjustments to the Combined pro forma 2019 data

The "Biofarma FS 2019," "Nutrilinea FS 2019," "Pharcoterm FS 2019," "Claire FS 2019" and "Apharm FS 2019" columns show the audited statements of balance sheet and profit and loss for the year ended December 31, 2019 as presented and filed.

The main pro forma adjustments made to the historical statements figures may be summarized as follows:

- The "Nutrilinea sub-group consolidation adjustments" column shows the unaudited consolidated adjustments for balance sheet and profit and loss statements for the year ended December 31, 2019 that reflect the Nutrilinea Group Consolidated Financial statements (prepared only for internal use because not required for filing).
- The "Claire Integration" column shows the results of the acquisition of 100% of the share capital of Claire that occurred in July 2019 for the portion of the year prior to the Acquisition in question (i.e., from January 1, 2019 to the day prior to the date of the Acquisition in question). The adjustment was also impacted by a recognition of additional goodwill for Euro 1.279 thousand and additional amortization for Euro 205 thousand.
- The "Apharm Integration" column shows the results of the acquisition of 100% of the share capital of Apharm that occurred in June 2019 for the portion of the year prior to the Acquisition in question (i.e., from January 1, 2019 to the day prior to the date of the Acquisition in question). The adjustment was also impacted by a recognition of additional goodwill for Euro 7.979 thousand and additional amortization for Euro 1.280 thousand.
- The "Business Combination" column shows the effects of the Transaction. The adjustments reflect the results if the acquisition of Biofarma S.r.l. and subsequent acquisition of Nutrilinea Group had taken place on January 1, 2019. In particular, the adjustments reflect additional goodwill for Euro 66.026 thousand and additional amortization Euro 6.602 thousand. The Transaction was performed by a capital injection and an additional bank loan for Euro 26.000 thousand.
- The "Interest adjustment and tax effect" column shows the results of the recognition of interest on the new debt structure and the related tax effect. The adjustments reflect the average interest rate calculated on the new portion of the bank loan mentioned above for Euro 1.580 thousand and the related tax effect.

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BIOFARMA GROUP
Consolidated Financial Statements
as of and for the fiscal years ended
December 31, 2021 and December 31, 2020

CONSOLIDATED BALANCE SHEET

For the fiscal year ended December 31, 2021 and December 31, 2020

€ thousands	Notes	As of December 31, 2021	As of December 31, 2020
Assets			
Goodwill	7	122.446	140.663
Intangible Assets	8	15.783	10.627
Property, plant and equipment	9	32.328	36.442
Investments in subsidiaries and other companies	10	384	384
Other non current assets	15	105	90
Non-current Assets		**171.046**	**188.206**
Inventories	11	33.839	29.386
Trade receivables	12	45.171	39.836
Tax receivables	13	9.331	8.596
Deferred tax assets	14	658	2.230
Other receivables	15	2.236	1.823
Prepaid expenses and accrued income	16	498	491
Cash and cash equivalents	17	24.871	29.966
Current Assets		**116.604**	**112.328**
Total Assets		**287.650**	**300.534**

€ thousands	Notes	As of December 31, 2021	As of December 31, 2020
Liabilities and Shareholders' equity			
Share capital	18	3.000	3.000
Reserve	18	131.236	130.513
Retained earnings	18	(9.087)	0
Current earnings	18	(3.673)	(9.228)
Equity attributable to the owners of the parent		**121.476**	**124.285**
Equity attributable to non-controlling interests	19	2.671	1.323
Total Shareholders' equity		**124.147**	**125.608**
Deferred tax liabilities	20	4	4
Provisions for employee severance indemnities	21	1.975	1.654
Provisions for risks and charges	22	565	1.671
Bank loan	24	79.651	96.768
Other financial liabilities	25	653	818
Non-current Liabilities		**82.848**	**100.915**
Current portion of bank loan	24	21.529	18.876
Other financial liabilities	25	3.776	9.397
Trade payables	26	46.575	38.374
Advances	23	337	148
Tax payables	27	2.887	2.055
Social security payables	28	1.204	1.170
Other payables	29	3.970	3.796
Accrued expenses	30	377	195
Current Liabilities		**80.655**	**74.011**
Total Liabilities and Shareholders' equity		**287.650**	**300.534**

CONSOLIDATED PROFIT AND LOSS STATEMENT

For the fiscal year ended December 31, 2021 and December 31, 2020

€ thousands	Notes	For the year ended 2021	For the year ended 2020
Net revenue	31	201.095	176.872
Other revenue and income	31	5.493	6.569
Total net revenue and income		**206.588**	**183.441**
Purchase of goods and changes in inventory	32	105.803	88.031
Cost of services	34	29.185	34.120
Use of third party assets	33	5.410	4.580
Personnel costs	35	31.740	29.683
Other operating costs	36	278	928
Capitalization in fixed assets for internal work	37	(5.561)	(3.028)
Depreciation—tangible assets	38	9.040	8.877
Amortization—intangible assets	38	23.085	21.290
Provisions for risks	39	444	76
Total operating costs		**199.424**	**184.557**
Operating profit		**7.164**	**(1.116)**
Financial Income	40	(3.890)	(4.127)
Profit before taxes		**3.274**	**(5.243)**
Income taxes	41	(5.598)	(3.632)
Profit for the year		**(2.324)**	**(8.875)**
Attributable to:			
Owners of the parent		(3.672)	(9.228)
Non-controlling interests		1.348	353

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended December 31, 2021 and December 31, 2020

€ thousands	Share capital	Legal reserve	Share premium reserve	Extraordinary Reserve	Cash flow hedge reserve	Other Reserve	Retained earnings/ losses	Fiscal year profit/loss	Total Group shareholders' equity	Non controlling interest	Total shareholders' equity
Balance as of January 1, 2020	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Business Combination	3.000	600	10.328	7.714		113.083	—	—	**134.725**	970	**135.695**
Allocation of profit (loss) for the year									**—**		**—**
Change in FV of cash flow hedge derivatives					(1.212)				**(1.212)**		**(1.212)**
Result for the fiscal year ended December 31, 2020								(9.228)	**(9.228)**	353	**(8.875)**
Balance as of December 31, 2020	**3.000**	**600**	**10.328**	**7.714**	**(1.212)**	**113.083**	**—**	**(9.228)**	**124.285**	**1.323**	**125.608**
Allocation of profit (loss) for the year							(9.228)	9.228	**—**		**—**
Change in FV of cash flow hedge derivatives					864				**864**		**864**
Other movements						(141)	141		**—**		**—**
Result for the fiscal year ended December 31, 2021								(3.672)	**(3.672)**	1.348	**(2.324)**
Balance as of December 31, 2021	**3.000**	**600**	**10.328**	**7.714**	**(348)**	**112.942**	**(9.087)**	**(3.672)**	**121.477**	**2.671**	**124.148**

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended December 31, 2021 and December 31, 2020

€ thousands	**12 month at December 31, 2021**	**12 month at December 31, 2020**
Cash flow from operating activities		
Profit/(loss) for the year	**(2.324)**	**(8.875)**
Income taxes	5.598	3.632
Financial expenses	3.890	4.127
1. Profit (loss) for the year before income taxes and interest	**7.164**	**(1.116)**
Non cash adjustments		
Depreciation and Amortization	32.125	30.167
Provision for contingencies	444	76
Total non-monetary adjustments without effects in working capital	**32.569**	**30.243**
2. Cash flow from operating activities before changes in net working capital	**39.733**	**29.127**
Changes in Net Working Capital		
Decrease / (Increase) of inventories	(4.453)	(3.888)
Decrease / (Increase) of trade receivables	(5.335)	8.300
(Decrease) / Increase in trade payables	8.201	(1.325)
Decrease / (Increase) in accrued income and prepaied expenses	(7)	521
(Decrease) / Increase in accrued expenses and deferred income	182	120
Other working capital	1.378	(2.951)
Total changes in working capital	**(34)**	**777**
3. Cash flow from operating activities after changes in working capital	**39.699**	**29.904**
Other adjustments		
(Income tax paid)	(5.598)	(3.632)
(Interests paid)	(3.890)	(4.127)
(Use of provisions)	(91)	(312)
Total other adjustments	**(9.579)**	**(8.071)**
Cash flow from operating activities (A)	**30.120**	**21.833**
Cash flow from investing activities		
(Payments for tangible assets)	(5.221)	(12.191)
Proceeds from sale of tangible assets	295	3.510
(Payments for intangible assets)	(10.024)	(8.820)
Proceeds from sale of intangible assets	0	1.531
(Payments for financial assets)	(15)	0
Cash flow from investing activities (B)	**(14.965)**	**(15.970)**
Cash flow from financing activities		
Proceeds of Bank loan		55.500
Repayment of Bank loan	(20.250)	(20.360)
Capital contribution		51.318
Biofarma acquisition (from Biofarma Holding)		(65.582)
Dividends paid		(10.000)
Net cash from the acquisition of Biofarma		13.227
Cash flow from financing activities (C)	**(20.250)**	**24.103**
Increase / (Decrease) cash and cash and equivalents (A + B + C)	**(5.095)**	**29.966**
Cash and cash equivalents at the beginning of the year	**29.966**	**0**
Cash and cash equivalents at the end of the year	**24.871**	**29.966**

Notes to the Consolidated Financial Statements

as of and for the financial year ended December 31, 2021 and December 31, 2020

Note 1. General information about the group

The Biofarma Group was founded on February 12, 2020, by the combination of the Nutrilinea Group (composed by Nutrilinea S.r.l., Claire S.r.l. and Pharcoterm S.r.l.), Apharm S.r.l and Biofarma S.r.l

Biofarma S.r.l. (the "Parent Company") and its subsidiaries (together, known as "Biofarma Group" or the "Group") are specialized in the development, production, packaging of supplements and distribution of nutraceutical and medical devices, probiotic-based drugs and cosmetics, exclusively for third parties. The Group operates in the Italian and European markets. Customised solutions are created at the four manufacturing sites located in the Friuli Venezia Giulia, Veneto and Lombardy regions of Italy to provide clients a fully-comprehensive and integrated service.

The following reorganisation steps were undertaken:

On February 12, 2020, the Group was formed by the combination with its direct subsidiaries, Nutrilinea S.r.l. and its indirect subsidiary, Apharm S.r.l

On March 24, 2021, Nutrilinea S.r.l. concluded the merger by incorporation of Claire S.rl. and Pharcoterm S.r.l. with legal effects from the last date of the registrations referred to in art. 2504 of the Civil Code and with effect from the accounting, tax and effects established by art. 2501-ter first paragraph no. 6 of the Civil Code from 01/01/2021.

On December 13, 2021, a newco, Pasteur S.r.l., was created, which is 100% controlled by Biofarma S.r.l. with the purpose to acquire in 2022, through IHS S.r.l., a business unit from Giellepi S.r.l

Note 2. Basis of presentation

The Consolidated Financial Statements include the Consolidated Balance Sheet, the Consolidated Profit and Loss Statement, the Consolidated Statement of changes in Shareholders' equity, the Consolidated Cash Flow Statement and the Explanatory Notes which were approved by the Board of Directors on March 18, 2022. These Consolidated Financial Statements have been prepared in accordance with the accounting standards issued by the Italian Accounting Organization (Organismo Italiano di Contabilità, "OIC") ("Italian GAAP"), The Consolidated Financial Statements do not constitute the Group's statutory consolidated financial statements for the years ended December 31, 2021 and December 31, 2020.

In preparing the Consolidated Financial Statements, however, Biofarma 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 the International Financial Reporting Standards ("IFRS") adopted by European Union.

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. Refer to Note 6—"Significant accounting policies" for the Group's basis of presentation.

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.

As the majority of the Groups operations are conducted in Euros, the Group does not have a significant amount of foreign currency transactions.

Going concern

These consolidated financial statements have been prepared on the basis that the Group will continue as a going concern.

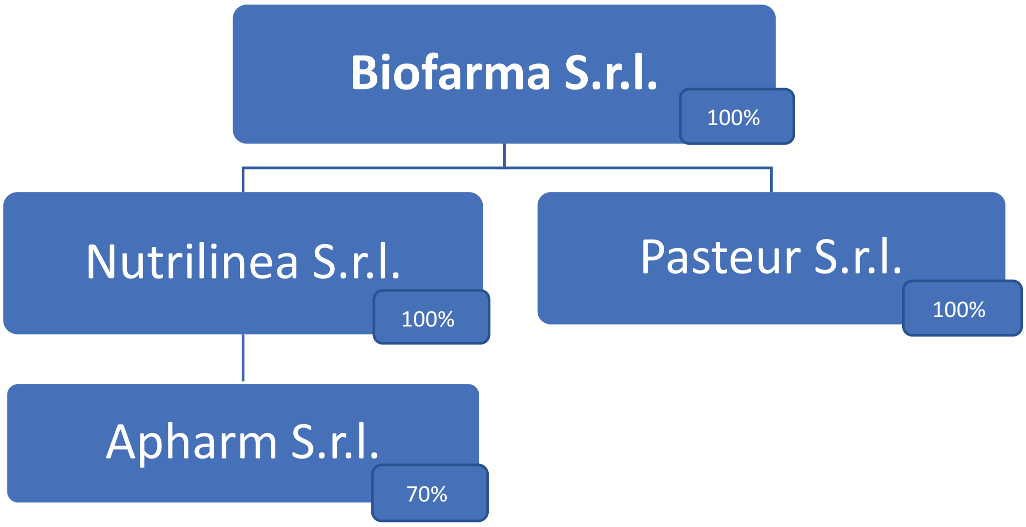
Despite the COVID-19 pandemic situation, the Group has generated positive cash flow from operations in 2020 and 2021 with improvement year over year.

Considering the positive cash flow generation and the 2022 order intake at the date of approval of the Consolidated Financial Statements we have not identified conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

In this context we have not identified critical estimates and critical judgements in addition than those highlighted in the Use of estimates paragraph included in the Note 6. Significant accounting policies.

Note 3. Scope of consolidation and presentation of the consolidated Financial Statements

The scope of consolidation of the Group has been determined by referring to the legal control that the Parent Company exercises over its subsidiaries.



On the table below are detailed the companies in scope for consolidation in 2020 and 2021 periods:

Company	Control	Percentage Holding	Consolidation period
Biofarma S.r.l.	Parent Company	100.0%	2021, 2020
Biofarma Holding S.r.l.	Former Holding	—	2020 (merged in Biofarma S.r.l. in 2020)
Esculapio S.r.l.	Intermediate Holding	—	2020 (merged in Biofarma S.r.l. in 2020)
Nutrilinea S.r.l.	Direct	100.0%	2021, 2020
Pharcoterm S.r.l.	Indirect	100.0%	2020 (merged in Nutrilinea S.r.l. in 2021)
Claire S.r.l.	Indirect	100.0%	2020 (merged in Nutrilinea S.r.l. in 2021)
Apharm S.r.l.	Indirect	70.0%	2021, 2020
Pasteur S.r.l.	Direct	100.0%	2021 (starting from December)

The Consolidated Financial Statements consist of the Financial Statements of the Parent Company. and the subsidiaries in which the Parent Company directly and indirectly holds the majority of voting rights and over whose activities it exercises control.

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 on which the Parent Company acquired control or the first available date of consolidation. The subsidiaries are deconsolidated from the date on which the Parent Company is no longer the controlling entity. Basing on art. 33, paragraph 1, of the Legislative Decree. 127/1991 a subsidiary can either be consolidated starting from the date on which control by the controlling entity is acquired or for the full year, if the acquisition took place in the first months of the year.

Due to the fact that the Group was formed on February 12, 2020 , as reported in Note 5 "Significant events throughout the period", the Directors opted for a full year consolidation.

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 carrying amount of investments in consolidated subsidiaries is eliminated against the corresponding net equity; positive differences are allocated, where possible and gross of the related tax effect, to the subsidiaries' assets. Any non-attributable residual amount calculated at the date of acquisitions, represents goodwill and is recognized as intangible assets and amortized over its estimated useful life;
- all payables, receivables, revenue and costs, including any unrealized profit and losses, deriving from transactions between subsidiaries and the parent company or between subsidiaries are eliminated upon consolidation.
- the portion of the Profit (loss) for the year attributable to non-controlling interest is determined on the basis of the corresponding percentage of Shareholders' equity not owned by the Parent Company.
- the portion of the Equity attributable to non-controlling interests is recognized on the basis of the percentage not owned by the Parent Company.

Reconciliation of net equity and result for the financial year as reported in the Financial Statements of Biofarma Group and those reported in the Consolidated Financial Statements as of December 31, 2021 and December 31, 2020 is presented here below:

€ thousand	Shareholders' Equity as of December 31, 2021	Result for the fiscal year ended December 31, 2021	Shareholders' Equity as of December 31, 2020	Result for the fiscal year ended December 31, 2020
Biofarma S.r.l.	**142.714**	**3.949**	**138.278**	**4.187**
Elimination of the book value of consolidated shareholdings (Differences between book value and relevant shareholders' equities)	(33.671)	(3.922)	(52.474)	(7.646)
Goodwill	16.008	(2.279)	40.637	(4.515)
Elimination of intercompany profit/losses	(1.015)	(113)	(903)	(903)
Profit (loss) for the period of consolidated subsidiaries	—	—	—	—
IAS 17 adjustments	111	41	70	2
Consolidated Biofarma Group	**124.147**	**(2.324)**	**125.608**	**(8.875)**
Shareholders' equity and third—party result	2.671	1.348	1.323	353
Shareholders' equity and Group result	**121.476**	**(3.672)**	**124.285**	**(9.228)**

Note 5. Significant events throughout the period

COVID-19 Pandemic

In 2020, the national and international scenario was characterized by the spread of the Covid-19 pandemic and the consequent restrictive measures for its containment by the public authorities of the countries concerned.

In December 2019, a novel strain of coronavirus surfaced and, since then, has spread around the globe, including Italy, had been declared a pandemic by the World Health Organization. In response to the COVID-19 pandemic, on March 9, 2020, the Italian government imposed a nationwide quarantine together with several other measures. As a result of these restrictive measures, the Group transitioned a portion of its workforce to remote working and experienced operational difficulties; but all Group plants continued their activities with some inefficiencies due to the remote working situation during this period.

Additionally, even though the nationwide quarantine in Italy was lifted on May 4, 2020, significant restrictions and social distancing measures remained in place, which continued to adversely affect the overall Italian economy, the Group's operations and Group's customers' operations were not negatively impacted.

Despite these circumstances, the Group in 2021 recognized a growth in Net Revenues of 13.7% and positive margins, consistent with shareholder expectations. The Group has not suffered financial strain in net working capital management.

Note 6. Significant accounting policies

The most significant accounting policies adopted in the preparation of the Consolidated Financial Statements, in accordance with legislative requirements, are the following:

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 includes the amounts paid in this regard in relation to business acquisitions or other corporate operations and are amortized over their useful life. The useful life is estimated starting from the initial recognition of goodwill and is not modified in subsequent years. Where it is not possible to estimate the useful life, goodwill is amortized over a period of 10 years.

In accordance with OIC 9, and in order to support the valuation of the goodwill on the Balance Sheet of the Group, the Directors of the Group performed impairment test every time there is an impairment indicator. Where the value of goodwill, net of the amortization already recorded, reports a permanent impairment, a write-down is recognized through the Income Statement.

Intangible assets

Intangible assets are recorded at the cost of purchase, including acquisition costs and amortised over their expected useful life.

Advertising and research costs are entirely recognised at cost during the financial year in which they were incurred.

Development costs are amortized according to their useful life, in exceptional cases in which it is not possible to reliably estimate their useful life, they are amortized over a period not exceeding five years. Until the amortization is completed, dividends can be distributed only if sufficient reserves remain available to cover the amount of the unamortized costs. The costs incurred for basic research are charged to the income statement in the year in which they are incurred.

Industrial patent and similar intellectual property rights are amortized based on their estimated useful life, which has been assessed in a 3-5-year basis starting from the fiscal year in which the process of economic utility initiated.

Leasehold improvements are capitalised and recognised among "other intangible assets" if they cannot be separated from the assets themselves (otherwise, they are recognised among "property, plant and equipment" in the specific relative item).

They are amortised/depreciated on a straight-line basis at the lesser of the useful life and the remainder of the lease, taking into account any renewal periods, if these depend on the Group.

The amortisation criteria applied to the various intangible asset items are summarised below, reflecting the residual useful lives and the estimated useful lives of these capitalised costs:

Asset	Amortization rate
Start-up and development costs	20% - 33%
Industrial patent and similar intellectual property rights	20%
Goodwill	10%
Other intangible assets	20%

Property, plant and equipment

Property, plant and equipment are recognized at cost of purchase, inclusive of directly attributable acquisition costs, and increased 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 over their useful lives. Purchases of assets with a value of less than €516.46 are expensed through the Income Statement.

The annual rates used for depreciation are indicated in the following table:

Asset	Depreciation rate
Land	0%
Building	3%
Plants and machinery	17,5% - 20%
Industrial and commercial equipment	10%- 40%
Other tangible assets	20%- 25%

Land is not subject to depreciation.

In accordance with OIC 17 and OIC 12, financial leasing transactions were accounted for in accordance with IAS 17. Assets acquired under finance leases are recorded in the consolidated financial statements at the value of the asset at the beginning of the contract with simultaneous recording under liabilities of the corresponding financial debt to the leasing companies: the assets are depreciated based on the depreciation rates utilised for similar assets. The leased assets where the lessor bears the majority of the risks and rewards related to an asset are recorded as operating leases. The costs relating to operating leases are recorded on a straight-line basis in the income statement over the duration of the lease contract.

Impairment of goodwill, intangibles assets and property, plant and equipment

At the end of each reporting period, goodwill, intangible 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 and an impairment charge is recognized when the carrying value of the asset exceeds its recoverable value. The recoverable value of an asset is the greater of its fair value or its value in use, which is the present value of the asset's estimated future financial cash flows, 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.

An impairment charge is recognized in the Income Statement when the carrying value of the asset is greater than the recoverable value; if, in subsequent years, the reasons justifying the write-down cease, the original value is restored, within the limits of the value that the asset would have had without the impairment loss, except for the item ''Goodwill''.

Investments in associates, controlled entities not fully consolidated and other companies

Investments in associates or in controlled entities not fully consolidated are accounted for using equity method, which implies the value of the investment to be adjusted by the share of loss / profit of the investee (which is accounted for in the line item "Share of (loss) / profit of the investee") and/or other movement in the equity such as capital contribution or dividends distribution.

Investments in other companies are accounted for at cost.

Inventory

Inventories of consumables and spare parts are valued on the basis of the FIFO criterion at the lower of the cost incurred and the net realizable value. The cost of inventories includes the purchase cost, and any ancillary charges; production cost includes directly attributable costs and a portion of indirect cost reasonably attributable to the products.

Raw materials

The cost of raw materials of a fungible nature has been calculated using the FIFO method. The value thus determined has been appropriately compared with net realisable value.

Work in progress and Finished products

Inventories of work in progress, *semi-finished products* and finished products are also valued on the basis of the FIFO criterion at the lower of the production cost and the net realizable value. The production cost includes ancillary charges, costs directly attributable to the product and other costs, for the reasonably attributable portion, relating to the manufacturing period.

Inventories are subject to devaluation in the balance sheet when the realizable value inferable from the market trend is lower than the relative book value. Obsolete and slow-moving stocks are written down in relation to their possibility of use or realization.

Trade receivables

Receivables are recognised according to the amortised cost criteria, taking account of their timing and the expected realisable value. 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 carrying value of receivables is adjusted where necessary by a write-down provision, presented as a direct reduction of the value of the receivables to their expected realisable value. The write-down to the Financial Statements is equal to the difference between the book value and the value of estimated future cash flows, less amounts which are not expected to be received. The write-down is recognised in the Income Statement.

Receivables in foreign currency under current assets are registered at the current exchange rates on the date when the relative transactions take place. They are adjusted to the year-end exchange rate and any gains or losses are recorded on the Income Statement for the year. Any net profit is set aside in a specific reserve which may only be distributed upon realization.

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.

Receivables from factoring, with no recourse are derecognized from the Balance Sheet. Receivables from factors with recourse options, remain recorded in the Balance Sheet and a financial liability is recognized subsequent the cash received.

Cash and cash and equivalents

Cash and cash and equivalents are stated at nominal value.

Accruals and deferrals

Accrued income are related to the portion of revenue or income already earned but not yet invoiced.

Prepaid expenses are related to the portion of costs related to future periods/years 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 and accruals 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 considers also the information available after the fiscal year end and up to the preparation of the present Financial Statements. The provisions reflect the best estimate on the basis of available information at the reporting date. Potential liabilities which are only considered possible are described in the notes.

Provisions for employee severance indemnities

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 as of 1 January 2007, the Finance Law and related implementing decrees introduced significant changes 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 Financial Statements is therefore net of payments to the funds mentioned.

Loans, trade and other payables

Loans, trade and other payables are recognised according to the amortised cost method, taking account of their timing. The amortised cost criterion is not applied to loans and payables where the effects are insignificant. Effects are considered insignificant for short-term loans and payables (i.e. with maturity of less than 12 months). For the amortised cost method reference should be made to loans and payables.

Trade payables in foreign currency are registered at the exchange rate at the date of the transaction. Then, they are adjusted on a year-end exchange rate and the difference between the two values are registered in the Income Statement for the year. The net profit is set apart in a specific reserve, which may be distributed only upon realization.

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 recognised at fair value with effects recognised 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 shareholders' equity. Profits and losses associated with hedging are recognised in the income statement, for the ineffective portion. At the moment in which a given operation is realised, cumulative profits and losses which have been recognised in the shareholders' equity up to that moment are recognised in the income statement at the moment the operation is realised (adjusting or adding to the income statement items affected by the financial flows hedged).

Therefore, changes in the relative fair value of derivatives are recognised:

- in the income statement, in the case of hedging the fair value of an asset or liability recognised 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 recognised in the income statement item pertinent to the item hedged);
- in a specific shareholders' 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 recognised in the balance statement and recognised 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 recognised 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.

Other financing

Other financing includes financial debt with counterparties who are not banks and are stated at nominal value.

Recognition of revenue and costs

Revenues from the sale of products are recognised at the time ownership passes, which is generally upon shipment. Revenues for services rendered are booked at the time the service is completed and are shown in the financial statements in accordance with the principles of prudence and competence, with recognition of the associated accrued income and prepaid expenses.

Costs are recognised in the financial statements in accordance with the principles of prudence and competence, with recognition of the associated accrued income and prepaid expenses.

Revenue and income, costs and charges are net of discounts, rebates and premiums, as well as taxes directly connected with the sale of products and the provision of services.

Intra-group operations are carried out under normal market conditions.

Revenue and income, costs and the related charges for operations in currency are determined at the exchange rate on the date that the relevant operation is completed.

Income and charges of a financial nature are recognised on the basis of the relevant accounting period.

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 rates and regulations in force.

Conversion of items in foreign currency

Assets and liabilities originally expressed in foreign currency of a non-monetary nature are recorded in the Balance Sheet at the exchange rate at the time of purchase, i.e., at the cost of initial recording.

Assets and liabilities originally expressed in foreign currency of a monetary nature are translated into the financial statements at the spot exchange rate on the balance sheet date. At year-end, foreign currency assets and liabilities, except for fixed assets, are recorded at spot exchange rates as of the balance sheet date; the related foreign exchange gains and losses are recognised in the income statement and any net profit is allocated to a special fund reserve that cannot be distributed until realised.

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 Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. 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 realized 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 utilized. 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 balance sheet 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 current Consolidated Financial Statements requires management's estimates and assumptions on the values of the assets and liabilities in the financial statements and on the information relating to the assets and potential liabilities at the Consolidated Financial Statement date. The estimates and assumptions used are based on past experience and other factors considered relevant. However, actual results could differ from the estimates.

Estimates and assumptions are reviewed periodically and the impacts of any resulting changes are recognized directly in the income statement in the period in which the estimates are revised, if the revision impacts only that period, or also in future periods, if the revision impacts both the current and future periods.

The most significant accounts concerned by these uncertainties are (i) the valuation of goodwill; (ii) the evaluation of the recoverable value of property, plant and equipment, goodwill and other intangible assets after the execution of the impairment test exercise and (iii) the depreciation of Property, plant and equipment and the amortization of Goodwill and Other intangible assets; (iv) the bad debt provision; (v) the provision for risks and charges; (vi) the inventory obsolescence provision.

Analysis of Balance Sheet items

Note 7. Goodwill

€ thousand	As of December 31, 2020	Business Combination	Increase	(Amortization)	(Decrease)	Other	As of December 31, 2021
Goodwill	140.663		—	(18.217)	—	—	122.446
Total goodwill	**140.663**	**—**	**—**	**(18.217)**	**—**	**—**	**122.446**

€ thousand	As of January 1, 2020	Business Combination	Increase	(Amortization)	(Decrease)	Other	As of December 31, 2020
Goodwill	—	158.880	—	(18.217)	—	—	140.663
Total goodwill	**—**	**158.880**	**—**	**(18.217)**	**—**	**—**	**140.663**

Goodwill arise from the difference between the purchase price and the net assets acquired at the business combination date for an amount of Euro 158.880 thousand as described in Note 1 General Information about the group.

The Directors, taking into account the sector in which the Group operates consider it reasonable to systematically amortize the goodwill over ten years.

The Group didn't incur in any trigger event that request to perform the impairment test for December 31, 2021 and 2020. Furthermore, referring to 2021, goodwill recoverability was supported by the fair value expressed by a third party transaction conducted at market conditions occurred close to the year end. The fair value of the transaction confirms an amount greater than the carrying amount of the net assets.

Note 8. Intangible assets

As of December 31, 2021, 2020 intangible assets amounted to Euro 15.783 thousand and to Euro 10.627 thousand, respectively.

Intangible assets are detailed as follow:

€ thousand	As of December 31, 2020	Business Combination	Increase	(Amortization)	(Decrease)	Other	As of December 31, 2021
Start-up costs	1.866	—	62	(558)	—	9	1.379
Industrial patent and similar intellectual property rights	1.872		748	(1.151)	—	1	1.470
Development costs	4.469	—	6.899	(3.159)	—	1.951	10.160
Intangible assets under construction	2.420	—	2.315	—	—	(1.961)	2.774
Total intangible assets	**10.627**	**—**	**10.024**	**(4.868)**	**—**	**—**	**15.783**

€ thousand	As of January 1, 2020	Business Combination	Increase	(Amortization)	(Decrease)	Other	As of December 31, 2020
Start-up costs	—	577	1.854	(565)	—	—	1.866
Industrial patent and similar intellectual property rights		506	2.331	(965)	—	—	1.872
Development costs	—	4.211	1.953	(1.543)	(196)	44	4.469
Intangible assets under construction	—	1.119	2.636	—	(1.335)	—	2.420
Total intangible assets	**—**	**6.413**	**8.774**	**(3.073)**	**(1.531)**	**44**	**10.627**

Start-up costs

The net book value of the item "start-up costs" mainly refers to costs incurred for the constitution of the Group in 2020.

Industrial patent and similar intellectual property rights

The net book value of the item mainly refers to software licences.

Development costs

The net book value of the item "development costs" mainly involves the expenses that the Group has sustained to develop the Aminotrofic and Sport Divisions.

Intangible assets under construction

The net book value of the item mainly refers to development projects not finished yet.

Note 9. Property, plant and equipment

As of December 31, 2021 and 2020 property, plant and equipment amount to Euro 32.328 thousand and to Euro 36.442 thousand, respectively.

Depreciation was calculated on all of the property, plant and equipment depreciated, applying the tax rates representing the technical-economic life, specified in the significant accounting policies.

Property, plant and equipment, are detailed as follow:

€ thousand	As of December 31, 2020	Business Combination	Increase	(Depreciation)	(Decrease)	Other	As of December 31, 2021
Land and building	4.130	—	1.093	(133)	—	—	5.090
Plants and machinery	26.804	—	1.668	(7.135)	—	725	22.063
Industrial and commercial equipment	1.337	—	947	(986)	3	—	1.301
Other tangible assets	3.445	—	81	(490)	(295)	—	2.741
Constructions in progress	726	—	1.133	—	—	(725)	1.133
Total tangible assets	**36.442**	**—**	**4.922**	**(8.744)**	**(292)**	**—**	**32.328**

€ thousand	As of January 1, 2020	Business Combination	Increase	(Depreciation)	(Decrease)	Other	As of December 31, 2020
Land and building	—	4.199	85	(154)	—	—	4.130
Plants and machinery	—	26.925	7.222	(6.789)	(2.304)	1.750	26.804
Industrial and commercial equipment	—	1.670	1.029	(1.130)	(160)	(72)	1.337
Other tangible assets	—	1.401	2.816	(804)	(40)	72	3.445
Constructions in progress	—	1.371	2.111	—	(1.006)	(1.750)	726
Total tangible assets	**—**	**35.566**	**13.263**	**(8.877)**	**(3.510)**	**—**	**36.442**

Land and building refers to the properties owned by the Group, totally related to Nutrilinea S.r.l.site for Euro 5.090 thousand.

Plants and Machinery throughout the fiscal years, mainly refers to the substantial investment plan that the Group undertook during the years with reference to improvements in machinery and technological innovation in the production process.

Industrial and commercial equipment includes the cost of purchase of various equipment for warehouse (trestles, platforms, stainless steel tanks, etc.) and laboratory.

Other tangible assets throughout the fiscal years are mainly related to vehicles and cars as well as other office equipment.

Constructions in progress refers to development of new cosmetic and supplements lines.

Note 10. Investment in subsidiaries and other companies

The relevant information referring to the associated companies is set forth below:

€ thousand	As of December 31, 2021	As of December 31, 2020
Subsidiaries	372	372
Other companies	12	12
Value in the financial statement	**384**	**384**

The value of equity investments as at December 31, 2021 was Euro 384 thousand, of which Euro 372 thousand pertaining to the equity interest in Cura Beauty Gmbh.

In May 2019 Biofarma Group, through its subsidiary Nutrilinea S.r.l., finalized the acquisition of 70% stake in Apharm S.r.l., a company specialized in research and development of nutraceutical products and medical devices, consolidated on a line-by line basis. The agreement also provides that Nutrilinea S.r.l. can exercise a call option on the remaining 30% and the minority shareholder can exercise a corresponding put option on the same stake in case of a change in control, within 3 years after closing date. After that period, both parties can exercise the put and call options. The agreed purchase price is set by reference to an fixed EBITDA multiple taking into account market conditions.

At December 31, 2020 and 2021 the conditions of exercise didn't apply and the option has been considered at fair value equal to zero. The option will be exercise in 2022 in connection with the change of Group control.

Note 11. Inventories

As of December 31, 2021, 2020 inventories amount to Euro 33.839 thousand and to Euro 29.386 thousand, respectively. Inventories are detailed as follow:

€ thousand	As of December 31, 2021	As of December 31, 2020
Raw materials	25.442	21.229
Work in progress and semi-finished products	5.160	3.564
Finished products	2.945	4.574
Down payment	292	19
Total inventories	**33.839**	**29.386**

Inventories are stated net of obsolescence provisions for raw materials write-downs, in order to report their estimated realisable value.

Down payment refers to advances for purchasing raw material.

These provisions both reflect the economic and physical obsolescence of inventories.

Note 12. Trade receivables

Trade Receivables are specified below:

€ thousand	As of December 31, 2021	As of December 31, 2020
Trade Receivables		
- of which within 12 months	45.910	40.247
- of which beyond 12 months	—	—
Total trade receivables	**45.910**	**40.247**
Bad debt provision	(739)	(411)
Total trade receivables net of bad debt provisions	**45.171**	**39.836**

Write-downs are made on the basis of a careful analysis of past due accounts, customers in financial difficulties and clients with whom legal action has been initiated, in addition to estimated expected losses on receivables.

The doubtful debt provision reflects management's estimate based on the expected losses by the Group, 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 "Provisions for risks".

The movements of the "Bad debt provision" for trade receivables throughout the fiscal years are detailed as follows:

€ thousand	
Balance of bad debt provisions trade receivables as of January 1, 2020	**—**
Business Combination	**750**
Use for losses on receivables	(339)
Releases	—
Provision	—
Balance of bad debt provisions trade receivables as of December 31, 2020	**411**
Use for losses on receivables	(8)
Releases	—
Provision	336
Balance of bad debt provisions trade receivables as of December 31, 2021	**739**

Note 13. Tax receivables

Tax Receivables are specified below:

€ thousand	As of December 31, 2021	As of December 31, 2020
VAT recoverable from the tax authorities	4.962	4.207
R&D tax credit	3.263	3.107
Other tax credits	789	185
Direct tax credits	317	1.097
Total Tax receivables	**9.331**	**8.596**

The VAT receivables derive from the periodic settlement of VAT in the various Group companies, which resulted in a receivable towards the tax authorities. This receivable is mainly attributable to Nutrilinea, which has a VAT credit of Euro 3.537 thousand as of December 31, 2021.

The R&D receivables derived from a multi-year project for the development of products and processes in the nutraceutical and medical device business in accordance with the law pursuant to L. 160/2019 and L. 178/2020.

The item "Other tax credit" mainly refers to the substitute tax for realignment (see additional information in Note 14—Deferred tax assets) for which the Group as the will be the reimbursed through the offsetting with other tax payables

The value of direct tax receivables relates to tax advances higher than the amount due from final tax calculations.

Note 14. Deferred tax assets

€thousand	As of December 31, 2021	As of December 31, 2020
Deferred tax assets		
Goodwill realignment	—	1.333
Temporary differences fiscally deductible in future years	658	897
Total deferred tax assets	**658**	**2.230**

Deferred tax assets relate to the temporary differences on customer indemnity provided for by collective economic agreements, the write-down of receivables, and differences between tax and statutory amortisation/depreciation rates.

The 2020 figures include a tax asset of Euro 1.333 thousand deriving from a tax relief that consent a fiscal realignment of a portion of goodwill. Such asset would have generated a tax benefit in 18 years. In 2021 this asset has been written off due to the new provisions of the "Legge di Bilancio 2022" L. 234/2021 that state the tax benefit will be recoverable in 50 years and no longer as initially foreseen.

Note 15. Other receivables

Other receivables are composed as follows:

€ thousand	As of December 31, 2021	As of December 31, 2020
Factoring receivables	1.071	1.320
Advance payment to suppliers	645	150
Other receivables	520	353
Total other receivables	**2.236**	**1.823**
Other non current assets	105	90
Total other non-current assets	**2.341**	**1.913**

The figure "Other receivables" is deemed to be fully collectable and no value adjustments have been made. Such figure includes confirmatory deposit for Euro 214 thousand.

Note 16. Prepaid expenses and accrued income

The prepaid expenses and accrued income amount to Euro 498 thousand as of December 31, 2021 and amount to Euro 491 thousand as of December 31, 2020.

Note 17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. The line item amount to Euro 24.871 thousand in 2021 and Euro 29.966 thousand in 2020. For more details, please refer to the Cash Flow Statement.

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 18. Shareholders' Equity

€ thousands	Share capital	Legal reserve	Share premium reserve	Extraordinary Reserve	Cash flow hedge reserve	Other Reserve	Retained earnings/ losses	Fiscal year profit/ loss	Total Group shareholders' equity	Non controlling interest	Total shareholders' equity
Balance as of January 1, 2020	—	—	—	—	—	—	—	—	**—**	—	**—**
Business Combination	3.000	600	10.328	7.714		113.083	—	—	**134.725**	970	**135.695**
Allocation of profit (loss) for the year									**—**		**—**
Change in FV of cash flow hedge derivatives					(1.212)				**(1.212)**		**(1.212)**
Result for the fiscal year ended December 31, 2020								(9.228)	**(9.228)**	353	**(8.875)**
Balance as of December 31, 2020	**3.000**	**600**	**10.328**	**7.714**	**(1.212)**	**113.083**	**—**	**(9.228)**	**124.285**	**1.323**	**125.608**
Allocation of profit (loss) for the year							(9.228)	9.228	**—**		**—**
Change in FV of cash flow hedge derivatives					864				**864**		**864**
Other movements						(141)	141		**—**		**—**
Result for the fiscal year ended December 31, 2021								(3.673)	**(3.673)**	1.348	**(2.325)**
Balance as of December 31, 2021	**3.000**	**600**	**10.328**	**7.714**	**(348)**	**112.942**	**(9.087)**	**(3.673)**	**121.476**	**2.671**	**124.147**

Share capital

The share capital subscribed to and paid-in amount to Euro 3.000 thousand as of December 31, 2021 and as of December 31, 2020.

Legal reserve

The legal reserve amount to Euro 600 thousand as of December 31, 2021 and as of December 31, 2020.

Share premium reserve

The share premium reserve amount to Euro 10.328 thousand as of December 31, 2021 and as of December 31, 2020.

Extraordinary reserve

The extraordinary reserve amount to Euro 7.714 thousand as of December 31, 2021 and as of December 31, 2020. It represents the reserve attributed to each company prior to the acquisition.

Cash flow Hedge reserve

The cash flow hedge reserve amount to a negative value of Euro 348 thousand as of December 31, 2021 and is negative for Euro 1.212 thousand as of December 31, 2020. The variation refers to changes in the fair value of IRS derivatives.

Other Reserve

The other reserve amount to Euro 112.942 thousand as of December 31, 2021 and amount to Euro 113.083 thousand as of December 31, 2020. Such reserve includes also the consolidation reserve; changes of period refers to minor variances of lease accounting

Retained earnings (losses)

Retained earnings (losses) amount to a negative value of Euro 9.087 thousand as of December 31, 2021.

The retained earning refers to the accumulated losses by the Group during fiscal 2020.

Note 19. Equity attributable to non-controlling interests

The non-controlling interest equity at December 31, 2021 amounted to Euro 2.671 thousand. This amount includes the minority interests in the subsidiary Apharm S.r.l.

Note 20. Deferred tax liabilities

Deferred tax liabilities are as follows:

€ thousand	As of December 31, 2021	As of December 31, 2020
Deferred tax liabilities		
Temporary differences fiscally payable in the future	4	4
Total deferred tax liabilities	**4**	**4**

The amount related to the Group for an amount of Euro 4 thousand.

Note 21. Provisions for employee severance indemnities

Provisions for employee severance indemnities has changed as follows:

€ thousand	Provision for employee
As of January 1, 2020	
Business Combination	1.563
Uses/releases	839
Accrual	930
Other	—
As of December 31, 2020	**1.654**
Uses/releases	(774)
Accrual	1.095
Other	
As of December 31, 2021	**1.975**

The amount is calculated in relation to contractual obligations and applicable law and includes the amounts payable for employee severance pay and severance indemnity in relation to the employees of the Group at December 31, 2021.

Note 22. Provisions for risks and charges

Provisions for risks and charges are as follows:

€ thousand	As of December 31, 2021	As of December 31, 2020
Derivatives	457	1.595
Other provision	108	76
Total provision for risks and charges	**565**	**1.671**

The movements of the provisions for risks and charges throughout the two fiscal years are set forth below:

€ thousand	Provision for risks e charges
As of January 1, 2020	
Business Combination	749
Uses/releases	(61)
Change in Financial derivative instruments	907
Accrual	76
Provision for the fiscal year	—
As of December 31, 2020	**1.671**
Uses/releases	(76)
Change in Financial derivative instruments	(1.138)
Accrual	108
Provision for the fiscal year	—
As of December 31, 2021	**565**

Financial derivatives instruments refer to hedging derivatives for an amount of Euro 457 thousand as of December 31, 2021 and for Euro 1.595 as of December 2020.

The other provision amount to Euro 108 thousand as of December 31, 2021 and to Euro 76 thousand as of December 31, 2020. The 2021 figure refers to a potential liability with the Italian Tax authority for social security expenses and sanctions due for the fiscal year 2020 and 2021.

As of December 31, 2021 the Group has in place an Interest Rate Swap (IRS) for a notional total amount of Euro 75.681 thousand and of Euro 86.351 thousand as of 31 December, 2020 with BPM and Intesa San Paolo with maturity on illustrated in table below in order to hedge the risk of interest rate fluctuations relating to the loan. The IRS derivative contracts are used to convert floating rate loans to fixed rate loans.

Despite Amendment of Financial Agreement mentioned in Note 24, the designation as hedging financial instruments have been maintained due to the substantial correlation between cash flows.

(in thousand of €)	Entity	Bank	Maturity	Notional amount as of December 31, 2021	Contractual Notional amount	Fair value as of December 31, 2021
Interest Rate Swap	Biofarma	Credit Agricole	06/30/2025	3.519	5.000	12,00
Interest Rate Swap	Biofarma	Intesa San Paolo /BPM	06/30/2025	9.200	10.500	31,00
Interest Rate Swap	Biofarma	Intesa San Paolo/BPM	12/31/2025	8.300	10.000	27,00
Interest Rate Swap	Biofarma	Intesa San Paolo/BPM	06/30/2026	16.000	16.000	31,00
Interest Rate Swap	Nutrilinea	Unicredit S.p.A.	07/31/2023	518	1.000	5,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	06/30/2023	4.000	4.000	50,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	06/28/2024	5.500	5.500	111,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	12/31/2024	6.500	6.500	42,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	12/31/2024	5.300	7.500	25,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	06/30/2023	4.000	8.000	32,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	06/30/2023	8.400	15.974	72,00
Interest Rate Swap	Apharm	Intesa San Paolo/BPM	06/30/2024	4.444	8.000	19,00

(in thousand of €)	Entity	Bank	Maturity	Notional amount as of December 31, 2020	Contractual Notional amount	Fair value as of December 31, 2020
Interest Rate Swap	Biofarma	Credit Agricole	06/30/2025	3.519	5.000	50,00
Interest Rate Swap	Biofarma	Intesa San Paolo /BPM	06/30/2025	10.100	10.500	139,00
Interest Rate Swap	Biofarma	Intesa San Paolo/BPM	12/31/2025	9.500	10.000	131,00
Interest Rate Swap	Biofarma	Intesa San Paolo/BPM	06/30/2026	16.000	16.000	424,00
Interest Rate Swap	Claire	Unicredit S.p.A.	07/31/2023	660	1.000	10,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	06/30/2023	4.000	4.000	96,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	06/28/2024	5.500	5.500	210,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	12/31/2024	6.500	6.500	146,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	12/31/2024	6.800	7.500	78,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	06/30/2023	6.000	8.000	80,00
Interest Rate Swap	Nutrilinea	Intesa San Paolo/BPM	06/30/2023	11.550	15.974	172,00
Interest Rate Swap	Apharm	Intesa San Paolo/BPM	06/30/2024	6.222	8.000	59,00

Note 23. Advances

Advances amount to Euro 337 thousand for the fiscal years ended December 31, 2021 and amount to Euro 148 as of December 31, 2020.

Note 24. Bank Loan

Borrowing from banks are analysed in the following table:

€ thousand	As of December 31, 2021	As of December 31, 2020
Bank loans		
- of which within 12 months	21.529	18.876
- of which beyond 12 months	79.651	96.768
Total bank loans	**101.180**	**115.644**

Bank loans primarily include a financing pool from BPM and Intesa San Paolo. The loan is split in multiple lines as follow:

– "Line A1": amount to Euro 16.500 thousand, the interest rate is Euribor 6 months + spread 3%, and provides a six-monthly repayment, with a maturity date on June 2023; the "Line A1" loan amount to Euro loan amount to Euro 9.590 thousand as of December 31, 2021, to Euro 12.577 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 4.079 thousand.

– "Line A2": amount to Euro 2.000 thousand, the interest rate is Euribor 6 months + spread 3%, and provides a six-monthly repayment, with a maturity date on June 2023; the "Line A2" loan amount to Euro 1.162 thousand as of December 31, 2021, to Euro 1.524 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 495 thousand.

– "Line A3": amount to Euro 3.500 thousand, the interest rate is Euribor 6 months + spread 3%, and provides a six-monthly repayment, with a maturity date on June 2023; the "Line A3" loan amount to Euro 2.034 thousand as of December 31, 2021, to Euro 2.668 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 865 thousand.

– "Line B": amount to Euro 5.500 thousand, the interest rate is Euribor 6 months + spread 3,5% and provides a bullet repayment in June 2024; the "Line B" loan amount to Euro 5.370 thousand as of December 31, 2021, to Euro 5.322 thousand as of December 31, 2020.

– "Line D": amount to Euro 8.000 thousand, the interest rate is Euribor 6 months + spread 3%, and provides a six-monthly repayment, with a maturity date on June 2023; the "Line D" loan amount to Euro 4.485 thousand as of December 31, 2021, to Euro 6.354 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 2.111 thousand.

– "Line E": amount to Euro 4.000 thousand, the interest rate is Euribor 6 months + spread 3,5%, and provides a bullet repayment in June 2024; the "Line E" loan amount to Euro 3.858 thousand as of December 31, 2021, to Euro 3.805 thousand as of December 31, 2020.

– "Line G": amount to Euro 6.500 thousand, the interest rate is Euribor 6 months + spread 3,5%, and provides a bullet repayment in December 2024; the "Line G" loan amount to Euro 6.500 thousand as of December 31, 2021, to Euro 6.500 thousand as of December 31, 2020.

– "Line H": amount to Euro 7.500 thousand, the interest rate is Euribor 6 months + spread 3%, and provides a six-monthly repayment, with a maturity date on December 2024; the "Line H" loan amount to Euro 5.500 thousand as of December 31, 2021, to Euro 7.000 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 1.600 thousand.

– "Line Earn Out": amount to Euro 4.000 thousand, the interest rate is Euribor 6 months + spread 3,5%, and provides a bullet repayment in June 2024; the "Line Earn Out" loan amount to Euro 4.000 thousand as of December 31, 2021, to Euro 4.000 thousand as of December 31, 2020.

- "Line Target": initially amount to Euro 2.499 thousand, the interest rate is Euribor 6 months + spread 3%, and provides a bullet repayment in June 2024; the "Line Target" loan amount to Euro 2.499 thousand as of December 31, 2021, to Euro 2.499 thousand as of December 31, 2020.
- "Line J": amount to Euro 16.000 thousand, the interest rate is Euribor 6 months + spread 3,25%, and provides a bullet repayment in June 2026; the "Line J" loan amount to Euro 16.000 thousand as of December 31, 2021, to Euro 16.000 thousand as of December 31, 2020.
- "Line RF": amount to Euro 10.500 thousand, the interest rate is Euribor 6 months + spread 2%, and provides a six-monthly repayment, in June 2025; the "Line RF" loan amount to Euro 9.107 thousand as of December 31, 2021, to Euro 9.966 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 1.562 thousand.
- "Line I": amount to Euro 10.000 thousand, the interest rate is Euribor 6 months + spread 2,75%, and provides a six-monthly repayment in December 2025; the "Line I" loan amount to Euro 7.853 thousand as of December 31, 2021, to Euro 8.849 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 1.325 thousand.
- "Line F": amount to Euro 8.000 thousand, the interest rate is Euribor 6 months + spread 3% and provides a six-monthly repayment in June 2024; the "Line F" loan amount to Euro 5.309 thousand as of December 31, 2021, to Euro 7.091 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 1.765 thousand.
- "Line Capex": amount to Euro 2.500 thousand, the interest rate is Euribor 6 months + spread 3% and provides a bullet repayment, with a maturity date on December 2024; the "Line Capex" loan amount to Euro 2.500 thousand as of December 31, 2021, to Euro 2.500 thousand as of December 31, 2020.

The amount of borrowing costs amount to Euro 1.163 as of December 31, 2021 and to Euro 1.854 as of December 31, 2020; in 2021 no additional costs have been amortized. The rate applied for amortizing refers to IRR (internal return rate).

Bank loans include also:

- "Credem Loan": amount to Euro 586 thousand, the interest rate is Euribor 360 + spread 1,8% and provides a monthly repayment, with a maturity date on March 2024; the "Credem Loan" loan amount to Euro 183 thousand as of December 31, 2021, to Euro 263 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 81 thousand.
- "Creval Loan": amount to Euro 500 thousand, the interest rate is Euribor 3 months + spread 1,8% and provides a monthly repayment, with a maturity date on January 2022; the "Creval Loan" loan amount to Euro 9 thousand as of December 31, 2021, to Euro 111 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 9 thousand.
- "BNL Loan": amount to Euro 850 thousand, the interest rate is Euribor 6 months + spread 0,85% and provides a six-monthly repayment, with a maturity date on January 2026; the "BNL Loan" loan amount to Euro 450 thousand as of December 31, 2021, to Euro 550 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 100 thousand.
- "MPS Loan": amount to Euro 250 thousand, the interest rate is Euribor 6 months + spread 0,6% and provides a monthly repayment, with a maturity date on February 2021; the "MPS Loan" loan amount to zero as of December 31, 2021, to Euro 14 thousand as of December 31, 2020.
- "Unicredit Loan": amount to Euro 1.000 thousand, the interest rate is Euribor 3 months + spread 0,675% and provides a monthly repayment, with a maturity date on July 2025; the "Unicredit Loan" loan amount to Euro 518 thousand as of December 31, 2021, to Euro 660 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 143 thousand.
- "Credit Agricole Loan": amount to Euro 5.000 thousand, the interest rate is Euribor 3 months + 0,98% and provides a six-monthly repayment, with a maturity date on June 2025; the "Credit Agricole Loan" loan amount to Euro 3.514 thousand as of December 31, 2021, to Euro 4.508 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 996 thousand.

– "MPS Frie Loan": amount to Euro 8.200 thousand, the interest rate is Euribor 6 months + spread 0,45% and provides a six-monthly repayment, with a maturity date on December 2023; the "MPS Frie Loan" loan amount to Euro 2.050 thousand as of December 31, 2021, to Euro 2.870 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 820 thousand.

– "Mediocredito Loan": amount to Euro 3.500 thousand, the interest rate is Euribor 3 months + spread 1,5% (minimum rate 1,5%) and provides a quarterly repayment, with a maturity date on June 2025; the "Mediocredito Loan" loan amount to Euro 2.477 thousand as of December 31, 2021, to Euro 3.162 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 695 thousand.

– "Mediocredito Loan": amount to Euro 2.600 thousand, the interest rate is a rate equal to the 50% of Euribor 6 months (minimum rate 0,85%) and provides a six-monthly repayment, with a maturity date on January 2023; the "Mediocredito Loan" loan amount to Euro 390 thousand as of December 31, 2021, to Euro 650 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 260 thousand.

– "Mediocredito Loan": amount to Euro 3.000 thousand, the interest rate is Euribor 6 months (minimum rate 0,85%) and provides a six-monthly repayment, with a maturity date on July 2026; the "Mediocredito Loan" loan amount to Euro 1.500 thousand as of December 31, 2021, to Euro 1.800 thousand as of December 31, 2020. The current portion as of December 31, 2021 amount to 300 thousand.

Bank loans figures also include bank overdraft and bank advance for an amount of Euro 4.319 thousand as of December 31, 2021 and for an amount of Euro 4.401 thousand as of December 31, 2020.

The BPM and Intesa loans require compliance of some financial parameters (covenants), six-monthly calculated on the consolidated figures. The covenants have been respected in each financial period.

In May 2020, the Parent Company, BPM and Intesa signed an Amendment on "Financial Agreement" which provided for the suspension, without any additional charges, of the repayment of the instalment of 30 June 2020 for all the lines; these payments will be performed at the end of the amortization plan as an additional instalment.

As of December 31, 2021, the Group, to hedge the risk of changes in the interest rate associated with its debt, has twelve hedging contracts in place (Interest Rate Swaps) with a notional value of Euro 75.681 thousand as of December 2021 and Euro 86.351 thousand as of December 2020. These instruments have been designated as hedging financial instruments and are backed by the same guarantees issued for the disbursement of the bank debt lines to cover which they were stipulated. For more details please refer to Note 22 "Provisions for risks and charges" and Note 42 "Guarantees, commitments and liabilities arising from the Balance Sheet".

Note 25. Other financial liabilities

Other financial liabilities are as follows:

€ thousand	As of December 31, 2021	As of December 31, 2020
Other financial liabilities		
- of which within 12 months	3.776	9.397
- of which beyond 12 months	653	818
Total other financial liabilities	**4.429**	**10.215**

In particular, the amounts due other financial liabilities, throughout the fiscal years, are as follows:

€ thousand	As of December 31, 2021	As of December 31, 2020
Factoring / Reverse factoring liabilities	3.609	9.141
Leasing Debts	818	1.072
Other debts	2	2
Total other financial liabilities	**4.429**	**10.215**

Other financial liabilities mainly refer to liabilities deriving from the Group's use of direct factoring and reverse factoring agreements in its business operations.

The item also includes a balance equal to Euro 818 thousand as of December 31, 2021 related to adoption of the accounting according to IAS 17.

Note 26. Trade payables

Trade payables are as follows:

€ thousand	As of December 31, 2021	As of December 31, 2020
- of which within 12 months	46.575	38.374
- of which beyond 12 months	—	—
Total trade payables	**46.575**	**38.374**

Throughout the two fiscal years trade payables include payables mainly to raw material suppliers.

Note 27. Tax payables

€ thousand	As of December 31, 2021	As of December 31, 2020
Substitute tax payables	—	1.333
Income taxes payables and IRPEF for employees	2.789	462
Other tax payables	98	260
Total tax payables	**2.887**	**2.055**

The 2020 figures comprise an amount of Euro 1.333 thousand which refers to the substitute tax payable associated with the realignment of the goodwill that has been written off in 2021.

"Income tax payables and IRPEF for employees" mainly refers to the debit balance of taxes for each fiscal year.

Note 28. Social Security payables

This amount, related to contributions for the month of December of each fiscal year, can be broken-down as follows:

€ thousand	As of December 31, 2021	As of December 31, 2020
Payables to INPS	824	794
Payables to others	258	101
Payables to Previndai	69	140
Payables to FONCHIM	53	135
Total social security payables	**1.204**	**1.170**

The variations throughout the fiscal years are in line with the personnel costs.

Note 29. Other payables

€ thousand	As of December 31, 2021	As of December 31, 2020
- of which within 12 months	**3.858**	**3.578**
Payables to employees	3.307	3.171
Payables to Directors	326	17
Guarantee deposit	150	150
Miscellaneous other payables	75	240
- of which beyond 12 months	**112**	**218**
Payables for deposits and leasing	112	218
Total other payables	**3.970**	**3.796**

Payables to employees and Directors for remuneration accrued but not yet paid include, throughout the two fiscal years, payables related to the cost of salary for the month of December.

Miscellaneous other payables are mainly related to a double invoice settlement by a customer, insurance debts and others.

Note 30. Accrued expenses

The accrued expenses amounted to Euro 377 thousand as of December 31, 2021 and amount to Euro 195 thousand as of December 31, 2020. The variation is connected with the increase of the turnover.

Analysis of Income Statement items

REVENUE

Note 31. Revenue and other revenue and income

Revenue are detailed in the following table:

€ thousand	For the year ended 2021	For the year ended 2020
Proceeds from the sale of goods	196.579	173.738
Revenues for service provided	4.516	3.134
Total revenue	**201.095**	**176.872**

Biofarma Group is specialised in the production and distribution of cosmetics, nutraceuticals and medical devices with four production sites in the North Italy regions (Friuli Venezia Giulia, Veneto and Lombardy).

Revenue amount to Euro 201.095 thousand as of December 31, 2021 and to Euro 176.872 thousand as of December 31, 2020. Revenues are shown net of discounts and rebates.

In order to provide adequate disclosure a breakdown of revenues by region is provided below:

€ thousand	For the year ended 2021	For the year ended 2020
Italy	113.194	90.718
Europe	78.696	78.053
Asia	1.029	906
North America	7.628	6.713
Others	548	482
Total revenue	**201.095**	**176.872**

In terms of geographical areas, the domestic market and the Europe, Middle East and Africa market (EMEA) remains the Group’s primary market, accounting for 95% of total revenue in 2021 and also in 2020.

Other revenue and income are detailed in the following table:

€ thousand	For the year ended 2021	For the year ended 2020
Other income	5.493	6.447
Other revenue from third parts	—	122
Total other revenue	**5.493**	**6.569**

"Other income" mainly relate to contingent assets and research and development revenues. The amount consist of the following:

- Sales of Laboratory analysis, packaging and formula co-development recharge to customers;
- Government grants for Research and Development activities;
- Recharge of transportation;
- Recharge of Consultant costs.

"Other revenue from third parts" refer to government incentives related to Covid-19 received in 2020.

TOTAL OPERATING COSTS

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 explained below:

€ thousand	For the year ended 2021	For the year ended 2020
Purchase of raw materials, components and finished goods	**109.937**	**92.084**
Change in inventories of finished goods and semi-finished products	**20**	**(2.222)**
Change in inventories of raw materials and goods	**(4.154)**	**(1.831)**
Total Purchase of goods and change in inventory	**105.803**	**88.031**

Purchase of raw materials, consumables and goods and changes in inventory amount to Euro 105.803 thousand as of December 31, 2021 and to Euro 88.031 thousand as of December 31, 2020.

Note 33. Use of third party assets cost

Rent, leasing and similar costs amount to Euro 5.410 thousand as of December 31, 2021 and to Euro 4.580 thousand as of December 31, 2020.

€ thousand	For the year ended 2021	For the year ended 2020
Use of third party assets	5.410	4.580
Total Use of third party assets	**5.410**	**4.580**

Note 34. Costs of services

Costs of services are reported in the following table:

€ thousand	For the year ended 2021	For the year ended 2020
Costs of Services	29.185	34.120
Total Cost of Services	**29.185**	**34.120**

The costs for services mainly refer to costs relating to services of an operational nature and to general charges of the Group, the remuneration of Directors, the compensation of Statutory Auditors and the fees payable to the Independent Auditor.

Note 35. Personnel costs

Personnel costs are broken down as follows:

€ thousand	For the year ended 2021	For the year ended 2020
Salaries and wages	19.452	17.490
Social security contributions	4.908	4.568
Employee severance indemnities	1.095	938
Other personnel costs	6.285	6.687
Total Personnel Costs	**31.740**	**29.683**

Other personnel costs mainly refer to temporary worker costs.

The average workforce employed by the Group is composed as follows:

Average workforce	For the year ended 2021	For the year ended 2020
Managers	8	8
Executives	22	15
Employees	137	171
Workers	346	287
Total average workforce	**513**	**481**

The increase in workforce recorded in 2021 is related to the Group expansion in business operations.

Note 36. Other operating costs

Other operating expenses consist of:

€ thousand	For the year ended 2021	For the year ended 2020
Contingent liabilities	55	508
Other expenses	223	420
Total Other operating costs	**278**	**928**

Contingent liabilities figure mainly refers in 2021 to a capital loss from the disposal of an asset; for 2020 is totally connected to an adjustment amount for a lower tax credit than was previously accounted.
The item “Other expenses” mainly includes for both years duties and tax charges.

Note 37. Capitalization in fixed assets for internal work

Capitalization in fixed assets for internal work amount to Euro 5.561 thousand as of December 31, 2021 and to Euro 3.028 thousand as of December 31, 2020.

The capitalized amount is consistent with the capitalization provisions as best described under “Intangible assets” and it is linked to 23 ongoing R&D projects.

Note 38. Depreciation and amortization

Please refer to Note 7. Goodwill, Note 8. Intangible assets and Note 9. Property, plant and equipment for more details.

Note 39. Provision for risks

The provision for risks reflects the prudential write-downs of some receivables for an amount of Euro 337 thousand and for the residual amount for penalties related to delays in payment taxes and social security expenses that the Group expects to receive for the fiscal year 2020 and 2021.

Note 40. Net financial expenses

Financial income and expenses are detailed below:

€ thousand	For the year ended 2021	For the year ended 2020
Financial Income	**193**	**147**
- Dividends	98	147
- Other	95	—
(Financial Expenses)	**4.083**	**4.274**
- Interest on Banks Loans	2.947	3.295
- Amortised cost effect on Banks Loans	695	708
- Factoring charges	352	271
- Other charges	89	—
Net financial expenses	**(3.890)**	**(4.127)**

Financial income

Financial income figure refers mainly to dividends received from Cura Beauty for Euro 98 thousand in 2021 and for Euro 147 thousand in 2020. The item "other" includes mainly reimbursement of exceeding interest paid.

Financial expenses

Financial expenses refer – throughout the fiscal years presented-to the interest on the Bank loans and the amortized cost effects. Moreover, there are interest expenses related to the factoring agreement.

Note 41. Income Taxes

The allocation for each fiscal 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 fiscal years are calculated as follows:

€ thousand	For the year ended 2021	For the year ended 2020
Current taxes	5.605	3.633
Deferred Taxes	(53)	(35)
Expenses (gain) from the consolidated tax	46	34
Total Income taxes	**5.598**	**3.632**

Note 42. Guarantees, commitments and liabilities arising from the Balance Sheet

As of December 31, 2021 the Group guarantees, commitments and liabilities are detailed below:

€ thousands	Debt with Guarantees	Debt with Commitments	Total Debt with Guarantees and Commitments	Total Debt without Guarantees and Commitments	Total Debt
Deferred tax liabilities				4	4
Provisions for employee severance indemnities				1.975	1.975
Provisions for risks and charges				565	565
Bank loan	81.451	3.514	84.965	16.216	101.180
Other financial liabilities				4.429	4.429
Trade payables				46.574	46.574
Advances				337	337
Tax payables				2.887	2.887
Social security payables				1.204	1.204
Other payables				3.970	3.970
Accrued expenses				377	377
Liabilities	**81.451**	**3.514**	**84.965**	**78.538**	**163.503**

Note 43. Remuneration of Directors and Statutory Auditors

Remuneration of Directors, Statutory Auditors are detailed below:

€ thousand	For the year ended 2021	For the year ended 2020
Board of Directors	1.944	1.786
Board of Statutory Auditors	95	132
Total	**2.039**	**1.918**

Remuneration of Independent Audit Firm are detailed below:

€ thousand	For the year ended 2021	For the year ended 2020
Audit services provided by Deloitte & Touche S.p.A.	126	115
Audit services provided by Deloitte Network	**126**	**115**

Note 44. Subsequent events occurred after December 31, 2021

Acquisition of IHS S.r.l.

On January 28, 2022, the company Pasteur S.r.l., has acquired the 100% of IHS S.r.l., an international player in the development, manufacture and packaging of supplements, medical devices, probiotic-based drugs and cosmetics, exclusively for third parties, based in Lissone, Italy.

In order to perform that acquisition described, Biofarma Group has activated in January two long term bank loans of Euro 85.000 thousand (activated the Financial Line "N" of Euro 51.000 thousand in Biofarma S.r.l and the Financial Line "M" of Euro 34.000 thousand in Pasteur S.r.l, both issued by pool of banks BPM/Intesa SanPaolo). The total cost of the acquisition is equal to Euro 96.700 thousand. The acquisition of IHS S.r.l. is a key acquisition for the enlargement of the Group strategy based on geographical expansion, especially in the South East of Asia.

Russia-Ukraine war uncertainty

The geo-political situation concerning Russia and Ukraine can lead to international, humanitarian and social crises with consequent negative impacts for the populations of these countries. This context raises the concrete risk of international sanctions used as for some of the countries involved and, consequently, could have a significant impact on commercial exchanges and their internal economic activity. At present, the decision about size and extent of the sanctions that are being imposed by the international community is in progress and, consequently, it is not possible to estimate the potential impacts on the Group's business. The Group, which in 2021 had turnover of approximately Euro 4,6 million in Russia and Euro 0,3 million in Ukraine, believes that the impact on Group could be equal to the complete loss of turnover, mainly due to the new Russian law (as of March 7, 2022) according to which all transactions with Russian counterparts must be paid in ruble.

The Group doesn't operate directly with Russian clients and, in terms of outstanding account receivable balances, all receivables arising out of the Russian market as of December 2021 have been collected. The Group's turnover with Ukraine is expected to be completely lost for 2022 whereas there is uncertainty in the Group's ability to generate sales in Russia in the future.

If and to the extent the Group will continue to have indirect sales into Russia, in order to mitigate any potential financial risk, the Group will require that all such potential sale orders be fully settled in advance and, in any case, the Group will continue to operate in compliance with applicable sanctions laws.

Gruppo Biofarma
L'Amministratore Delegato
Sebastiano Castorina

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Biofarma S.r.l.

Opinion

We have audited the consolidated financial statements of Biofarma S.r.l. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2021 and 2020, the consolidated profit and loss statement, the consolidated statement of changes in shareholders' equity and the consolidated cash flows statement 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, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Italian GAAP as described at the paragraph "Note 2. Basis of presentation".

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 Biofarma S.r.l. (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.

Responsibilities of the Directors 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 the Italian GAAP and, within the terms established by law, for such 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.

Deloitte.

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.

Alessandro Boaro
Partner

Udine, Italy
March 23, 2022

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Kepler S.p.A.

€345,000,000 Senior Secured Floating Rate Notes due 2029

OFFERING MEMORANDUM

Joint Global Coordinators

BNP PARIBAS
Physical Bookrunner

Mediobanca

Nomura

Bookrunner

IMI—Intesa Sanpaolo

The date of this Offering Memorandum is May 20, 2022

Donnelley Financial Solutions 307853