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

Bach Bidco S.p.A

€275,000,000 Floating Rate Senior Secured Notes due 2028

Bach Bidco S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy (the "**Issuer**"), is offering (the "**Offering**") €275.0 million aggregate principal amount of its euro-denominated Floating Rate Senior Secured Notes due 2028 (the "**Notes**"). The Issuer is a holding company directly owned by Bach Midco S.p.A. a newly formed company incorporated under the laws of Italy ("**Midco**"), and was formed to acquire (the "**Acquisition**") directly or indirectly (a) 100% of the issued share capital of Milapax S.à r.l. ("**Milapax Lux**"), (b) 100% of the shares of Business Integration Partners S.p.A. ("**BIP**") held by Racbip S.r.l. ("**Racbip**"), (c) 100% of the quotas of Runbip S.r.l. ("**Runbip**"), (d) 100% of the quotas of AMV Consulting S.r.l. ("**AMV**"), and (e) 100% of the quotas of Milapax Italia S.r.l. ("**Milapax**" and together with Milapax Lux, BIP, Runbip, and AMV, the "**Targets**" and, together with their respective subsidiaries, the "**Target Group**"). The proceeds from the Offering will be used, together with cash on the Issuer's balance sheet to: (i) repay and cancel the Bridge Facility (as defined herein) (the "**Refinancing**") including paying accrued interest and/or premium thereon and (ii) pay fees and expenses in connection with Refinancing. See "*Use of Proceeds*" and "*Summary—The Transactions*." The amounts drawn under the Bridge Facility were used, together with shareholder contributions, to (i) pay the purchase price for the Acquisition, (ii) repay in full and cancel existing indebtedness of the Target Group, and (iii) pay fees and expenses in connection with the foregoing transactions. See "*Use of Proceeds*" and "*Summary—The Transactions*."

The Notes will be issued under an indenture (the "**Indenture**") to be dated as of October 14, 2021 (the "**Issue Date**") among, *inter alios*, the Issuer, BNY Mellon Corporate Trustee Services Limited as trustee and agent (*mandatario con rappresentanza*) (the "**Trustee**") and BNP Paribas Italian Branch as security agent and as representative (*rappresentante*) of the holders of the Notes pursuant to and for the puposes set forth under article 2414 - *bis* paragraph 3, of the Italian Civil Code (the "**Security Agent**").

The Issuer will pay interest on the Notes at a rate equal to the sum of (i) three-month EURIBOR (with 0% floor), plus (ii) 4.25% per annum, reset quarterly. The Issuer will pay interest on the Notes quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on January 15, 2022. The Notes will mature on October 15, 2028. Prior to October 15, 2022, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, plus the relevant "make-whole" premium. Some or all of the Notes may also be redeemed at any time on or after October 15, 2022 at par, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date. 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 Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. 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 the Notes.*"

The Notes will be senior obligations of the Issuer and will 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. The Notes will not initially be guaranteed. The Issuer will use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with and into the Targets as soon as reasonably practicable following the Issue Date in accordance with applicable provisions of Italian law and as further described herein (the "**Merger**"), with Mergerco (as defined herein) being the surviving entity. The Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—We may be unable to complete the Merger within the anticipated time frame, or at all*." In the event that the Merger does not occur within 12 months from the Acquisition Closing Date (as defined herein) (the "**Cut-Off Date**"), the Issuer shall use commercially reasonably efforts to procure that, within 120 days following the Cut-Off Date, BIP will guarantee the Notes, subject to the Agreed Security Principles (as defined herein) and certain significant limitations pursuant to applicable laws as described under "*Limitations on Validity and Enforceability of any Notes Guarantees and the Notes Collateral and Certain Insolvency Law Considerations*." See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees —The Notes Collateral and any future guarantees of the Notes 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 Collateral (as defined herein) will be subject to certain significant limitations pursuant applicable laws as described under "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations*." See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees,*" "*Description of Certain Financing Arrangements—Intercreditor Agreement,*" and "*Description of the Notes—Security*." On or about the Issue Date, subject to the Agreed Security Principles and certain perfection requirements, the Notes will be secured by the Issue Date Collateral (as defined herein). Within 10 Business Days following the Issue Date, the Notes will also be secured by first-priority security interests over the Post-Issue Date Collateral (as defined herein). Under the terms of the Intercreditor Agreement (as defined herein) to which the Trustee will accede in connection with this Offering, in the event of enforcement of the Notes Collateral, the holders of the Notes will receive proceeds from such collateral only after lenders under the Revolving Credit Facility (as defined herein) and counterparties to certain hedging agreements have been repaid in full.

Following the Merger, within the terms set forth in this Offering Memorandum, the Notes will be secured by the Post-Merger Collateral (as defined herein). The security interests in the Notes Collateral and any future Notes Guarantees may be released under certain circumstances and the Notes Collateral and any future Notes Guarantees will be subject to legal and contractual limitations. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees,*" "*Description of Certain Financing Arrangements—Intercreditor Agreement,*" "*Description of the Notes—Security,*" and "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations.*"

Subject to and as set forth in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the relevant series of Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) where the Notes are held by a person resident in a country that is not listed in the White List (as defined herein) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes.*"

This Offering Memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

There is currently no public market for the Notes. Application has been made for the Notes to be listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof. There is no assurance that the Notes will be, or will remain, listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 28 of this Offering Memorandum.

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

We expect that the Notes will be delivered in book-entry form through a common depositary of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") on or about the Issue Date. See "*Book-Entry, Delivery and Form*." The Notes will be in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess of €100,000.

This Offering Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful. The Notes have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act") or the securities laws of any state of the United States or other jurisdiction, and therefore may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Notes are being offered and sold in the United States only to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the US Securities Act ("Rule 144A"), and in offshore transactions outside the United States in reliance on Regulation S under the US Securities Act ("Regulation S") other than to retail investors in the European Economic Area. For these purposes, a "retail investor" is defined as 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 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (1) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under "*Transfer Restrictions*."

Sole Physical Bookrunner

BNP PARIBAS

Joint Global Coordinators and Joint Bookrunners

BNP PARIBAS **Crédit Agricole CIB**

Joint Bookrunners

IMI — Intesa Sanpaolo **UniCredit**

The date of this Offering Memorandum is October 14, 2021.

HERE TO DARE

TABLE OF CONTENTS

IMPORTANT INFORMATION FOR INVESTORS

We accept responsibility for the information contained in this Offering Memorandum and, to the best of our knowledge (having taken reasonable care to ensure that such is the case), the information is true and accurate in all material respects and contains no omission likely to affect the import of such information. As used in this Offering Memorandum, unless the context otherwise requires, references to the "Issuer" are to Bach Bidco S.p.A., and references to "we," "us," "our," and the "Group" are to the Issuer and its consolidated subsidiaries and includes each of the following and their subsidiaries: (1) Milapax S.à r.l., (2) Business Integration Partners S.p.A., (3) Runbip S.r.l., (4) AMV Consulting S.r.l., and (5) Milapax Italia S.r.l.; provided that, for all occasions in which the terms are used to refer to any time following the Merger, such terms are to Mergerco and its subsidiaries.

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

You should rely only on the information contained in this Offering Memorandum. We have not, and BNP Paribas, Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo S.p.A., and UniCredit Bank AG (the "**Initial Purchasers**") have not, authorized anyone to provide you with information that is different from the information contained herein. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum. This Offering Memorandum is based on information provided by us and other sources believed by us to be reliable. The Initial Purchasers are not responsible for, and are not making any representation or warranty to you concerning, our future performance or the accuracy or completeness of this Offering Memorandum.

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. Please see "*Transfer Restrictions*."

In making an investment decision regarding the Notes offered hereby, you must rely on your own examination of the Issuer, the Group, and the terms of this Offering, including the merits and risks involved. You should rely only on the information contained in this Offering Memorandum. We have not, and the Initial Purchasers have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Memorandum is accurate as of the date on the front cover of this Offering Memorandum only. Our business, financial condition, results of operations and the information set forth in this Offering Memorandum may have changed since that date.

You should not consider any information in this Offering Memorandum to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Notes. We are not, and the Initial Purchasers are not, making any representation to any offeree or purchaser of the Notes regarding the legality of an investment in the Notes by such offeree or purchaser under appropriate investment or similar laws. This Offering Memorandum is to be used only for the purposes for which it has been published.

We obtained the market data used in this Offering Memorandum from internal surveys, industry sources and currently available information. We believe that this market data has been accurately reproduced, and as far as we are aware and are able to ascertain from the data, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although we believe that our sources are reliable, you should keep in mind that we have not independently verified information we have obtained from industry and governmental sources and that information from our internal surveys has not been verified by any independent sources. See "*Presentation of Financial and Other Information—Market and Industry Data*."

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

We may withdraw this Offering at any time, and we and the Initial Purchasers reserve the right to reject any offer to purchase the Notes in whole or in part and to sell to any prospective investor less than the full amount of the

Notes sought by such investor. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own accounts.

Although an application has been made to the Luxembourg Stock Exchange for the Notes to be listed and admitted to trading on the Euro MTF Market, the Issuer cannot assure you that the Notes will remain listed. The relevant listing memorandum will be available on the website of the Exchange. Any investor or potential investor in the EEA should not base any investment decision relating to the Notes on the information contained in this Offering Memorandum after publication of the listing memorandum and should refer instead to the listing memorandum.

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

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

The Notes have not been approved or disapproved by the US Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering of the Notes or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the US Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including "*Description of the Notes*" and "*Book-Entry, Delivery and Form,*" is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream Banking currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream Banking, we accept no further responsibility in respect of such information.

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

STABILIZATION

IN CONNECTION WITH THIS OFFERING, BNP PARIBAS (THE "STABILIZING MANAGER") (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZING ACTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO US INVESTORS

In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements that are described in this Offering Memorandum. See "*Transfer Restrictions.*" This Offering Memorandum is being provided to a limited number of investors in the United States that the Issuer reasonably believes to be qualified institutional buyers ("**QIBs**") under Rule 144A for use solely in connection with their 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 this Offering, the Issuer and the Initial Purchasers are relying upon exemptions from registration under the US Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A under the US 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 US 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 US Securities Act and applicable US state securities laws. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense. See "*Transfer Restrictions*."

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC IN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTES TO THE PUBLIC.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Notes. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended and superseded), and includes any relevant implementing measure in each member state ("**EU Member State**") of the European Economic Area (the "**EEA**"). 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 us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have 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.

Prohibition of offers to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (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" as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. For the purposes of this section, the expression an "offer of Notes to the public" in relation to any Notes in any EU Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Professional investors and ECPs only target market

Solely for the purposes of each manufacturers' 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 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, and without prejudice to our obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Italy

The offering of the Notes has not been registered with *Commissione Nazionale per le Società e la Borsa*, the Italian Securities Exchange Commission ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of this Offering Memorandum or any other offering circular, prospectus, form of application, advertisement, other offering material or other information or document relating to the Notes be issued, distributed or published in Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined by Article 2 paragraph (e) of the Prospectus Regulation; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter* of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 58 of February 24, 1998, as amended (the "**Financial Services Act**"), CONSOB Regulation No. 20307 of February 15, 2018, as amended and Legislative Decree No. 385 of September 1, 1993, as amended (the "**Banking Act**"); and

(b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

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.

United Kingdom

This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) 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**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or cause to 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 document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of the UK Prospectus Regulation.

CERTAIN DEFINITIONS

Unless otherwise specified or the context requires otherwise, in this Offering Memorandum:

- "*Acquisition*" refers to the acquisition of the Target Group by the Issuer which closed on September 10, 2021;
- "*Acquisition Agreement*" means the sale and purchase agreement relating to the Acquisition dated May 30, 2021 originally entered into between, among others, Luxco and the vendors specified therein (as amended from time to time) and subsequently assigned to the Issuer pursuant to a written instrument dated August 3, 2021;
- "*Acquisition Closing Date*" refers to September 10, 2021, the closing date of the Acquisition;
- "*Agreed Security Principles*" means the agreed security principles as set forth in an annex to the Revolving Credit Facility Agreement and summarized in "*Description of Notes—Security—General*" and applied *mutatis mutandis* with respect to the Notes in good faith by the Company;
- "*AMV*" refers to AMV Consulting S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of the Republic of Italy;
- "*Backlog*" is defined as the present value of the total order amount (for which the relevant client has granted approval of the scope of work, either through a signed contract or otherwise), net of revenues accounted for work delivered as of the relevant date, according to the cost-to-cost method. Backlog is a measure that is not required by, or presented in accordance with, IFRS, is subject to adjustments and is an uncertain measure of future earnings. See "*Presentation of Financial and Other Information—Use of Non-IFRS Financial Measures*" and "*Risk Factors—Risks Related to Financial Management and Performance and Our Operations—Our Backlog is subject to unexpected adjustments and contract terminations and is, therefore, an uncertain indicator of future earnings*";
- "*BIP*" refers to Business Integration Partners S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy;
- "*BIP Funding Loan*" means the intercompany loan in the amount of approximately €109.6 million made with a portion of the proceeds of the Bridge Facility and the Shareholder Funding, by the Issuer, as lender, to BIP, as borrower, to allow BIP to repay the Group Existing Debt. See also "*Summary—The Transactions—The Financing of the Acquisition and Refinancing of the Group Existing Debt*" and "*Description of Certain Financing Arrangements—BIP Funding Loan*";
- "*Bridge Facilities*" means the €275.0 million floating rate senior secured bridge facilities that were pre-funded on September 9, 2021 and closed on September 10, 2021;
- "*Bridge Facilities Agreement*" means the agreement governing the Bridge Facilities dated September 6, 2021;
- "*CAGR*" refers to compound annual growth rate;
- "*Clearstream*" refers to Clearstream Banking S.A. or any successor thereof;
- "*CVC*" refers to CVC Capital Partners Fund VIII, CVC Capital Partners SICAV-FIS S.A. and its subsidiaries and CVC Capital Partners Advisory Group Holding Foundation and its subsidiaries and any funds, partnerships, entities or vehicles managed or advised by each of them;
- "*employees*" refers to all employees including interns and temporary workers. See "*Summary—Overview—Our Strengths,*" "*Summary—Overview—Our Strategy,*" and "*Business*";
- "*Euroclear*" refers to Euroclear Bank SA/NV or any successor thereof;
- "*EU*" refers to the European Union;
- "*euro*," "*EUR*" and "*€*" refer to the lawful currency of the European Monetary Union;
- "*Facility 1*" has the meaning ascribed to it under "*Summary—The Transactions—The Financing of the Acquisition and Refinancing of the Group Existing Debt*";
- "*Facility* 2" has the meaning ascribed to it under "*Summary—The Transactions—The Financing of the Acquisition and Refinancing of the Group Existing Debt*";
- "*Group*," "*we*," "*us*," and "our" refers to the Issuer and the Target Group, except where the context otherwise requires;

- "*Group Existing Debt*" means financial indebtedness and obligations under certain derivatives of the Target Group outstanding as of the Acquisition Closing Date and repaid with the proceeds of the Bridge Facility, a portion of the Shareholder Funding and cash at BIP. See *"Summary—The Transactions—The Financing of the Acquisition and Refinancing of the Group Existing Debt"* and *"Summary—The Transactions—The Refinancing*";
- "*Guarantors*" refers to any future Guarantor of the Notes including as described under "*Description of the Notes—Guarantees*";
- "*Holdco*" refers to Bach Holdco S.p.A., a joint stock company (*società per azioni*) established under the laws of the Republic of Italy, an indirect parent of the Issuer;
- "*IFRS*" refers to International Financial Reporting Standards as adopted by the European Union;
- *"Indenture*" refers to the indenture governing the Notes to be dated the Issue Date by and among, *inter alios*, the Issuer, the Trustee and the Security Agent;
- "*Initial Purchasers*" refers to, collectively, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo S.p.A., and UniCredit Bank AG;
- "*Intercreditor Agreement*" refers to the intercreditor agreement entered into on September 6, 2021, by and among, inter alios, the Issuer, BNP Paribas Italian Branch, as facility agent under the Revolving Credit Facility, the Security Agent, and certain lenders and arrangers under the Revolving Credit Facility and to which the Trustee will accede on the Issue Date;
- "*Issue Date*" refers to October 15, 2021, the date of original issuance of the Notes;
- "*Issue Date Collateral*" has the meaning ascribed to it under "*Summary—The Offering—Security, Enforcement of Security*";
- "*Issuer*" refers to Bach Bidco S.p.A., a joint stock company (*società per azioni*) established under the laws of the Republic of Italy, and from the Merger Date, if any, Mergerco;
- "*Italian Civil Code*" means the Italian civil code (*codice civile*), enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended or supplemented from time to time;
- "*Luxco*" refers to Bach Holdings S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 20, avenue Monterey, L-2163 Luxembourg and registered with the Luxembourg trade and companies register under number B254481, an indirect parent of the Issuer;
- "*Merger*" has the meaning ascribed to it under "*Summary—The Transactions*";
- "*Mergerco*" refers to the surviving entity of the Merger;
- "*Merger Date*" refers to the date (if any) on which the Merger becomes effective;
- "*Midco*" refers to Bach Midco S.p.A., a joint stock company (*società per azioni*) established under the laws of the Republic of Italy, the direct parent of the Issuer;
- "*Milapax*" refers to Milapax Italia S.r.l. a limited liability company (*società a responsibilità limitata*) incorporated under the laws of the Republic of Italy;
- "*Milapax Lux*" refers to Milapax S.à r.l., a private limited liability company (*société a responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 20, avenue Monterey, L-2163 Luxembourg and registered with the Luxembourg trade and companies register under number B222942;
- "*Notes*" refers to the €275.0 million in aggregate principal amount of floating rate senior secured notes due 2028 offered hereby;
- "*Notes Collateral*" has the meaning ascribed to it under "*Summary—The Offering—Security*, *Enforcement of Security*";
- "*Notes Guarantee*" refers to any future guarantees of the Notes by a Guarantor;
- "*Offering*" refers to the offering of the Notes hereby;
- "*permanent employees*" refers to all employees, excluding interns and temporary workers, consistent with the reporting of employees in our Consolidated Financial Statements. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*";

- "*Post-Issue Date Collateral*" has the meaning ascribed to it under "*Summary—The Offering—Security, Enforcement of Security*";
- "*Post-Merger Collateral*" has the meaning ascribed to it under "*Summary—The Offering—Security, Enforcement of Security*";
- "*Pre-Merger Collateral*" has the meaning ascribed to it under "*Summary—The Offering—Security, Enforcement of Security*";
- "*Private PIK Notes*" refers to a private financing issued by Holdco to certain institutional investors, the proceeds of which were downstreamed to Midco via a subordinated shareholder loan and thereafter to the Issuer as equity as part of the Shareholder Funding;
- "*revenues*" refers to revenue from sales and services, unless the context otherwise requires;
- "*Revolving Credit Facility*" refers to the originally €50.0 million revolving credit facility pursuant to the Revolving Credit Facility Agreement (with the committed amount expected to be reduced to €48.5 million on or prior to the Issue Date), which is described in more detail in "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*";
- "*Revolving Credit Facility Agreement*" refers to the revolving credit facility agreement dated September 6, 2021 between, *inter alios*, the Issuer and BNP Paribas Italian Branch, Crédit Agricole Italia S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. which is described in more detail in "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*";
- "*Runbip*" refers to Runbip S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of the Republic of Italy;
- "*Security Agent*" refers to BNP Paribas Italian Branch, as security agent under the Indenture, the Intercreditor Agreement and the Revolving Credit 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*" has the meaning ascribed to it under "*Summary—The Offering—Security, Enforcement of Security*";
- "*Shareholder Funding*" refers to the equity injection from Holdco via Midco to the Issuer by the CVC and the Equity Partners that was used, along with drawings under the Bridge Facilities Agreement, to consummate the Acquisition as further described under "*Summary—The Transactions—Financing of the Acquisition*";
- "*Targets*" means, collectively, Milapax Lux, BIP, Runbip, AMV, and Milapax;
- "*Target Group*" means the Targets, collectively together with their respective subsidiaries;
- "*Tranche A*" has the meaning ascribed to it under "*Summary—The Transactions—The Refinancing";*
- "*Tranche B*" has the meaning ascribed to it under "*Summary—The Transactions—The Refinancing";*
- "*Transactions*" has the meaning given to such term under "*Summary—The Transactions*";
- "*Trustee*" refers to BNY Mellon Corporate Trustee Services Limited, in its capacity as trustee and agent (*mandatario con rappresentanza*) under the Indenture;
- "*UAE*" refers to the United Arab Emirates;
- "*UK*" refers to the United Kingdom;
- "*United States*," "*U.S.*" or the "*US*" refers to the United States of America;
- "*US Exchange Act*" refers to the US Securities Exchange Act of 1934, as amended;
- "*US Securities Act*" refers to the US Securities Act of 1933, as amended; and
- "*White List States*" refers to the countries, states and/or territories listed in the Italian Ministerial Decree dated September 4, 1996, as amended from time to time, or, as from the tax year in which the Ministerial Decree to be issued under Article 11, paragraph 4, let. c) of Legislative Decree No. 239 of April 1, 1996 which are presented (as of the date of this Offering Memorandum) under "*Italian "White List States."*"

ITALIAN "WHITE LIST STATES"

In order to qualify as eligible to receive interest free from *imposta sostitutiva* (Italian substitute tax), among other things, non-Italian resident holders of the Notes and beneficial interests therein must be beneficial owners resident for tax purposes in, or be "institutional investors" established in, a country which the Italian government identifies as allowing for a satisfactory exchange of information with Italy (the "**White List States**") as listed in the Italian Ministerial Decree dated September 4, 1996, as amended from time to time, or, as from the tax year in which the Ministerial Decree to be issued under Article 11, paragraph 4, let. c) of Legislative Decree No. 239 of April 1, 1996 as amended or supplemented from time to time (the "**Decree No. 239**") is effective, in a country therein included. See "*Certain Italian Tax Considerations—Tax Treatment of Capital Gains—Non-Italian Resident Noteholders*." Subject to certain limited exceptions, such as for central banks and supranational bodies established in accordance with international agreements in force in Italy, this residency requirement applies to all holders of the Notes and beneficial interests therein, including ultimate beneficiaries of interest payments under the Notes holding via sub-accounts to which interests in the Notes may be allocated upon purchase or thereafter. In the case of failure to comply with the requirements and procedures set forth in Decree No. 239, an Italian substitute tax will apply on any payment made in respect of the Notes to a non-Italian resident holder of the Notes, at a rate of 26.0% or the rate applicable pro tempore under Decree No. 239 (possibly reducible under double taxation treaties entered into by Italy, where applicable). In respect of such Italian substitute tax, no Additional Amount (as defined in "*Description of the Notes—Withholding Taxes*") shall be payable by the Issuer, any guarantor or any intermediary intervening in the payments under the Notes. As of the date of this Offering Memorandum, the White List States include the following:

Albania
Alderney
Algeria
Andorra
Anguilla
Argentina
Armenia
Aruba
Australia
Austria
Azerbaijan
Bangladesh
Barbados
Belarus
Belgium
Belize
Bermuda
Bosnia and Herzegovina
Brazil
British Virgin Islands
Bulgaria
Cameroon
Canada
Cayman Islands
Chile
China (People's Rep.)
Colombia
Congo (Rep.)
Cook Islands
Costa Rica
Cote d'Ivoire
Croatia
Curaçao
Cyprus
Czech Republic
Denmark
Ecuador
Egypt
Estonia
Ethiopia
Faroe Islands
Finland
France
Georgia
Germany
Ghana
Gibraltar
Greece
Greenland
Guernsey
Herm
Holy See (Vatican City State)
Hong Kong
Hungary
Iceland
India
Indonesia
Ireland
Isle of Man
Israel
Japan
Jersey
Jordan
Kazakhstan
Kuwait
Kyrgyzstan
Latvia
Lebanon
Liechtenstein
Lithuania
Luxembourg
Macedonia
Malaysia
Malta
Mauritius
Mexico
Moldova
Monaco
Montenegro
Montserrat
Morocco
Mozambique
Nauru
Netherlands
New Zealand
Nigeria
Niue
Norway
Oman
Pakistan
Philippines
Poland
Portugal
Qatar
Romania
Russian Federation
Samoa
San Marino
Saint Kitts and Nevis
Saint Vincent and the Grenadines
Saudi Arabia
Senegal
Serbia
Seychelles
Singapore
Sint Maarten
Slovak Republic
Slovenia
South Africa
South Korea
Spain
Sri Lanka
Sweden
Switzerland
Syria
Taiwan
Tajikistan
Tanzania
Thailand
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Turks and Caicos Islands
Uganda
Ukraine
United Arab Emirates
United Kingdom
United States
Uruguay
Uzbekistan
Venezuela
Vietnam
Zambia

You are advised to consult your own attorney, accountant and business adviser as to legal, tax, business, financial and related matters concerning the purchase of Notes. The White List States may change and the Issuer has no obligation to provide notice of any such change. Noteholders will bear the risk of changes in the White List States and should therefore inform themselves of any such changes. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax for which holders may not receive additional amounts.*"

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Memorandum are not historical facts and are "forward-looking" within the meaning of Section 27A of the US Securities Act and Section 21E of the US Exchange Act. This document contains certain forward-looking statements in various sections, including, without limitation, under the headings "*Summary*," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*," and in other sections where this Offering Memorandum includes statements about our intentions, beliefs or current expectations regarding our future financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and country in which we operate. We may from time to time make written or oral forward-looking statements in other communications. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

Words such as "believe," "anticipate," "estimate," "expect," "suggest," "target," "intend," "predict," "project," "should," "would," "could," "may," "will," "forecast," "plan," and similar expressions or, in each case, their negative or other variations or comparable terminology, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under "*Risk Factors*," as well as those included elsewhere in this Offering Memorandum. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- fluctuations in our revenues, operating income and cash flows;
- negative impact on our professional reputation and operations if our internal information technology systems controls fail;
- our Backlog being subject to unexpected adjustments and contract terminations making it an uncertain indicator of future earnings;
- risks associated with operating in several different jurisdictions;
- uninsured losses as a result of our insurance coverage not being sufficient;
- adverse impact on our results of operations due to fluctuations in currency exchange rates;
- risks related to reliance on third-party providers to deliver our services to clients;
- risks associated with the potential impact of goodwill impairment charges;
- negative impact on a significant portion of our operating results and revenues as a result of relying on a limited number of clients and their ability to terminate their engagements with little or no notice and without penalty;
- high competition in the markets in which we operate;
- risks related to the services we provide to government and other public sector entity clients;
- competition from parties who sell us their businesses and from professionals who cease working for us;
- negative impact on our financial results, our ability to staff client engagements and maintain client relationships, and our future growth if we are unable to recruit and retain qualified professionals and manage head count needs and utilization rates;
- risks associated with our high dependence on certain managers and employees and our inability to attract and retain highly skilled employees;
- adverse impact to our business if our professionals leave to join competitors and we do not have, or may not choose to pursue, legal recourse against such professionals;
- substantial costs related to hiring and retaining professionals;
- failure to obtain favorable pricing for our services; and
- negative impact on our financial results if we fail to effectively manage utilization of our professionals.

The risks listed above and those further 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 and results of operations. New risks 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, you should not place undue reliance on forward-looking statements as a prediction of actual results.

We urge you to read carefully the sections of this Offering Memorandum entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*," and "*Business*" for a more detailed discussion of the factors that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not be accurate or occur at all. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made.

We undertake no obligation, and do not intend, to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum.

Financial Information

The Issuer

The Issuer is a holding company which was indirectly incorporated by CVC on June 17, 2021 for the purpose of the Acquisition, has not been involved in any operating activity since its incorporation and does not hold any material assets or liabilities other than its equity interests in the Targets and its outstanding indebtedness and inter-company balances incurred in connection with the Transactions, including its indebtedness under the Notes and the Revolving Credit Facility Agreement, 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. Prior to the Merger, 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.

Business Integration Partners

The historical financial information contained in this Offering Memorandum is the consolidated financial information of Business Integration Partners S.p.A. ("**BIP**"), the reporting entity of BIP S.p.A. and its subsidiaries, and prior to the Acquisition, was directly and indirectly held by Milapax, AMV, Runbip, and Racbip, each of which functioned as shareholding entities for management and the former controlling shareholder of the Target Group. BIP is an operating company as well as the parent company of its subsidiaries. Although Milapax Lux, AMV, Runbip, and Milapax are now subsidiaries of the Issuer, these entities are not included in the Consolidated Financial Statements (as defined below), they have not been involved in any operating activity since their incorporation, and they do not hold any material assets or liabilities other than their equity interest in other Targets.

This Offering Memorandum therefore includes:

- The audited consolidated financial statements of BIP as of and for the years ended December 31, 2018, 2019 and 2020 prepared in accordance with IFRS (the "**Audited Annual Consolidated Financial Statements**"); and
- The unaudited interim consolidated financial statements of BIP as of June 30, 2021 and for the six months ended June 30, 2021 and 2020, prepared in accordance with IFRS (the "**Unaudited Interim Consolidated Financial Statements**," and together with the Audited Annual Consolidated Financial Statements, the "**Consolidated Financial Statements**").

The Unaudited Interim Condensed Consolidated Financial Statements and the Audited Annual Consolidated Financial Statements are contained in the F-Pages to this Offering Memorandum and should be read in conjunction with the relevant notes thereto.

Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and other systems of generally accepted accounting principles and how those differences might affect the financial information included in this Offering Memorandum and (ii) the impact that future additions to, or amendments of, IFRS principles may have on our results of operations and/or financial condition, as well as on the comparability of the prior periods and the comparability of our financial information.

Historical consolidated financial information is not necessarily indicative of future expected results.

Comparability of Financial information

Changes to our shareholders and pro forma information for the year ended December 31, 2018

On March 27, 2018 Apax Partners France Fund acquired control of BIP. The transaction was carried out through the incorporation of BEEP S.p.A. ("**BEEP**"), which acquired the entire shareholding of BIP S.p.A., and subsequently BEEP was merged with and into BIP. As BEEP was incorporated on March 13, 2018 and took control of BIP S.p.A. on March 27, 2018, the income statement presented for the financial year ended December 31, 2018 is for the period from March 13, 2018, the date of BEEP's incorporation, to December 31, 2018, and reflects the consolidated results of operations and cash flows of BIP for the period from March 27 until December 31, 2018. As such, the results of operations for the financial year ended December 31, 2018 are not directly comparable to those for the financial year ended December 31, 2019. In order to show the underlying trend of the business we present *pro forma* financial information for the year ended December 31, 2018 which also includes the consolidated financial information of BIP for the period prior to the acquisition on March 27, 2018. The *pro forma* financial information for the year ended December 31, 2018 was prepared by adding BIP's financial statement figures for the period from March 13, 2018 (reflecting BIP results and cash flows from March 27, 2018) until December 31, 2018 taken or derived from the Consolidated Financial Statements to the amounts for the period from January 1, 2018 to March 26, 2018 taken or derived from the consolidated historical financial information of BIP S.p.A. prior to its merger with BEEP, which are not included in this Offering Memorandum. The *pro forma* financial information for the year ended December 31, 2018 is presented for illustrative purposes only, has not been prepared in accordance with the requirements of Regulation S-X under the US Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles, and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. In addition, the *pro forma* financial information for the year ended December 31, 2018 was not prepared in accordance with IFRS 16 as we adopted IFRS 16 (Leases) on January 1, 2019.

Pro forma revenues for service area

In this Offering Memorandum we present our *pro forma* revenues for service area for the year ended December 31, 2020, which reflects our revenues for the year, as adjusted as if the acquisitions of Chaucer Group ("**Chaucer**"), Medley Business Solutions ("**Medley**") and Vidiemme Consulting S.r.l. ("**Vidiemme**") had occurred on January 1, 2020 by adding to BIP's revenues (taken or derived from the consolidated financial statements of BIP as of and for the year ended December 31, 2020) the revenues of Chaucer, Medley, and Vidiemme from January 1, 2020 until the closing date of the respective acquisition (taken or derived from their historical financial statements prior to the date on which each was acquired). *Pro forma* revenue for the year ended December 31, 2020 is presented for illustrative purposes only, has not been prepared in accordance with the requirements of Regulation S-X under the US Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles, and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards.

Application of IFRS 16 (Leases)

We adopted IFRS 16 (Leases) on January 1, 2019. The main impact of the new standard for lessors is the recognition of nearly all leases in the statement of financial position, subject to certain exemptions including in relation to short term and low value leases, effectively eliminating the different methods for accounting for operating leases and financial leases. IFRS 16 provides for recognizing a right-of-use asset (right to use the leased asset) and a lease liability referring to the future payments for which a contractual obligation exists. We adopted the new standard on January 1, 2019 using the simplified approach, without restating the comparative period for the year ended December 31, 2018. Right-of-use assets were initially valued in accordance with the lease liability (adjusted for any prepaid or allocated lease costs as of December 31, 2018). The lease liability was discounted by applying a discount rate to the present value of the expected future lease payments as of January 1, 2019. Due to the adoption of such new reporting standard, our audited consolidated financial statements for the years ended December 31, 2020 and 2019 and the corresponding figures presented in this Offering Memorandum may not be directly comparable with the corresponding figures derived from our audited consolidated financial statements for the year ended December 31, 2018.

Impact of the Acquisition

The consolidated financial statements of BIP in this Offering Memorandum have not been adjusted to reflect any changes which might occur as a result of the purchase price allocation ("**PPA**") to be performed in connection with the Acquisition. The application of PPA adjustments could result in different carrying values for existing assets and assets we may add to our statement of financial position, which may include intangible assets, such as goodwill, brands, rights of use, contractual rights with franchisees leasehold rights and software, and different amortization and depreciation expenses. Due to these and other potential adjustments, our future consolidated financial statements could be materially different from the Audited Annual Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements included in this Offering Memorandum, once the PPA adjustments have been made.

Under IFRS 3 "Business Combinations," the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair market values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. In accordance with IFRS 3, the allocation of the purchase price can be provisional from the acquisition date for up to twelve months, although management must make its best estimate at the reporting date within that period.

Last Twelve Months Financial Information

This Offering Memorandum also includes unaudited consolidated financial information for the twelve months ended June 30, 2021 (the "**LTM Financial Information**"). The financial data is unaudited and has been calculated by adding (i) the audited consolidated information for the year ended December 31, 2020 and (ii) the unaudited interim consolidated financial information for the six months ended June 31, 2021 and then subtracting (iii) the unaudited interim consolidated financial information for the six months ended June 30, 2020. The LTM Financial Information has not been audited or reviewed by our auditors, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results for any future period or our financial condition for any past date.

As Adjusted Financial Information

We present in this Offering Memorandum certain unaudited as adjusted financial information, which is based on our Financial Statements, on an as adjusted basis to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense as at and for the twelve months ended June 30, 2021. See "*Summary Consolidated Financial Information—As Adjusted Financial Information and Other Financial Data*" and *"Capitalization*." This as adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Transactions occurred on July 1, 2020 or what our actual cash position or indebtedness would have been had the Transactions occurred on June 30, 2021, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the US Securities Act, the Prospectus Regulation or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Rounding

Certain numerical figures and percentages set out in this Offering Memorandum, including financial data presented in millions or in thousands, certain operating data or percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information.

Use of Non-IFRS Financial Measures

This Offering Memorandum also contains non-IFRS measures and ratios, including: EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, *Pro Forma* Adjusted EBITDA, Capital Expenditure, Operating Cash Flow Cash Conversion, Net Indebtedness, and Backlog that are not required by, or presented in accordance with, IFRS. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our operating results as reported under IFRS. For more information about how we define these non-IFRS measures, see "*Summary Consolidated Financial Information—As Adjusted Financial Information and Other Financial Data*." Non-IFRS measures and ratios are not measurements of our performance or liquidity under IFRS or any other generally accepted accounting principles. Other companies in our industry may calculate these measures differently and, consequently, our presentation may not be readily comparable to other companies' figures. In particular, you should not consider our non-IFRS measures to be alternatives to (i) profit for the period (as determined in accordance with IFRS) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (iii) any other measures of performance under generally accepted accounting principles. Non-IFRS measures have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for an analysis of our results as reported under IFRS. Although certain of this data has been extracted or derived from our consolidated financial statements contained in this Offering Memorandum, this data has not been audited or reviewed by our independent auditors.

EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA are not measurements of performance under IFRS and you should not consider them as an alternative to profit/(loss) before taxes or profit/(loss) for the period determined in accordance with IFRS, or, as the case may be, or to cash flows from/(used in) operating activities, cash from/(used in) investing activities or cash flow from/(used in) financing activities. EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

- they do not reflect our capital expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant finance expenses, or the cash requirements necessary, to service interest or principal payments on our indebtedness;
- although depreciation, amortization and write-offs are non-monetary items, the assets being depreciated, amortized and/or written-off will often need to be replaced in the future and EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA do not reflect any cash requirements that would be required for such replacements; and
- the fact that other companies in our industry may calculate EBITDA, Adjusted EBITDA and *Pro Forma* Adjusted EBITDA differently than we do, which limits their usefulness as comparative measures.

These measures presented in this Offering Memorandum are not prepared in accordance with IFRS or any other accounting principles and may be used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing this data to similar measures used by other companies. The information presented has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the US Securities and Exchange Commission (the "**SEC**") and will not be subject to review by the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

These measures are not measurements of performance under IFRS or any other accounting principles and you should not consider them as an alternative to profit/(loss) before taxes or profit/(loss) from continuing operations determined in accordance with IFRS or any other accounting principles, or, as the case may be, or to cash flows from/(used in) operating activities, cash used in investing activities or cash flow from/(used in) financing activities. For a further description of certain of these non-IFRS measures, see "*Summary Consolidated Financial Information—As Adjusted Financial Information and Other Financial Data.*"

Market and Industry Data

In this Offering Memorandum, we rely on and refer to information regarding our business and the various markets or regions in which we operate and compete. Unless otherwise stated, all information regarding markets, market position and other industry data contained in this Offering Memorandum are based upon our own estimates, publicly available information, independent industry publications, a report prepared by an unnamed market leading consultancy ("**Market Report**"), and other sources including Assoconsult and Source Global Research.

We cannot assure you that any of the assumptions underlying any statements regarding the consulting industry or any of our clients' industries are accurate or correctly reflect our position in the industry. Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of data and statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market data and statistics included in this Offering Memorandum should be viewed with caution and no representation or warranty is given by any person, including us or the Initial Purchasers, as to their accuracy.

In cases where there is no readily available external information to validate market related analyses and estimates, we have relied on our own internally developed estimates. Our estimates are based on a number of factors which include, but are not limited to, the following:

- our observations of trends including but not limited to the consulting industry;
- our discussions with clients across our service areas in respect of current and future market trends;
- our detailed local and global assessment of our competitors' positions; and
- our knowledge of the service areas, industries, and geographies in which we operate.

While we believe our internal analyses to be reliable, our analyses and information have not been verified by any independent sources, and neither we nor any of the Initial Purchasers make any representation as to the accuracy or completeness of such information. Our methodology for determining market position may not be comparable to or consistent with the methodology used by our competitors to assemble, analyze or compute market data. Our competitors may also define their markets differently. Our estimates involve risks and uncertainties and are subject to change based on various factors.

In addition, any industry publications, surveys and forecasts have been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. We believe that we have accurately reproduced the market data contained in this Offering Memorandum, and as far as we are aware and are able to ascertain from the data, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, we believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified any of the data from third-party sources. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Offering Memorandum. See "*Forward-Looking Statements*."

In considering the industry and market data included in this Offering Memorandum, prospective investors should note that this information may be subject to uncertainty due to a number of factors, including differing definitions of the relevant markets and market segments described. In addition, we cannot assure you that any of this information, data or estimates are accurate and none of our internal information or estimates regarding markets, market position and other industry data has been verified by any independent sources. While we are not aware of any misstatements regarding our estimates presented herein, our estimates involve risks, assumptions and uncertainties and are subject to change based on various factors. See "*Risk Factors*."

Tax Considerations

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of US Federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the Offering. See "*Certain Italian Tax Considerations*" and "*Certain US Federal Income Tax Considerations*."

Trademarks and Trade Names

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

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

In this Offering Memorandum, all references to $, "dollar" or "US dollar" are to the lawful currency of the United States of America and all references to € or "euros" are to the single currency of the participating member states of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rate (London) expressed in US dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The below rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. We make no representation that the euro or US dollar amounts referred to in this Offering Memorandum have been, could have been or could, in the future, be converted into US dollars or euro, as the case may be, at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Composite Rates on the last business day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate of the euro on October 7, 2021 was $1.1557 per €1.00.

	US dollars per €1.00			
	High	**Low**	**Average(1)**	**Period End**
Year				
2015	1.2099	1.0492	1.1100	1.0866
2016	1.1527	1.0384	1.1068	1.0547
2017	1.2026	1.0427	1.1297	1.2022
2018	1.2492	1.1245	1.1811	1.1452
2019	1.1533	1.0903	1.1195	1.1229
2020	1.2289	1.0667	1.1417	1.2225
Month				
April 2021	1.2118	1.1761	1.1967	1.2027
May 2021	1.2240	1.1994	1.2148	1.2228
June 2021	1.2233	1.1849	1.2046	1.1849
July 2021	1.1885	1.1763	1.1823	1.1859
August 2021	1.1870	1.1688	1.1768	1.1807
September 2021	1.1890	1.1571	1.1769	1.1571
October 2021 (through October 7, 2021)	1.1619	1.1543	1.1584	1.1557

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last business day of each month during the year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

SUMMARY

This summary highlights certain information about us and the Offering. This summary should be read as an introduction to this Offering Memorandum. It does not contain all the information that may be important to you or that you should consider before investing in the Notes, and it is qualified in its entirety by the remainder of this Offering Memorandum. You should read this entire Offering Memorandum, including the Consolidated Financial Statements and related notes, before making an investment decision. You should also carefully consider the information set out in this Offering Memorandum under the heading "Risk Factors" for factors that you should consider before investing in the Notes and "Forward-Looking Statements" for information relating to the statements contained in this Offering Memorandum that are not historical facts before making any decision as to whether to invest in the Notes.

We have estimated certain information in this Offering Memorandum regarding market share and our position relative to our competitors based on data available from third parties, our internal data and certain assumptions. See "*Industry.*" *This summary includes certain technical terms that are commonly used in our industry.*

Overview

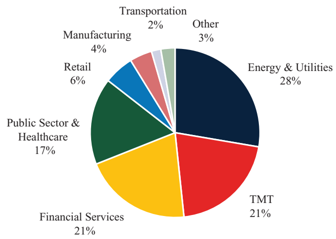
We are a leading European consulting firm, providing management consulting, business integration and digital transformation services to more than 600 clients. We were established in 2003 as a result of a spin-off from Deloitte Consulting Italia. As of June 30, 2021, we had 3,641 employees. Our professional team includes 36 equity partners (the "**Equity Partners**") and 111 partners, directors, associate partners, client partners and competence partners. Since we were established, we have expanded our geographic reach to 12 countries with 16 offices through our strong organic growth of approximately 16.7% per annum from 2004 to 2020 (in particular, we maintained organic growth during the financial crisis from 2008 to 2012 and the COVID-19 pandemic in 2020) and selective accretive acquisitions. We provide a wide range of advisory solutions and services to enterprise clients, including business advisory, strategy and innovation, technological advisory, digital advisory, cybersecurity, artificial intelligence, digital twin, blockchain, data and analytics and digital delivery. Recognizing the importance of technological advances and digital transformation for clients and businesses, we were early to establish our innovation practice in 2009 and digital practice in 2013. The growing importance of technological advances and digital transformation to our clients combined with our in-depth industry specific knowledge and technological and digital competencies, have resulted in approximately 64% of our revenues for the year ended December 31, 2020 being related to digital transformation projects.

We generated approximately 68.4% of our revenues in Italy for the twelve months ended June 30, 2021. Our other principal geographies include Brazil, the UK, Spain, Switzerland, the USA, and Colombia. In addition, we operate in other countries including Chile, Turkey, Austria, Belgium, and the UAE. We operate across several sectors of the economy with industry-specific knowledge supported by our technology and digital innovation competencies. Our key industries include (i) Energy & Utilities, (ii) Telecommunication, Media & Entertainment ("**TMT**"), (iii) Financial Services, (iv) Public Sector & Healthcare, (v) Manufacturing, (vi) Retail, (the "**Reference Industries**") as well as (vii) Transportation.

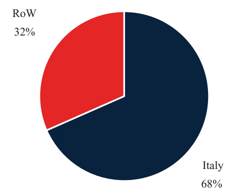
For the twelve months ended June 30, 2021, we generated revenues of €330.7 million, Adjusted EBITDA of €61.5 million (representing an Adjusted EBITDA Margin of 18.6%) and *Pro Forma* Adjusted EBITDA of €62.3 million. We also have a strong pipeline of ongoing projects, with a total Backlog as of June 30, 2021 of €134.8 million (compared to €81.8 million as of June 30, 2020), of which we expect €117.0 million to be converted into revenue in 2021. Our cash conversion rate (calculated as Adjusted EBITDA *less* capital expenditures divided by Adjusted EBITDA) was 93% over the same period.

The charts below set forth our revenue by industry and geography for the twelve months ended June 30, 2021 and by service area for the year ended December 31, 2020:

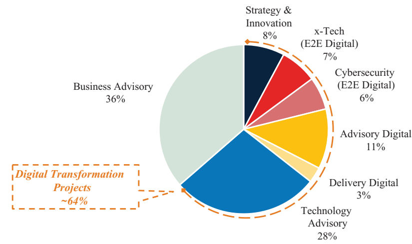
Revenues by industry



Revenues by geography(1)



Revenues by service area(2)



---

(1) Revenues by geographical area are recorded based on the location of the client for which we have provided services. Rest of the World includes the UK, Spain, France, Germany, the US, Middle East and Latin America.

(2) *Pro forma* revenues for service areas for the financial year ended December 31, 2020 reflect our revenues for the year, as adjusted as if the acquisition of Chaucer, Medley and Vidiemme had occurred as of January 1, 2020. For more information, see "*Presentation of Financial and Other Information—Comparability of Financial Information—Pro forma revenues for service area.*"

We operate in the attractive and growing global consulting market estimated to be valued at approximately $136.0 billion in annual global sales in 2020 by Source Global Research. According to Source Global Research, our addressable market, which includes the Reference Industries in Italy, the UK, Spain, France, Germany, Brazil, other South America, the USA and the Middle East ("**Reference Geographic Market**," together with the Reference Industries, the "**Reference Market**") was estimated to be valued at approximately $58.0 billion in annual global sales in 2020, having grown at a CAGR of approximately 6% between 2018 and 2019. The market has been temporarily impacted by the COVID-19 pandemic in 2020, and is expected to rebound from 2021 and grow at a CAGR of 12.5% between 2020 and 2024. We have consistently out-performed the Reference Market, including during the COVID-19 pandemic reporting 7% organic growth in terms of revenues between 2019 and 2020. Our Reference Market benefits from strong ongoing digitalization trends across the public and private sectors and changes in operating models of companies and clients, further accelerated by the COVID-19 pandemic, driving the need of specialized external consulting resources and increasing spending on transformation projects. Our wide range of end to end solutions, with distinctive digital capabilities, coupled with in-depth specific industry know-how and long-lasting relationships with our clients and partners, position us effectively to capitalize on the strong growth in demand for consulting services across our main industry verticals.

Our clients include more than 600 private and blue chip companies, as well as public sector organizations, comprising Energy & Utilities companies (including Gruppo Enel, BP (British Petroleum), Gruppo Eni, Gruppo ACEA, Gruppo A2A, Enagas, Naturgy, Petrobras, Repsol and Snam), TMT companies (including Sky, Telecom Italia, Fastweb, and Teamsystem), Italian and European Financial Services institutions (including Allianz, UniCredit, Gruppo Generali, Gruppo BNP Paribas, ICCREA, AGOS, Nexi, Santander, UBS, and Visa), Public Sector organizations (including Poste Italiane, Banca d'Italia, the Istituto Nazionale Previdenza Sociale (INPS), the Italian Ministry of Justice (*Ministero della Giustizia*), and the Home Office (UK)), Healthcare companies (including Pfizer, GE healthcare, Novartis, Astrazeneca, Roche and Sanofi), Manufacturing companies (including Amplifon, Barilla, Leonardo and Daimler), Retail business (including Esselunga, Kering, and Luxottica), and Transportation companies (including ENAV).

We aim to create long-term, strategic relationships with our clients, and to be an integral part of our clients' business development and strategy implementation, focusing on value added projects that are normally related to recurring capital expenditures with lower renewal risk. Historically, we have been able to achieve long-lasting client relationships by providing a broad services offering covering our clients' needs, including significantly customized and highly specialized services, as well as delivering consistent high-quality services. As of June 30, 2021, we had an average client relationship tenure of approximately 18 years for our top 10 clients and approximately nine years for our top 11 to top 20 clients. We have a low client concentration across all of our industry verticals, with no client accounting for more than 7.5% of our revenues and no industry vertical accounting for more than 27.7% of our revenues for the twelve months ended June 30, 2021. For the twelve months ended June 30, 2021, our top 10 clients generated approximately 33.3% of our revenues.

Our ability to deliver value to our clients is a result of the character and expertise of our people. We rely on an entrepreneurial and committed leadership team of 36 Equity Partners, 111 partners, directors, associate partners, client partners and competence partners, and an experienced team of 257 senior managers and principals, who are supported by a talented pool of 3,237 other employees as of June 30, 2021. We combine core consulting skills and industry know-how with digital expertise in areas such as data and analytics, cybersecurity, customer relationship management ("**CRM**") and digital delivery, cloud and artificial intelligence and automation, all fostered by a culture of innovation that extends to all reaches of our company. Historically, we have devoted significant resources to attract, train, develop, and retain our people. As a result, our workforce has grown from approximately 2,200 employees as of December 31, 2018 to 3,641 as of June 30, 2021, of which approximately 28% is based outside of Italy, driven by the increase of our digital practice as well as our internationalization, coupled with what we believe is best in class talent retention policies.

We believe our business model has allowed us to quickly respond to our clients' needs and continue to efficiently operate our business during the COVID-19 pandemic. In particular, during the periods of lockdown in Italy, Spain, Brazil and the UK, we were able to continue to ensure business continuity and service our clients, while safeguarding the health and safety of our employees. We successfully transitioned substantially all of our employees to remote working over a short period of time, maintaining high levels of service and assisting our clients with their responses to the outbreak of the COVID-19 pandemic. For the year ended December 31, 2020, we generated revenues of €286.2 million, compared to €242.8 million for the year ended December 31, 2019 representing an increase in revenues of 17.9%, of which approximately 7% was organic compared to an estimated approximately 13% decrease for the overall global consulting market. See "*Summary—Recent Developments—COVID-19 Pandemic*" and "*Risk Factors—Risks Related to the COVID-19 Pandemic and Other Unforeseen Circumstances*."

Our Strengths

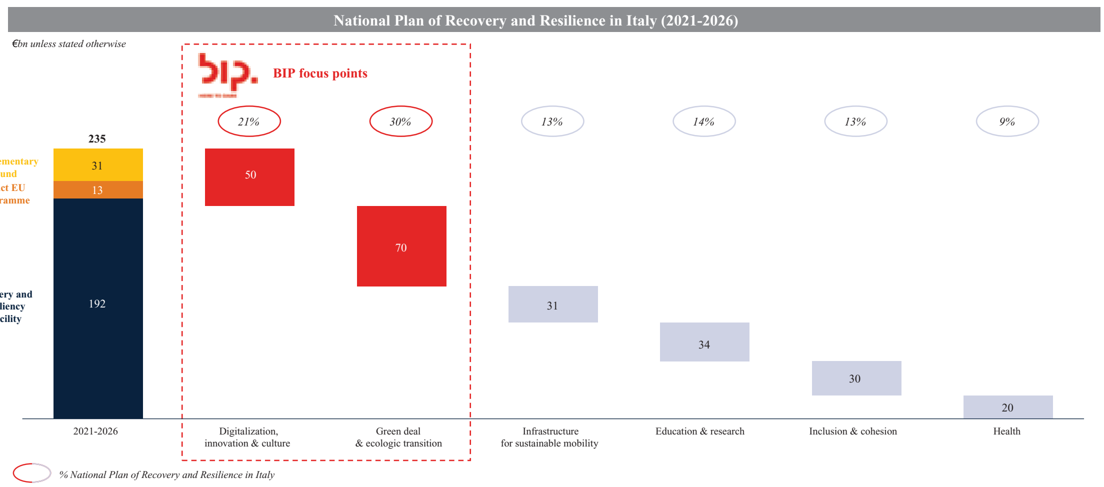
Large and growing consulting market with BIP exposed to the most attractive trends shaping the management consulting space

The global consulting market, which was estimated to be valued at approximately $136.0 billion in annual global sales in 2020 by Source Global Research, is a large and attractive market, having grown at a CAGR of approximately 6% between 1997 and 2019, with a continuous positive trend as companies have historically increased spend on external consulting services. Our Reference Market grew at a CAGR of approximately 6% between 2018 and 2019 and was only temporarily impacted by the COVID-19 pandemic in 2020. While the overall global consulting market experienced a 13% decrease, for the year ended December 31, 2020, we generated revenues of €286.2 million, compared to €242.8 million for the year ended December 31, 2019 representing an increase in revenues of 17.9%, of which approximately 7% was organic. We have consistently out-performed the Reference Market, including during the COVID-19 pandemic. Our Reference Market is forecast to grow at a CAGR of approximately 12.5% from 2020 until 2024 principally driven by (i) ongoing digitalization trends across the public and private sectors accompanied by an increase in spending on digital transformation projects, (ii) changes in operating models of companies and clients, accelerated by the COVID-19 pandemic, which has focused businesses on the need for specialized external consulting resources, and (iii) shifting demand from traditional IT outsourcing and system integration to value-added technology advisory and delivery.

We believe that our wide range of services, with distinctive digital capabilities, coupled with in-depth specific industry know-how underpinned by long-lasting client relationships, position us favorably to capitalize on the strong growth in demand for consulting services across our main markets. We have an extensive track record innovating, designing and implementing digital transformation projects that rethink our clients' service delivery and sales functions, and these projects will continue to be central to the strategy of the major organizations of our Reference Industries.

The consulting market in Italy, our primary geographic market, was estimated to be valued at approximately €4.6 billion in 2020 according to Assoconsult. The Italian consulting market grew at a CAGR of approximately 8.0% between 2015 and 2019, and experienced a temporary decrease of approximately 4.2% in 2020 due to the COVID-19 pandemic, according to Assoconsult. Despite this decrease, our revenues in Italy were €212.9 million for the financial year ended December 31, 2020, an increase of €20.0 million, or 10.4%, compared to €192.9 million for the financial year ended December 31, 2019 due to the organic growth of our business, an increase in demand for traditional and digital services, and the minor acquisition of Vidiemme. In 2021, the Italian consulting market is estimated to increase by approximately 8.5%, driven by demand for: (i) digital projects including artificial intelligence, CRM, cloud services, internet of things ("**IoT**"), cybersecurity, digital twin and blockchain; and (ii) green projects such as developing and implementing sustainability strategies and plans to achieve greater corporate social responsibility. In addition, growth of the Italian consulting market is expected to further benefit from the structural under penetration of consulting spend in Italy, according to Assoconsult.

Additionally, the Italian government and regulators are implementing policies that favor digitalization through IT investments, such as the Industry 4.0 plan and the National Plan for Innovation 2025. In addition, in July 2021, the Italian Government adopted the National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*) (the "**RRP**") which is expected to allocate resources totaling €235.0 billion between 2021 and 2026 for a reform agenda and investment program encompassing six policy areas or "missions" in Italy, of which approximately €50.0 billion is expected to be invested in the "digitalization, innovation, competitiveness, and culture" mission in Italy, and approximately €70.0 billion is expected to be invested in the "green revolution and ecologic transition" mission in Italy. We are at the intersection of these megatrends with an innovative and digital-focused practice, deep industry experience, and proven capabilities in the energy transition. We aim to capture part of the budget allocated to these initiatives to be spent by corporate and public sector organizations, which we believe will provide us with further opportunity to grow and boost our track record in next-generation advisory.



Source: mef.gov.it

Differentiated positioning, sector vertical expertise and capabilities combined to deliver a wide range of end-to-end solutions

We have a differentiated market position allowing us to compete with both management consulting firms and IT services providers. In addition, we offer a wide range of services from strategy development to strategy implementation, with a strong focus on digital transformation and innovation.

Our clients choose us, because we offer a unique value proposition which is underpinned by a number of distinguishing factors that include:

- Rigorous execution capabilities with solid analysis and diagnosis skills, attention to client needs, and the ability to provide a hands-on, pragmatic approach;
- Flexible to technology market demands and restrictions because we are vendor agnostic as opposed to other industry players;
- Expertise in key business areas such as strategy, human resources, finance, compliance, CRM, supply chain, procurement, and IT, as well as in-depth industry experience and an understanding of operating models and related technologies, in particular, in Energy & Utilities, TMT, Financial Services, and Public Sector & Healthcare;
- Strong innovation and digital transformation capabilities, which are built on a strong foundation that dates back to 2009, when we were one of the first players in the industry to begin building digital innovation

management capabilities, as well as in 2013 for digital competencies such as big data, cybersecurity, cloud and artificial intelligence. For the year ended December 31, 2020, approximately 64% of our revenues was generated from digital transformation projects; and

- High-quality performance for our clients which we are able to offer at fair prices.

We believe that we are able to further distinguish ourselves in the market, as we operate independently and are free from technological and professional legacies. As a result, we very rarely face conflicts of interest.

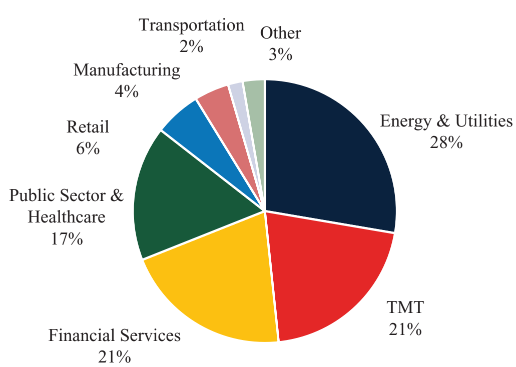
Large, diversified and loyal client base featuring long-established relationships with key clients and highly repeating revenues

Our clients operate across several sectors of the economy, including (i) Energy & Utilities, (ii) Telecommunication, Media & Entertainment ("**TMT**"), (iii) Financial Services, (iv) Public Sector & Healthcare, (v) Manufacturing, (vi) Retail, and (vii) Transportation. Our clients include more than 600 private and blue chip companies, as well as public sector organizations, comprising Energy & Utilities companies (including Gruppo Enel, BP (British Petroleum), Gruppo Eni, Gruppo ACEA, Gruppo A2A, Enagas, Naturgy, Petrobras, Repsol, Snam), TMT companies (including Sky, Telecom Italia, Fastweb, and Teamsystem), Italian and European Financial Services institutions (including Allianz, UniCredit, Gruppo Generali, Gruppo BNP Paribas, ICCREA, AGOS, Nexi, Santander, UBS, and Visa), Public Sector organizations (including Poste Italiane, Banca d'Italia, the Istituto Nazionale Previdenza Sociale (INPS), the Italian Ministry of Justice (*Ministero della Giustizia*) and the Home Office (UK)), Healthcare companies (including Pfizer, GE healthcare, Novartis, Astrazeneca, Roche and Sanofi), Manufacturing companies (including Amplifon, Barilla, Leonardo and Daimler), Retail businesses (including Esselunga, Kering and Luxottica), and Transportation companies (including ENAV). As of June 30, 2021, we had an average relationship tenure of approximately 18 years for our top 10 clients and approximately nine years for our top 11 to top 20 clients.

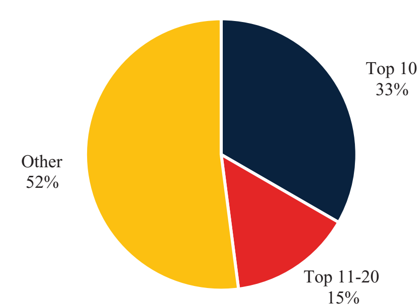
We have a track-record of new client additions, having increased our client base from approximately 280 clients as of December 31, 2017 to approximately 600 clients as of December 31, 2020 as a result of a combination of organic growth in our key markets and selective merger and acquisition ("**M&A**") activity in existing and new markets. We believe that our increased client base and enhanced geographic diversification, also following our recent acquisition of Chaucer in the UK, will offer us significant cross-selling opportunities and new avenues of growth outside of Italy.

Our ability to increase our client base has allowed us also to consistently enhance our client diversification across all of our industry verticals. For the twelve months ended June 30, 2021, no client accounted for more than 7.5% of our revenues and no industry vertical accounted for more than 27.7% of our revenues. For the twelve months ended June 30, 2021, our top three clients generated 16.8% of our revenues, our top 10 clients generated 33.3% of our revenues, and our top twenty clients generated 48% of our revenues. For the twelve months ended June 30, 2020, our revenue concentration by industry and by top clients was as shown below:

Revenues concentration by industry



Revenues concentration by top clients



Our clients value the breadth of our services offering, our results oriented proposition, with a high quality delivery track record, and our in-depth industry knowledge combined with technological and digital capabilities, which we believe has contributed to our consistently high client retention rates. For example, for the year ended December 31, 2020, approximately 87% of our revenues were generated from existing clients as of December 31, 2019, approximately 76% were existing clients as of December 31, 2017, and approximately 48% were existing clients as of December 31, 2011.

A large share of our revenues is highly repeating underpinned by our high quality of delivery, proactive account management, a network of relationships distributed across many partners, senior managers and principals and our focus on long-term and value-added projects that are normally related to our clients' recurring capital expenditures with lower renewal risk. For the twelve months ended June 30, 2021, approximately 92% of our total revenues were from existing clients with us as of December 31, 2020. The relatively high share of our repeating revenues has allowed us to maintain stable revenue performance and gives us, together with our Backlog, good visibility on our top line evolution year-on-year. For example, as of June 30, 2021, we had a total Backlog of €134.8 million, of which we expect €117.0 million will be converted into revenue during 2021, demonstrating our strong pipeline of ongoing projects which provides us good visibility.

Resilient business model through economic cycles and the COVID-19 pandemic, with strong track record of profitable organic growth

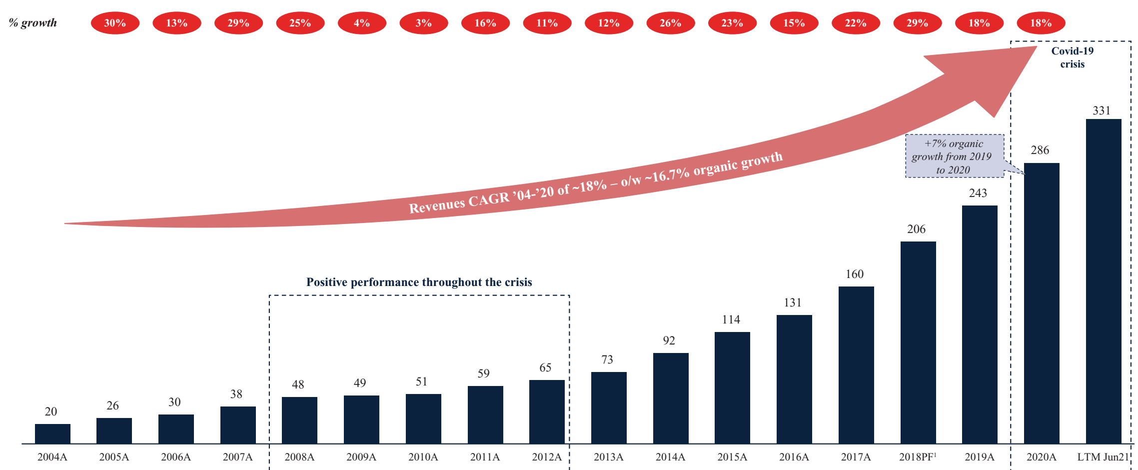
Our revenues have been driven by strong organic growth of approximately 16.7% per annum from 2004 to 2020 supported by the success of our business model in delivering value-added consulting services, adding new clients as well as growth from value accretive acquisitions of attractive assets, including, among others, our acquisitions of Openknowledge in 2015, Sketchin Italia S.r.l. ("**Sketchin**") in 2016, a controlling stake in FBM Group ("**FBM**") in 2019, the hiring of 24 employees from KPMG Spain to support our office in Madrid in 2019 and the acquisition of a controlling share in Chaucer in 2020.

Additionally, our revenue has remained resilient throughout volatile macroeconomic cycles, including through the period following the 2008 financial crisis, with our revenues' organic growth continuously outperforming the overall consulting market as well as Italian GDP growth on a year-over-year basis.

Leveraging our resilient and flexible business model, the impact of the COVID-19 pandemic on our operating performance and our ability to deliver our services to clients during the government imposed lockdowns was minimal. For the year ended December 31, 2020, we generated revenues of €286.2 million, compared to €242.8 million for the year ended December 31, 2019, representing an 17.9% increase in revenues, of which approximately 7% was organic increase, versus an approximately 13% decrease for the overall global consulting market.

Our solid business model has been further demonstrated by our performance during the first half of 2021. For the six months ended June 30, 2021, we generated revenues of €181.8 million, an increase of 32.4% compared to €137.3 million for the six months ended June 30, 2020, of which 10.0% was related to organic growth.

The following chart provides an overview of our business evolution, including organic growth in terms of revenues from 2004 through the twelve months ended June 30, 2021:



(1) Revenues for the year ended December 31, 2018 are presented on a *pro forma* basis. For more information, see "*Presentation of Financial and Other Information—Comparability of Financial Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018.*"

Solid financial profile underpinned by strong cash generation

Our business has delivered consistent profitability and cash flow generation in recent years. Our Adjusted EBITDA margin has improved (with our Adjusted EBITDA margin being 15.3%, 17.3%, 18.1% and 18.6% for the years ended December 31, 2018 (on a *pro forma* basis), 2019 and 2020 and for the twelve months ended June 30, 2021 respectively), driven by solid revenue performance and cost discipline (despite the impact of the COVID-19 pandemic in the year ended December 31, 2020).

We have a flexible cost structure, mainly driven by the large proportion of variable compensation within our professionals' compensation packages, which is linked to revenues and profitability goals, and recourse to external personnel. The flexibility of our cost structure allows us to rapidly adapt to changes in client demand and to optimize capacity utilization and protect our profitability.

Further, our flexible business model requires limited capital expenditures, which has contributed to strong and consistent cash conversion over the past years. Our capital expenditures amount to approximately 1% of our revenue on average per annum between December 31, 2018 and the twelve months ended June 30, 2021. As a result, our cash conversion rate (calculated as Adjusted EBITDA *less* capital expenditures divided by Adjusted EBITDA) has been on average approximately 93% during the same period.

Our flexible and cash generative business model has allowed us to consistently reduce our net financial position and financial leverage as demonstrated in the period between March 27, 2018, when we were acquired by Apax France, and December 31, 2020, during which we reduced our net leverage from approximately 2.8x to 1.3x.

Attractive consolidation platform, with a track-record of creating value through integration of bolt-on acquisitions

We constantly evaluate opportunities for prudent, highly targeted and strategic bolt-on acquisitions. We have a strong track record of successfully integrating the entities we acquire, allowing us to expand our service offering and geographic reach, generate significant cross-selling opportunities into our existing client base and realize synergies. Since 2009, we have completed 12 acquisitions with approximately €6.7 million of average annual revenue of the target companies at acquisition (see the table under "*Business—History*" for information on revenues at acquisition).

Our acquisition strategy has been focused on growing our business in high growth areas, boosting our presence in digital technologies and accelerating our international expansion in selected countries, while consolidating our consulting offering and our position across our industry verticals. Our previous bolt-on acquisitions include, among others: (i) Ars et Inventio in 2009, which allowed us to enter the innovation management practice and launch our digital transformation plan ahead of our competition; (ii) Openknowledge S.r.l. in 2015, which allowed us to gain competencies in the social and digital transformation segment; (iii) Sketchin Italia S.r.l. in 2016, which allowed us to enter the innovation and design segment and to cross-sell Sketchin Italia S.r.l.'s innovative solutions to our clients; (iv) FBM in 2019 which allowed us to enter the financial services industry in Brazil, (v) Vidiemme Consulting S.r.l. in 2020, which allowed us to reinforce our competencies in the digital environment and enrich our offering of integrated end-to-end digital solutions; (vi) Chaucer in 2020, which allowed us to expand our presence in the UK and unlock relevant cross-selling and synergy opportunities; and (vii) Medley Business Solutions in 2020 which allowed us to extend our presence in public sector digital expertise in the UK.

We have a dedicated M&A team supported by a specialized governance unit and four country integration managers to execute the integration of acquired companies. We believe that we have successfully developed a disciplined and structured approach to plan and perform all activities required to successfully integrate and extract revenue and cost synergies from acquired companies. In particular, the integration process involves all aspects of the acquired businesses, including integrating finance, reporting, personnel, ICT, marketing and sales, communication, audit, legal functions, as well as defining the value proposition and go-to-market approach for the newly acquired and integrated business and products and developing and brand integration plan.

Entrepreneurial and committed partnership backed by a longstanding senior leadership team and supported by a talented pool of professionals

Our business is supported by our highly experienced management team, which has been with the business since its foundation in 2003, being widely recognized in the consulting industry, and which has grown our business from a local Italian player to what we believe is one of the leading European providers of consulting services.

Our leadership team relies on an entrepreneurial, highly experienced and committed partnership of 36 Equity Partners and 111 partners, directors, associate partners, client partners and competence partners consisting of technical and industry experts, as well as 257 principals and senior managers responsible for managing and guaranteeing the continuity of the current business. These leaders are supported by a talented pool of 3,237 other employees which deliver value and results to our clients by combining core consulting skills with digital expertise in areas such as data and analytics, cybersecurity, CRM and digital delivery, cloud and artificial intelligence and automation.

We have historically devoted significant resources to attract, train, develop and retain our people, having grown our workforce from approximately 2,200 employees as of December 31, 2018 to approximately 3,641 as of June 30, 2021 while maintaining high utilization rates (88%, 87%, 88% and 89%, respectively for the years ended December 31, 2018, December 31, 2019, December 31, 2020, and the twelve months ended June 30, 2021) and what we believe is best in class employee retention with lower attrition rates compared to other consulting firms.

A strong commitment of our Equity Partners (who indirectly own approximately 25% of Issuer's share capital) to our future is evidenced by their co-investment in our business alongside CVC in connection with the Acquisition, representing a significant incentive to deliver the medium-term business plan that has been developed in collaboration with our new shareholders.

Our Strategy

Consolidate BIP positioning in core activities and capture selected opportunities in vertical industries and geographies

Since our founding in 2003, we have transformed from a local Italian player into what we believe is one of the leading European providers of consulting services, through a combination of organic growth and acquisitions under the leadership of our senior management. As of June 30, 2021, we offer a broad offering of advisory solutions and services, underpinned by strong technological and digital transformation service competencies.

We aim to maintain and consolidate our leadership position in our core activities of management consulting, business integration, and digital transformation as well as in our main industry verticals, such as Energy & Utilities and TMT. While consolidating our position in our core activities and verticals, we intend to enhance our sector expertise in industries where we are currently underrepresented, in particular outside Italy, such as healthcare and life sciences, financial services, and the public sector, which are expected to experience high market growth supported by positive sector evolutions. We have launched several initiatives to upskill, retain, and attract talent, diffuse best practices developed in Italy and other core countries across our global network, and further invest in the institutionalization of our marketing and business development departments. With these levers, management has geared for growth and expects to pilot our organization towards expansion and consolidation of our leading market position.

We also aim to continue to remain top-of-mind for our core clients, expanding and cross-selling services to existing clients. We have increased our revenues generated from our top 10 clients at a CAGR of 17.3% between December 31, 2017 and December 31, 2020. In addition we believe that the increase of our client base and geographic diversification following, our acquisition in 2020 of the UK company, Chaucer, will offer us significant opportunities and new avenues of growth outside of Italy.

We also aim to enter new markets and consolidate our presence in high growth potential geographies such as the USA and France, through a combination of organic growth initiatives and functional acquisitions, with the aim to become one of the top twenty consulting firms at a global level.

Strengthen our digital leadership to further accelerate business growth

Clients trust us to lead data-centric cloud transformations of their businesses, define a data strategy, monetize data, rethink the client experience interface from end-to-end, and help them to defend against cyber attacks. Our mission is to help our clients embrace digital solutions and products, big data, cloud based services, artificial intelligence and cybersecurity. We were one of the first movers in our Reference Market to build digital and technological competencies, and we intend to maintain our position at the forefront of digital and technological competencies. We have had a dedicated innovation practice since 2009 and a digital practice since 2013. In addition, we have historically devoted significant resources and investments to strengthen our leadership, with an aim to increase revenue through digital transformation projects. For example, for the year ended December 31, 2020, we generated 64% of our revenues from digital transformation projects. We believe that our wide digital offering, including data and analytics, cybersecurity, CRM and digital delivery, cloud and artificial intelligence, industry 4.0, and automation support our strong reputation as a leading consulting provider in each of our industry verticals, which positions us to effectively benefit from disruptive technological innovation trends and capitalize on the various initiatives and related resources allocated by local and European governments and regulators in favor of digitalization and green transition, including the recent RRP.

We intend to continue strengthening, widening, and evolving our service offering with cutting-edge technologies, such as cloud data and migration, cybersecurity, artificial intelligence engineering, digital twin and blockchain. We believe that these services will position us to have a strong, positive impact on clients businesses, and will contribute strong growth, profitability, and highly repeating revenues.

In addition, as part of our digital delivery practice, we aim to exploit the progressive obsolescence of traditional sales systems. In particular, we will support clients through the sales transformation processes, by scaling-up and integrating our platform based services and leveraging our micro-service integration capabilities with low-code applications, including consulting, software technologies and platform services, to maximize return on investment.

Pursue growth opportunities in sustainability as the energy transition accelerates via cross-selling of our platform and building greater stickiness

We have consistently advised and prepared our clients to successfully meet the challenges of today and tomorrow, as evidenced by our strong focus on digitalization. A number of new megatrends are reshaping the economy and society with mobility, electrification, energy transition, connectivity, automation, smart environments, resource scarcity, urban density, and environmental and social consciousness which has a direct impact on the industrial and technological organizations of business and industry. We intend to remain, at the forefront of advising companies responding to these challenges. BIP Sustainable Services supports organizations determined to achieve the Sustainable Development Goals through a process of consistent innovation. Consumers, shareholders and other stakeholders are demanding that the businesses they patronize implement Environmental, Social and Governance (“**ESG**”) best practices. Our sustainability offering provides a number of value-added competencies such as the design and implementation of transformation programs, value optimization for asset-intensive industries and carbon offsetting advisory, each of which we expect to benefit from increased need by our clients. Our management believes that in time ESG will form an additional pillar of our business along with digital.

Continue to pursue targeted and opportunistic acquisitions to expand capabilities, geographical presence and grow the business

We believe that our Reference Markets, including those in Europe, the USA, and South America, remain highly fragmented, and we intend to further strengthen our position and broaden our service offering by continuing to consolidate smaller players, building up a One Global Company, with a unique position in our segment, distinguished by the Big Four who operate a federated organization model and therefore must typically provide services to multinational clients using multiple members of their network that are legally distinct separate profit centers.

We have a strong track record of successfully acquiring and integrating target companies, having completed 12 acquisitions since 2009. We have developed a disciplined and systematic approach to M&A activity, through a dedicated and experienced in-house M&A team, targeting best-in-class specialized consulting players with a focus on increasing our capabilities in high growth areas, consolidating our positions across our industry verticals and expanding into new attractive geographies.

Our future acquisition strategy will focus on attractive and accretive add-ons to complement our envisaged solid organic growth and it will be based on three fundamental pillars: (i) complementary offerings that widen our proposition and digital capabilities; (ii) expansion of our geographical footprint; and (iii) enlarge our industry coverage to allow significant achievable synergies and cross-selling opportunities. We intend to apply vigorous payoff criteria in evaluating any such acquisitions and will leverage our track record of profitability integrating and cross-selling practices acquired and organically developed in the past, such as Chaucer in England and FBM in Brazil. In this respect, we will continue evaluating opportunities for highly targeted, strategic bolt-on acquisitions of easy to integrate players, with a view to fill-up various white spaces across industries and capabilities in our major target geographies.

In addition, we will benefit from the sector expertise, business relationships, knowledge, and experience of our sponsor, CVC, who is one of the world's most experienced sponsors in consulting and business services with several deals completed such as Alix Partners, Teneo and TMF Group as well as in the digital space including deals such as Iron Source, ConvergeOne, Webpros and Avast.

Retain best in class profitability and further improve cash conversion

We intend to continue leveraging our diversified service offering and our optimized cost structure to retain what we believe is best in class profitability. We also intend to further improve our revenue mix to include a greater share of digital transformation projects, which typically generate higher margins.

Our business has historically benefitted from high cash conversion, which averaged approximately 93% annually between the year ended December 31, 2018 and the twelve months ended June 30, 2021 as a result of limited capital expenditures (which averaged approximately 1% of our revenue annually between the year ended December 31, 2018 and the twelve months ended June 30, 2021). To increase our cash generation, we intend to continue implementing a disciplined approach to capital expenditures and working capital management, including the roll-out of specific key performance indicators for partners and employees in our main international countries, impacting their variable remuneration, related to days sales outstanding management and that were already introduced in Italy at the beginning of 2020.

Principal Shareholders

CVC

CVC is a leading private equity and investment advisory firm. Founded in 1981, CVC has a network of 25 offices as of June 30, 2021: 16 across Europe and the Americas and nine in the Asia-Pacific region. As of June 30, 2021, CVC had over 270 investment professionals who secured commitments of approximately $165.0 billion from over 350 investors from across the world. In total, CVC's private equity platform currently manages approximately $97.0 billion of assets.

On May 30, 2021, CVC through its vehicle Bach Holdings S.à r.l. ("**Luxco**"), signed a sale and purchase agreement (which was assigned to the Issuer prior to the Acquisition Closing Date) to purchase the entire share capital of the Targets. The Acquisition closed on September 10, 2021.

Information about the Issuer

The Issuer's share capital is 100% directly owned by Bach Midco S.p.A. Bach Midco S.p.A. is 100% directly owned by Bach Holdco S.p.A., which is in turn directly 75% held by CVC and approximately 25% by the Equity Partners.

The Issuer is a joint stock company (*società per azioni*) established under the laws of the Republic of Italy and is registered with the Companies' Registry (*Registro delle Imprese*) of Milan-Monza-Brianza-Lodi under No. 11849130965. The registered office of the Issuer is located at Via del Vecchio Politecnico n. 9, 20121 Milan, Italy. The telephone number of the Issuer is +39 02 76316733 and the fax number of the Issuer is +39 02 76009506.

Recent Developments

Current Trading

The following information relating to our performance for the eight months ended August 31, 2021 is derived from our Unaudited Interim Consolidated Financial Statements for the six months ended June 30, 2021 and our internal management accounts for the months of July and August 2021, which are subject to our financial closing procedures that have not been completed. This information has been prepared by management. It has not been audited, reviewed, verified or subject to any procedures by our auditors or any other third party, and you should not place undue reliance on it. Because this information is preliminary, it is subject to change and those changes could be material. Although we believe the management estimates and unaudited preliminary results and the assumptions on which they are based to be reasonable, our unaudited preliminary results are subject to change, and are not intended to be a comprehensive statement of our financial or operational results. This information may not be indicative of the remainder of the nine months ended September 30, 2021 or any future period See "*Forward-Looking Statements*" and "*Risk Factors*" for a discussion of certain of the factors that could affect our future performance and results of operation.

Our overall revenues increased by 31.2% for the eight months ended August 31, 2021 as compared to the comparable period in 2020 on an actual basis, of which 10.5% was organic growth, which was largely driven by BIP Italy, BIP Spain, BIP Brazil and our digital platform.

COVID-19 Pandemic

Overall, we have experienced a relatively limited impact from the COVID-19 pandemic on our operations and believe we have demonstrated resilience. Despite the initial decrease in demand for our services during the early months of the pandemic, our revenues were €286.2 million for the financial year ended December 31, 2020, an increase of €43.4 million, or 17.9% compared to €242.8 million for the financial year ended December 31, 2019. In addition, during the COVID-19 pandemic where clients were required to shift to remote working, relying on IT infrastructures and systems and cloud-based solutions to run their operations, there was an increase in client demand for digital transformation processes across all of our industry verticals, in particular Energy & Utilities, TMT, and Financial Services. As a result, we experienced an increased demand for our services, which positively impacted our revenues in digital and innovation consulting, which was €71.4 million for the financial year ended December 31, 2020, an increase of 50%, compared to €47.6 million for the financial year ended December 31, 2019.

We put the safety of our employees and clients first, by adopting and implementing governmental guidelines to safeguard the health and safety of our employees and clients. In addition, we transitioned to a fully remote working environment, except for certain employees who were required access to documents at the offices to discharge their duties.

The Transactions

On September 10, 2021, the Issuer, directly or indirectly, as applicable, acquired: (a) 100% of the issued share capital of Milapax S.à r.l. ("**Milapax Lux**"), (b) 100% of the shares of Business Integration Partners S.p.A. ("**BIP**") held by Racbip S.r.l. ("**Racbip**"), (c) 100% of the quotas of Runbip S.r.l. ("**Runbip**"), (d) 100% of the quotas of AMV Consulting S.r.l. ("**AMV**") and (e) 100% of the quotas of Milapax Italia S.r.l. ("**Milapax**") (the "**Acquisition**") for a cash purchase price of €562.5 million. In connection with the Acquisition, the Issuer entered into: (i) a bridge facility agreement (the "**Bridge Facility Agreement"**), which provided for term borrowings of €275.0 million (the "**Bridge Facility**") and (ii) a Revolving Credit Facility agreement (the "**Revolving Credit Facility Agreement**") which originally provided for aggregate multi-currency borrowings of up to €50.0 million (such commitment expected to be reduced to €48.5 million on or prior to the Issue Date) (the "**Revolving Credit Facility**"). In addition, the Issuer received €405.5 million in equity contributions (the "**Shareholder Funding**") from its direct parent company Midco, resulting from €368.0 million cash equity contributions made indirectly by CVC and reinvesting managers of BIP and the net proceeds from the issuance by Bach Holdco S.p.A. ("**Holdco**") of the net proceeds of senior secured pay-in-kind notes (the "**Private PIK Notes**") privately placed by Holdco with certain institutional investors. For further information, see "*Description of Certain Financing Arrangements—Private PIK Notes*."

The amounts drawn under the Bridge Facility were used, together with the Shareholder Funding and cash on BIP's balance sheet, for (a)(i) the payment of the cash purchase price for the Acquisition; (ii) the payment of fees, costs (including acquisition costs) and expenses and stamp, registration and other taxes; (iii) loans by BIP to certain partners as employees in accordance with article 2358, paragraph 8, of the Italian Civil Code to fund the purchase of shares in Holdco, an indirect parent of the Issuer and (iv) maintaining cash overfunding at the Issuer; and (b) through the BIP Funding Loan, the repayment of the Group Existing Debt. See "*—The Financing of the Acquisition and Refinancing of the Group Existing Debt*" and "*Use of Proceeds.*"

We refer to the Acquisition, the incurrence of the Bridge Facility, the entering into the Revolving Credit Facility, the Shareholder Funding, the Offering and the Refinancing and any actions or steps related to the foregoing, collectively as the "**Transactions**."

Refinancing of the Group Existing Debt

The drawings under Facility 2 under the Bridge Facility of €107.0 million, together with a portion of the Shareholder Funding, were contributed by the Issuer to BIP in the form of the €109.6 million BIP Funding Loan and used by BIP, together with cash at BIP, for the repayment in full of the Group Existing Debt.

The Financing of the Acquisition and Refinancing of the Group Existing Debt

The notional sources and uses of funds necessary to consummate the Acquisition and make the BIP Funding Loan for the purposes of repaying the Group Existing Debt, and pay fees and expenses in connection with the Acquisition, and the Bridge Facility and Revolving Credit Facility are shown in the table below. This table should be read in conjunction with "*Use of Proceeds*" and "*Capitalization*."

Sources of funds		Uses of funds	
(In millions of Euros)		*(In millions of Euros)*	
Gross proceeds from the Bridge Facility(1)	275.0	Purchase Price(4)	562.5
Shareholder Funding(2)	405.5	Repayment of Group Existing Debt(5)	109.9
Cash on BIP's balance sheet(3)	40.4	Loan to Partners(6)	7.3
		Estimated fees and expenses(7)	17.8
		Cash overfunding(8)	23.4
Total sources	**720.9**	**Total uses**	**720.9**

(1) Represents the aggregate principal amount of drawings under the Bridge Facility made available to the Issuer, comprising (a) €168.0 million in aggregate principal amount of Facility 1 (as defined under the Bridge Facility Agreement) (the "**Facility 1**") which was used by the Issuer to fund, directly or indirectly, together with a portion of the Shareholder Funding, the purchase price for the Acquisition and fees and expenses in connection therewith; and (b) €107.0 million in aggregate principal amount of Facility 2 (as defined under the Bridge Facility Agreement) (the "**Facility 2**") which was used by the Issuer together with a portion of the Shareholder Funding (i) for the repayment of the Group Existing Debt (from the BIP Funding Loan and cash at BIP) and fees and expenses in connection therewith, and (ii) as cash overfunding.

(2) Represents the aggregate principal amount of equity contributed by Midco to the Issuer and resulting, indirectly, from equity contributions by CVC and the reinvesting managers and the net proceeds of the Private PIK Notes issued by Holdco.

(3) Represents the cash and cash equivalents on BIP's balance sheet as of August 31, 2021 based on management accounts.

(4) Represents the total cash purchase price paid by the Issuer under the Acquisition.

(5) Represents the aggregate amount of the Group Existing Debt, outstanding on the Acquisition Closing Date and repaid by BIP from the proceeds of the BIP Funding Loan and cash at BIP.

(6) Represents a loan from BIP to certain partners to buy shares in Holdco, an indirect parent of the Issuer, as part of an incentive plan, which will be funded subsequent to the Issue Date. For more information, see "*Related Party Transactions.*"

(7) Represents the estimated fees and expenses in connection with the Acquisition and related financing. The actual amount of transaction fees and expenses may differ from the estimated amount depending on several factors, including differences from our estimates of fees and expenses and the actual fees and expenses as of the completion of the transactions referred to in the table above.

(8) Represents consolidated cash overfunding at the Issuer.

The Refinancing

The aggregate gross proceeds of the Offering will be €275.0 million. On or about the Issue Date we will use the gross proceeds from the Offering, together with the cash on balance sheet, to repay and cancel the Bridge Facility including paying accrued interest and/or premium thereon and to pay the fees and expenses incurred in connection with the Offering. The estimated sources and uses of the funds necessary to complete the Refinancing are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including differences in the actual amount of fees and expenses compared to our estimates.

Sources of funds		Uses of funds	
(In millions of Euros)		*(In millions of Euros)*	
Notes offered hereby(1)	275.0	Repayments under the Bridge Facility(2)	276.5
Cash on hand	4.6	Estimated fees and expenses(3)	3.0
Total sources	**279.6**	**Total uses**	**279.6**

(1) Represents the aggregate principal amount of Notes offered hereby.

(2) Represents the aggregate principal amount of indebtedness outstanding under the Bridge Facility, plus estimated accrued and unpaid interest on and any premium under the Bridge Facility through the expected Issue Date. In connection with the Refinancing, the Bridge Facility will be repaid in full and cancelled on the Issue Date with the proceeds from the Offering. As a result of such repayment, proceeds from a virtual portion of the Notes, equal to an aggregate principal amount of €168.0 million ("**Tranche A**"), will be used to refinance the Facility 1 of the Bridge Facility Agreement, and proceeds from a separate virtual portion of the Notes, equal to an aggregate principal amount of €107.0 million ("**Tranche B**"), will be used to refinance the Facility 2 of the Bridge Facility Agreement. See "*Use of Proceeds*." For more information on the Italian law considerations applicable to Tranche A and Tranche B and the related limitations on guarantees and security interests granted by Italian companies, see "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations—Italy—Limitations on Granting Security Interests and Guarantees under Italian Law*" and "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Notes Collateral and any future guarantees of the Notes 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*." For the avoidance of doubt, the "*virtual tranching*" of the Notes is aimed at identifying the separate portions of the proceeds being used to consummate the Acquisition and the various elements of the refinancing of the Group Existing Debt, respectively, and will not entail issuing separate identifiers (ISINs or common codes) for each such tranche. See "*Listing and General Information*."

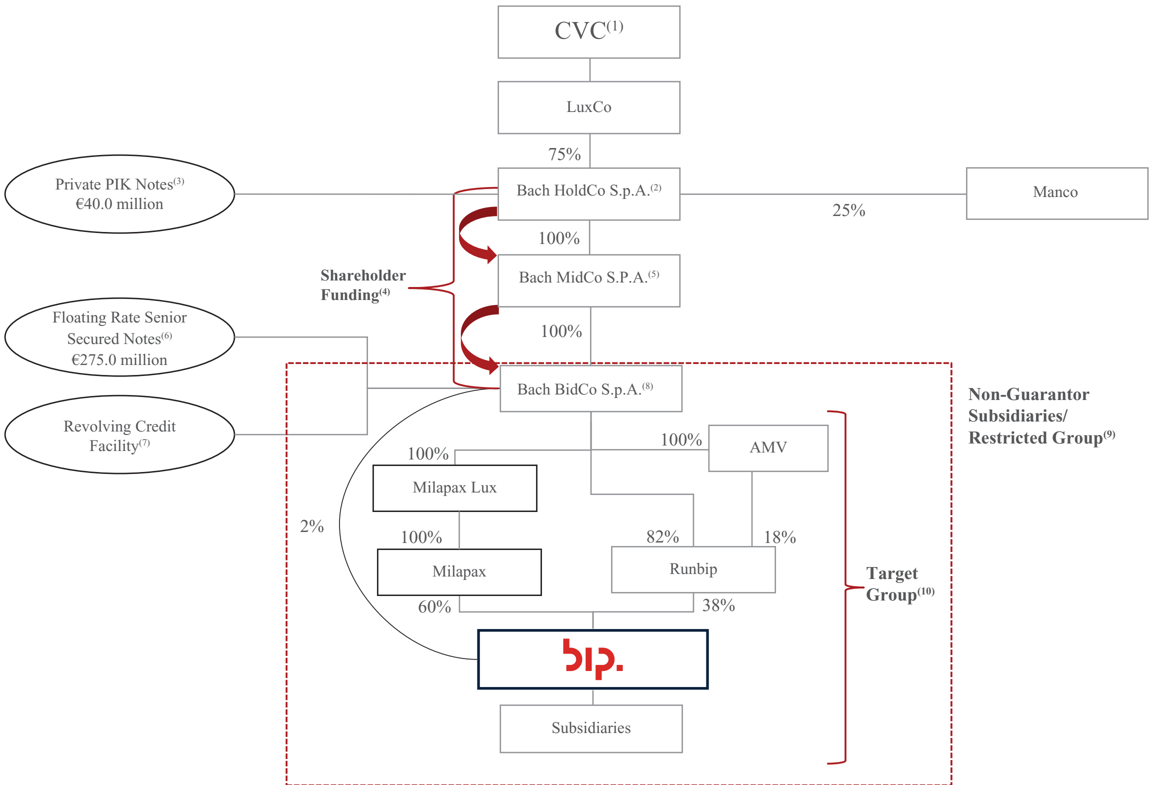
(3) Represents the estimated fees and expenses in connection with the Refinancing, including underwriting fees and other transaction costs and professional expenses. The actual amount of transaction fees and expenses may differ from the estimated amount depending on several factors, including differences from our estimates of fees and expenses and the actual fees and expenses as of the completion of the transactions referred to in the table above.

The Merger

The Issuer will use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with and into the Targets as soon as reasonably practicable following the Issue Date in accordance with applicable provisions of Italian law (the "**Merger**"). We refer to the surviving entity of the Merger, which is expected to be BIP, as "**Mergerco**." The Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—We may be unable to complete the Merger within the anticipated time frame, or at all*." Following completion of the Merger, all references to the "Issuer" shall refer to Mergerco. Failure to complete the Merger will not constitute a default or an event of default under the Indenture.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving pro forma effect to the Transactions as described in "Use of Proceeds" and "Capitalization." Unless otherwise indicated, the subsidiaries represented below are wholly-owned, either directly or indirectly, by their respective parent companies. For a summary of the debt obligations referenced in this diagram, see "Description of Certain Financing Arrangements" and "Description of the Notes."



(1) Funds advised or managed by CVC, own a majority indirect stake of the Issuer's share capital through one or more intermediate holding companies. See "*Principal Shareholders.*"

(2) Bach Holdco S.p.A, the issuer of the Private PIK Notes, a parent holding company of the Issuer, is a joint stock company (*società per azioni*) established under the laws of the Republic of Italy.

(3) The Private PIK Notes were issued by Holdco on September 10, 2021 pursuant to a private placement with certain institutional investors. The Private PIK Notes will mature in 2028 and have incurrence covenants substantially similar to the covenants of the Notes, as amended to reflect, among other things, the different position of Holdco and the Private PIK Notes in the capital structure. Interest on the Private PIK Notes is payable in kind. The Private PIK Notes are secured by: (i) a pledge over the entire share capital of Luxco granted by Bach Topco S. à r.l.; (ii) a pledge over the entire share capital of Holdco granted by Luxco and Manco; (iii) a pledge over the entire share capital of Midco granted by Holdco and (iv) a pledge over the receivables arising from certain intercompany loans owed by Midco to Holdco granted by Holdco. The Private PIK Notes are not guaranteed by, and do not receive any other credit support from, the Issuer and its subsidiaries. For further information, see "*Description of Certain Financing Arrangements—Private PIK Notes*." The net proceeds from the Private PIK Notes were downstreamed from Holdco to Midco via a shareholder loan with mirror terms and subsequently contributed to the equity of Bidco, and thereafter, with other sources of financing, used to complete the Acquisition.

(4) The Shareholder Funding represents €405.5 million in equity contributed by Holdco to Midco to the Issuer resulting, indirectly, from equity contributions from CVC and the Equity Partners and the net proceeds of the Private PIK Notes. See "*Summary—The Transactions—Financing the Acquisition*."

(5) Bach Midco S.p.A., a wholly-owned subsidiary of a newly formed company incorporated under the laws of Italy ("**Midco**") is the holding company that directly owns the Issuer and was formed to acquire, directly or indirectly: (a) 100% of the issued share capital of Milapax S.à r.l. ("**Milapax Lux**"), (b) 100% of the shares of Business Integration Partners S.p.A. ("**BIP**") held by Racbip S.r.l. ("**Racbip**"), (c) 100% of the quotas of Runbip S.r.l. ("**Runbip**"), (d) 100% of the quotas of AMV Consulting S.r.l. ("**AMV**") and (e) 100% of the quotas of Milapax Italia S.r.l. ("**Milapax**").

(6) In connection with the Acquisition, (a) €168.0 million in aggregate principal amount of Facility 1 (as defined under the Bridge Facility Agreement) (the "**Facility 1**"), together with a portion of the Shareholder Funding, was used to fund, directly or indirectly, the purchase price for the Acquisition and fees and expenses in connection therewith; and (b) €107.0 million in aggregate principal amount of Facility 2 (as defined under the Bridge Facility Agreement) (the "**Facility 2**") was used by the Issuer, together with a portion of the Shareholder Funding to fund, directly or indirectly (i) the repayment of the Group Existing Debt (via the BIP Funding Loan and cash at

BIP) and fees and expenses in connection therewith, and (ii) as cash overfunding. See "*Summary—The Transactions—The Financing of the Acquisition and Refinancing of the Group Existing Debt*" and "*Use of Proceeds.*" The Issuer is offering €275.0 million in aggregate principal amount of Notes. The gross proceeds from the Offering will be used, together with cash, to repay in full the indebtedness incurred under the Bridge Facility, including accrued interest thereon, and to pay fees and expenses in connection with the Offering. As a result of such repayment, proceeds from a virtual portion of the Notes, equal to an aggregate principal amount of €168.0 million ("**Tranche A**"), will be used to refinance the Facility 1 of the Bridge Facility Agreement, and proceeds from a separate virtual portion of the Notes, equal to an aggregate principal amount of €107.0 million ("**Tranche B**"), will be used to refinance the Facility 2 of the Bridge Facility Agreement. See "*Use of Proceeds.*" For more information on the Italian law considerations applicable to Tranche A and Tranche B and the related limitations on guarantees and security interests granted by Italian companies. See "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations—Italy—Limitations on Granting Security Interests and Guarantees under Italian Law*" and "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Notes Collateral and any future guarantees of the Notes 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*." For the avoidance of doubt, the "*virtual tranching*" of the Notes is aimed at identifying the separate portions of the proceeds being used to consummate the Acquisition and the various elements of the refinancing of the Group Existing Debt, respectively, and will not entail issuing separate identifiers (ISINs or common codes) for each such tranche. See "*Listing and General Information.*" The Notes will be 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.

(7) On September 6, 2021, the Issuer entered into the Revolving Credit Facility Agreement, originally providing for aggregate borrowings of €50.0 million, which are expected to be reduced to €48.5 million on or prior to the Issue Date. The Revolving Credit Facility is secured by first-priority security interests in the Issue Date Collateral. For more information on the Revolving Credit Facility, see "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement.*" Under the terms of the Intercreditor Agreement, in the event of enforcement of the Notes Collateral, the holders of the Notes will receive proceeds from such collateral only after lenders under the Revolving Credit Facility and counterparties to certain hedging agreements have been repaid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

(8) On September 10, 2021, the Issuer, as lender, and BIP, as borrower, entered into the BIP Funding Loan in the amount of €109.6 million, pursuant to which the Issuer lent and BIP borrowed a portion of the proceeds of the drawings under Facility 2 under the Bridge Facility of €107.0 million, together with a portion of the Shareholder Funding, and which was used by BIP, together with cash at BIP, to repay in full the Group Existing Debt. See "*Summary—The Transactions*" and "*Description of Certain Financing Arrangements—BIP Funding Loan*" and "*Capitalization.*"

(9) On the Issue Date, the subsidiaries of the Issuer (including the Targets) will not guarantee the Notes (the "**Non-Guarantor Subsidiaries**"). The Notes will therefore be structurally subordinated to the liabilities of such Non-Guarantor Subsidiaries. In the event of a bankruptcy or liquidation of any of the Non-Guarantor Subsidiaries, such Non-Guarantor Subsidiaries will pay the holders of their respective debt and their respective trade creditors before they will be able to distribute any of their assets to their respective parent and ultimately to the Issuer. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Notes will be structurally subordinated to all indebtedness of the Issuer's existing and future subsidiaries that do not guarantee the Notes, including any indebtedness under the Revolving Credit Facility*." The Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with and into the Targets as soon as reasonably practicable following the Issue Date in accordance with applicable provisions of Italian law, with Mergerco (which is expected to be BIP) to be the surviving entity. The Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—We may be unable to complete the Merger within the anticipated time frame, or at all" and "Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Issuer will be dependent on payments from its subsidiaries in order to be able to make payments on the Notes*." In the event that the Merger does not occur by September 10, 2022 (the "**Cut-Off Date**"), the Issuer shall use commercially reasonable efforts to procure that the Notes will in any event be guaranteed, within 120 days of the Cut-Off Date, by BIP, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable law. As of and for the twelve months ended June 30, 2021, BIP represented approximately 69.9% of consolidated total assets (excluding intercompany receivables and equity investments in subsidiaries), 71.0% of consolidated revenues (excluding intercompany transactions) and 68.5% of consolidated Adjusted EBITDA (excluding intercompany transactions) of BIP and its consolidated subsidiaries.

(10) The Issuer is currently not expected to engage in any activities other than those related to the Transactions, the management of the Target Group and any other future potential transactions permitted by the Indenture. The Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with and into the Targets as soon as reasonably practicable following the Issue Date in accordance with applicable provisions of Italian law, with Mergerco being the surviving entity. The Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—We may be unable to complete the Merger within the anticipated time frame, or at all*" and "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Issuer will be dependent on payments from its subsidiaries in order to be able to make payments on the Notes.*"

THE OFFERING

The following summary of the Offering contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete description of the terms of the Notes, including certain definitions of terms used in this summary, see "Description of Certain Financing Arrangements" and "Description of the Notes."

Issuer . . . . Bach Bidco S.p.A., and following the Merger, Mergerco.

Notes Offered . . . . €275.0 million aggregate principal amount of floating rate senior secured notes due 2028.

Issue Date . . . . On or about October 14, 2021.

Issue Price . . . . 100.000%, plus accrued and unpaid interest from the Issue Date.

Maturity Date . . . . October 15, 2028.

Interest Rate and Interest Payment Dates . . . . Three-month EURIBOR (subject to a 0.0% floor) plus 4.25% per annum, reset quarterly. Interest on the Notes will be paid quarterly in arrears on each January 15, April 15, July 15 and October 15 commencing on January 15, 2022. Interest on the Notes will accrue from the Issue Date.

Form and Denomination . . . . The Notes will be issued on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.

Ranking of the Notes . . . . The Notes will:

- be general senior obligations of the Issuer and, subsequent to the Merger, Mergerco;
- be secured as set forth under "*Description of the Notes—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer and other obligations that are not expressly subordinated in right of payment to the Notes, including the Revolving Credit Facility;
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- rank effectively senior to any existing and future indebtedness of the Issuer that is unsecured to the extent of the value of the Notes Collateral;
- be effectively subordinated to any existing or future indebtedness or obligation (including obligations to trade creditors) 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 subordinated to any existing or future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes, including the Revolving Credit Facility and obligations to trade creditors.

Security, Enforcement of Security . . . . On or about the Issue Date, the Notes will be secured by first-priority security interests over: (a) 100% of the share capital of the Issuer held by Midco and (b) 100% of the share capital of Milapax Lux held by the Issuer (collectively, the "**Issue Date Collateral**").

Within 10 Business Days following the Issue Date, subject to the Agreed Security Principles, the Notes will be secured by first-ranking security interests over all of the shares or quota held by the Issuer in BIP, Runbip and AMV (representing 1.86%, 82.14% and 100% of the total outstanding shares or quota, of BIP, Runbip and AMV, respectively) (the "**Post-Issue Date Collateral**" and collectively with the Issue Date Collateral, the "**Pre-Merger Collateral**").

The Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge with the Targets, with Mergerco being the surviving entity, as soon as reasonably practicable following the Issue Date. The Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—We may be unable to complete the Merger within the anticipated time frame, or at all*" and "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Issuer will be dependent on payments from its subsidiaries in order to be able to make payments on the Notes*."

Within twenty Business Days from (and excluding) the Merger Date (to the extent that it occurs), the Notes will be secured, subject to the Agreed Security Principles and certain perfection requirements, by the first-ranking security interests in 100% of the share capital of Mergerco (as such security interest will be granted or reconfirmed by Midco) (the "**Post-Merger Collateral**" and, together with the Pre-Merger Collateral, the "**Notes Collateral**")

The Notes Collateral will also secure on a first-priority basis the Revolving Credit Facility and certain hedging obligations and may also secure certain future indebtedness. The Notes Collateral will be granted subject to the terms of the Intercreditor Agreement, the Agreed Security Principles and the terms of the security documents.

Under the terms of the Intercreditor Agreement, in the event of enforcement of the Notes Collateral, the holders of the Notes will receive proceeds from such collateral only after the lenders under the Revolving Credit Facility, counterparties to certain super priority hedging obligations, the Security Agent, any receiver and certain creditor representatives have been repaid in full. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—Creditors under the Revolving Credit Facility, certain hedging liabilities and certain debt that we may incur in the future will be entitled to be repaid with the proceeds of the Notes Collateral sold in any enforcement sale in priority to the Notes*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The security interests in the Notes Collateral may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. See "*Description of the Notes—Security,*" "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations*" and "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees.*"

The security interests in the Notes Collateral may be released under certain circumstances. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*."

Guarantees	Upon issuance, the Notes will not be guaranteed. In the event that the Merger does not occur by September 10, 2022 (the "**Cut-Off Date**"), the Issuer shall use commercially reasonable efforts to procure that the Notes will in any event be guaranteed, within 120 days of the Cut-Off Date, by BIP, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable law. As of and for the twelve months ended June 30, 2021, BIP represented approximately 69.9% of consolidated total assets (excluding intercompany receivables and equity interests in subsidiaries), 71.0% of consolidated revenues (excluding intercompany transactions) and 68.5% of consolidated Adjusted EBITDA (excluding intercompany transactions) of BIP and its consolidated subsidiaries. The obligations of any future Guarantor will be subject to legal and contractual limitations and may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Notes Collateral and any future guarantees of the Notes 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 "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations*."
Use of Proceeds	Upon issuance, the gross proceeds from the Offering will be used, together with cash on the balance sheet, to (i) repay and cancel the Bridge Facility (the "**Refinancing**"), including paying accrued interest and/or premium thereon and (ii) pay fees and expenses in connection with the Transactions. See "*Use of Proceeds*."
Optional Redemption	The Issuer may redeem all or part of the Notes at any time on or after October 15, 2022 at par, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, as described under "*Description of the Notes—Optional Redemption*." At any time prior to October 15, 2022, 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 and additional amounts, if any, to, but excluding, the date of redemption plus a "make-whole" premium, as described under "*Description of the Notes—Optional Redemption*."
Additional Amounts	Any payments made by or on behalf of the Issuer or any Guarantor in respect of the Notes or with respect to any Guarantee will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. Subject to certain exceptions and limitations, if the Issuer, any Guarantor or the paying agent is required by law to withhold or deduct such taxes with respect to a payment on any Note, such Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by each holder after such withholding is not less than the amount that would have been received in the absence of the withholding. The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. Subject to and as set forth in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is 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**") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 (as the same may be amended or supplemented from time to time) ("**Decree No. 461**"), except, in the case of Decree No. 239 and Decree No. 461, where the procedures required under Decree No. 239 or Decree No. 461, as applicable, in order to benefit from an exemption have not been complied with due to solely the actions or omissions of the Issuer or its agents. See "*Description of the Notes—Withholding Taxes*."

Although we believe that, under current law, Italian substitute tax will not be imposed under Decree No. 239 or Decree No. 461 where a holder of Notes is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy included in the list provided for by Italian Ministerial Decree dated September 4, 1996, as amended from time to time, or, as from the tax year in which the Ministerial Decree to be issued under Article 11, paragraph 4, let. c) of Decree No. 239 is effective, included in the list therein provided (the "**White List**") and such holder of 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 Decree No. 461 after the date hereof, including any change in the white list countries. See "*Description of the Notes—Withholding Taxes*." Prospective purchasers of Notes should consult their tax advisors as to the overall tax consequences of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional or local tax laws of any country or territory.

Tax Redemption .... If certain changes in the law of any relevant taxing jurisdiction are announced and become effective on or after the issuance of the Notes that would require the Issuer or the Guarantors (if any) to pay additional amounts (as defined in "*Description of the Notes—Withholding Taxes*"), the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Change of Control .... Upon certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the outstanding Notes at a purchase price equal to 101% of their principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. See "*Description of the Notes—Change of Control*."

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

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of the Issuer's subsidiaries to pay dividends;
- transfer or sell certain assets;
- merge or consolidate with other entities;

- enter into certain transactions with affiliates; and
- impair the security interests for the benefit of the holders of the Notes.

Certain of the covenants will be suspended if the relevant Notes obtain and maintain an investment-grade rating.

Each of the covenants in the Indenture will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."

Transfer Restrictions	Neither the Notes nor any future Notes Guarantees have been, nor will they be, registered under the US Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. See "*Transfer Restrictions*." We have not agreed to, or otherwise undertaken to, register the Notes under the securities laws in any jurisdiction (including by way of an exchange offer).
No Established Market for the Notes	The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised 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, there is no assurance that an active trading market will develop for the Notes.
Listing	Application has been made to list the Notes on the Luxembourg Stock Exchange and to admit to trading on the Euro MTF Market in accordance with the rules thereof. There is no assurance that the Notes will be, or will remain, listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market.
Governing Law	The Indenture and the Notes will be governed by the laws of the State of New York. The Intercreditor Agreement and the Revolving Credit Facility will be governed by English law. The security documents will be governed by the applicable law of the jurisdiction under which the security interests are granted.
Trustee	BNY Mellon Corporate Trustee Services Limited.
Security Agent	BNP Paribas Italian Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch.
Paying Agent	The Bank of New York Mellon, London Branch.
Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section before making a decision whether to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

Basis of preparation

All historical information presented in this Offering Memorandum is that of BIP and its consolidated subsidiaries. The Issuer is a holding company and it has no revenue-generating activities of its own and does not have any business operations. Consequently, no financial information with respect to the Issuer is included in this Offering Memorandum. Although Milapax Lux, AMV, Runbip, and Milapax are now subsidiaries of the Issuer, these entities are not included in the Consolidated Financial Statements, they have not been involved in any operating activity since their incorporation, and they do not hold any material assets or liabilities other than their equity interest in other Targets.

The following tables set out summary historical consolidated financial information of BIP for the periods ended and as of the dates indicated below. The summary historical consolidated financial information as of and for the years ended December 31, 2020, 2019 and 2018 were extracted from the Audited Annual Consolidated Financial Statements and notes thereto of BIP, which appear elsewhere in this Offering Memorandum. The summary historical interim consolidated financial information as of June 30, 2021 and for the six months ended June 30, 2021 and 2020 were extracted or derived from the Unaudited Interim Condensed Consolidated Financial Statements and notes thereto of BIP, which appear elsewhere in this Offering Memorandum. Interim results are not necessarily indicative of the results that may be expected for any other interim period nor are they indicative of results for a full year.

The historical financial information contained in this Offering Memorandum is the consolidated financial information of BIP and its subsidiaries. See "*Presentation of Financial and Other Information—Financial Information*." BIP was the reporting entity of BIP S.p.A. and its consolidated subsidiaries, and prior to the Acquisition was directly and indirectly held by Milapax, AMV, Runbip and Racbip, each of which functioned as shareholding entities for management and the former controlling shareholder of the Target Group.

Twelve Months Ended June 30, 2021

The unaudited financial information for the twelve months ended June 30, 2021 as set forth below was derived by adding the consolidated financial data of the Group for the year ended December 31, 2020 to the unaudited consolidated financial data of the Group for the six months ended June 30, 2021 and subtracting the unaudited consolidated financial data of the Group for the six months ended June 30, 2020. The unaudited financial information for the twelve months ended June 30, 2021 has been prepared solely for the purposes of this Offering Memorandum and is for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

Comparability of Financial Information

Changes to our shareholders and pro forma information for the year ended December 31, 2018

On March 27, 2018 Apax Partners France Fund acquired control of BIP. The transaction was carried out through the incorporation of BEEP S.p.A. ("**BEEP**"), which acquired the entire shareholding of BIP S.p.A., and subsequently BEEP was merged with and into BIP. As BEEP was incorporated on March 13, 2018 and took control of BIP S.p.A. on March 27, 2018, the income statement presented for the financial year ended December 31, 2018 is for the period from March 13, 2018, the date of BEEP's incorporation, to December 31, 2018, and reflects the consolidated results of operations and cash flows of BIP for the period from March 27 to December 31, 2018. As such, the results of operations for the financial year ended December 31, 2018 are not directly comparable to those for the financial year ended December 31, 2019. In order to show the underlying trend of the business we present *pro forma* financial information for the year ended December 31, 2018 which also includes the consolidated financial information of BIP for the period prior to the acquisition on March 27, 2018. The *pro forma* financial information for the year ended December 31, 2018 was prepared by adding BIP's financial statement figures for the period from March 13, 2018 (reflecting BIP results and cash flows from March 27, 2018) until December 31, 2018 taken or derived from the Consolidated Financial Statements to the amounts for the period from January 1, 2018 to March 26, 2018 taken or derived from the consolidated historical financial information of BIP S.p.A. prior to its merger with BEEP, which are not included in this Offering Memorandum. The *pro forma* financial information for the year ended December 31, 2018 is presented for illustrative purposes only, has not been prepared in accordance with the requirements of Regulation S-X under the US Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles, and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. In addition, the *pro forma* financial information for the year ended December 31, 2018 was not prepared in accordance with IFRS 16 as we adopted IFRS 16 (Leases) on January 1, 2019.

Application of IFRS 16 (Leases)

We adopted IFRS 16 (Leases) on January 1, 2019. The main impact of the new standard for lessors is the recognition of nearly all leases in the statement of financial position, subject to certain exemptions including in relation to short term and low value leases, effectively eliminating the different methods for accounting for operating leases and financial leases. IFRS 16 provides for recognizing a right-of-use asset (right to use the leased asset) and a lease liability referring to the future payments for which a contractual obligation exists. We adopted the new standard on January 1, 2019 using the simplified approach, without restating the comparative period for the year ended December 31, 2018. Right-of-use assets were initially valued in accordance with the lease liability (adjusted for any prepaid or allocated lease costs as of December 31, 2018). The lease liability was discounted by applying a discount rate to the present value of the expected future lease payments as of January 1, 2019. Due to the adoption of such new reporting standard, our audited consolidated financial statements for the years ended December 31, 2020 and 2019 and the corresponding figures presented in this Offering Memorandum may not be directly comparable with the corresponding figures derived from our audited consolidated financial statements for the year ended December 31, 2018. See "*Presentation of Financial and Other Information—Financial Information*."

Adjusted Information

We present in this Summary certain unaudited as adjusted financial information, which is based on our Financial Statements, on an as adjusted basis to reflect certain effects of the Transactions (i) on the indebtedness and cash position as at June 30, 2021 assuming that the Transactions had taken place on such date, and (ii) interest expense as at and for the twelve months ended June 30, 2021, assuming that the Transactions had taken place on July 1, 2020. See "*Summary Consolidated Financial Information—As Adjusted Financial Information and Other Financial Data*" and "*Capitalization*." This as adjusted financial information has been prepared for illustrative purposes only and does not represent what our actual interest expense would have been had the Transactions occurred on July 1, 2020 or what our actual cash position or indebtedness would have been had the Transactions occurred on June 30, 2021, nor does it purport to project our indebtedness, cash position or interest expense at any future date. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the US Securities Act, the Prospectus Regulation or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards. See "*Presentation of Financial and Other Information—As Adjusted Financial Information.*"

***

We encourage you to read the information contained in this section in conjunction with the sections entitled "*Presentation of Financial and Other Information*," "*Summary*," "*Business*," "*Use of Proceeds*," "*Capitalization*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and the Consolidated Financial Statements of the Group, including the notes thereto, appearing elsewhere in this Offering Memorandum.

Summary Consolidated Income Statement Information

	For the year ended December 31,				For the six months ended June 30,		For the twelve months ended June 30,
	2018[1]	2018 *pro forma*[2]	2019	2020	2020	2021	2021
		(Unaudited)			(Unaudited)	(Unaudited)	(Unaudited)
	(in Euro thousands)						
Revenue from sales and services	157,017	206,019	242,786	286,194	137,295	181,823	330,722
Other revenues	765	996	1,798	2,108	816	773	2,065
Total value of production	**157,782**	**207,015**	**244,584**	**288,302**	**138,111**	**182,596**	**332,787**
Cost of services	23,249	30,840	35,112	36,330	15,343	22,534	43,521
General and administrative expenses	19,918	24,384	18,795	20,324	9,386	9,965	20,903
Personnel expenses	96,280	126,298	149,993	187,677	88,934	120,360	219,103
Other operating costs	235	304	262	298	197	128	229
Earn-out remeasurement	—	—	—	—	—	119	119
Depreciation, amortisation and impairment	4,519	4,877	12,331	15,152	6,594	8,761	17,319
Total operating costs	**144,201**	**186,703**	**216,493**	**259,781**	**120,454**	**161,867**	**301,194**
Operating profit	**13,581**	**20,313**	**28,091**	**28,521**	**17,657**	**20,729**	**31,593**
Finance income	349	420	533	562	125	444	881
Finance expenses	7,843	8,482	9,498	6,228	2,604	4,685	8,309
Net finance expenses	**(7,494)**	**(8,063)**	**(8,965)**	**(5,666)**	**(2,479)**	**(4,241)**	**(7,428)**
Profit before tax	**6,087**	**12,250**	**19,126**	**22,855**	**15,178**	**16,488**	**24,165**
Income tax expense /(benefit)	3,680	6,177	7,323	(42,497)	4,701	5,281	(41,917)
Profit for the period	**2,407**	**6,073**	**11,803**	**65,352**	**10,477**	**11,207**	**66,082**

(1) For the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018. See "*Presentation of Financial and Other Information—Changes our shareholders and pro forma information for the year ended December 31, 2018.*"

(2) The *pro forma* financial information for the year ended December 31, 2018 was prepared by adding BIP's financial statement figures for the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018 taken or derived from the Consolidated Financial Statements to the amounts for the period from January 1, 2018 to March 26, 2018 taken or derived from the consolidated historical financial information of BIP S.p.A. prior to its merger with BEEP, which are not included in this Offering Memorandum. See "P*resentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018.*"

Summary Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the six months ended June 30,	
	2018[1]	2019	2020	2020	2021
				(Unaudited)	(Unaudited)
	(in Euro thousands)				
Total cash flow from operating activities	(5,123)	28,209	81,418	28,992	20,069
Total cash flow used in investing activities	(207,049)	(17,187)	(44,883)	(2,495)	(17,751)
Total cash flow used in financing activities	(12,716)	(10,905)	(5,192)	(13,013)	(15,029)
Net increase/(decrease) in cash and cash equivalents	**(224,888)**	**117**	**31,343**	**13,484**	**(12,711)**

(1) For the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018. See "*Presentation of Financial and Other Information—Changes our shareholders and pro forma information for the year ended December 31, 2018.*"

Summary Consolidated Statement of Financial Position

	As at December 31,			As at June 30,
	2018	2019	2020	2021
				(Unaudited)
		(in Euro thousands)		
Total non-current assets	218,212	241,133	337,511	342,625
Total current assets	117,964	147,842	206,997	174,849
Total assets	**336,176**	**388,975**	**544,508**	**517,474**
Total shareholders' equity	**164,420**	**176,294**	**203,771**	**208,105**
Total non-current liabilities	90,468	106,324	149,081	64,120
Total current liabilities	81,288	106,357	191,656	245,249
Total liabilities	**171,756**	**212,681**	**340,737**	**309,369**
Total shareholders' equity and liabilities	**336,176**	**388,975**	**544,508**	**517,474**

As Adjusted Financial Information and Other Financial Data

	As of and for the year ended December 31,				As of and for the six months ended June 30,		As of and for the twelve months Ended June 30,
	2018[(1)]	2018 *pro forma*[(2)]	2019	2020	2020	2021	2021
		(Unaudited)			(Unaudited)	(Unaudited)	(Unaudited)
				(in Euro thousands)			
Adjusted EBITDA[(3)]	23,685	31,611	41,952	51,740	25,722	35,521	61,539
Adjusted EBITDA margin[(4)]	15.1%	15.3%	17.3%	18.1%	18.7%	19.5%	18.6%
Capital Expenditure[(5)]	(2,319)	n.a.	(2,328)	(2,882)	(1,276)	(2,870)	(4,476)
Operating Cash Flow[(6)]	21,366	n.a.	39,624	48,858	24,446	32,651	57,063
Cash conversion[(7)]	90.2%	n.a.	94.5%	94.4%	95.0%	91.9%	92.7%
Trade working capital[(8)]	82,461	82,461	96,183	87,659	99,567	97,213	97,213
Pro Forma Adjusted EBITDA[(3)]							62,279
As adjusted cash and cash equivalents[(9)]							18,838
As adjusted net financial debt[(10)]							256,162
As adjusted net debt[(11)]							294,674
As adjusted cash interest expense[(12)]							12.1
Ratio of as adjusted net financial debt to *Pro Forma* Adjusted EBITDA							4.1x
Ratio of as adjusted net debt to *Pro Forma* Adjusted EBITDA							4.7x
Ratio of *Pro Forma* Adjusted EBITDA to as adjusted cash interest expense							5.2x

(1) For the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018. See "*Presentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018.*"

(2) The *pro forma* financial information for the year ended December 31, 2018 was prepared by adding BIP's financial statement figures for the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018 taken or derived from the Consolidated Financial Statements to the amounts for the period from January 1, 2018 to March 26, 2018 taken or derived from the consolidated historical financial information of BIP S.p.A. prior to its merger with BEEP, which are not included in this Offering Memorandum. See "*Presentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018.*"

(3) We define EBITDA as net profit for the period plus income taxes, finance income and expenses and amortization, depreciation and impairment excluding bad debt provisions. We define Adjusted EBITDA as EBITDA adjusted for the effect of non-recurring transactions, such as one-off costs and other extraordinary charges, which are expected to occur infrequently. We define *Pro Forma* Adjusted EBITDA as Adjusted EBITDA, adjusted for the EBITDA of Advantis and Medley (acquired on April 22, 2021 and November 30, 2020, respectively) for the period from July 1, 2020 until the respective acquisition closing date.

Our presentation of EBITDA and Adjusted EBITDA may be different from the presentation used by other companies and therefore comparability may be limited. EBITDA and Adjusted EBITDA are not measurements of performance under IFRS and you should not consider EBITDA and Adjusted EBITDA as alternatives to operating income or consolidated profit or as a measure of our operating performance, cash flows from operating, investing and financing activities, as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that EBITDA and Adjusted EBITDA are useful indicators of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. EBITDA and Adjusted EBITDA and similar measures may be used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. EBITDA, and Adjusted EBITDA may not be indicative of our historical operating results, nor are they meant to be predictive of potential future results See "*Presentation of Financial and Other Information—Use of Non-IFRS Financial Measures.*"

The following table sets forth the calculation of EBITDA and Adjusted EBITDA for the periods indicated:

	For the year ended December 31,				For the six months ended June 30,		For the twelve months ended June 30,
	2018	**2018 *pro forma***	**2019**	**2020**	**2020**	**2021**	**2021**
		(Unaudited)			(Unaudited)	(Unaudited)	(Unaudited)
	(in Euro thousands)						
Profit for the period	**2,407**	**6,073**	**11,803**	**65,352**	**10,477**	**11,207**	**66,082**
Income Tax expense (benefit)	3,680	6,177	7,323	(42,497)	4,701	5,281	(41,917)
Net finance expenses	7,494	8,063	8,965	5,666	2,479	4,241	7,428
Depreciation, amortisation and impairment (excluding bad debt provisions)	4,373	4,631	11,759	14,535	6,352	8,507	16,690
EBITDA	**17,954**	**24,944**	**39,850**	**43,056**	**24,009**	**29,236**	**48,283**
M&A transactions on BIP capital(a)	**5,131**	**5,867**	—	—	—	174	174
M&A transactions for acquisitions(b)	—	—	216	4,009	1,244	511	3,276
Rebranding(c)	—	—	791	—	—	—	—
Extraordinary bonuses(d)	600	800	800	4,474	400	500	4,574
Non-recurring benefits to employees(e)	—	—	—	—	—	4,833	4,833
Personnel saving actions & restructuring(f)	—	—	201	532	248	—	284
COVID-19 impacts(g)	—	—	—	152	71	3	84
Other	—	—	94	(483)	(250)	264	31
Adjusted EBITDA	**23,685**	**31,611**	**41,952**	**51,740**	**25,722**	**35,521**	**61,539**

(a) M&A transactions on BIP capital relate to expenses incurred for the acquisition of BIP and the following merger of BEEP with BIP and primarily include advisory expenses and post-deal costs related to integration activities.

(b) M&A transactions for acquisitions primarily include expenses related to financial and legal advisors involved in the transaction activities.

(c) Rebranding relates to costs incurred for rebranding activities related the BIP trademark incurred in 2019.

(d) Extraordinary bonuses relate to variable compensation for management in connection with the Transactions.

(e) Relates to the recognition in the first half of 2021 of employee benefits for payments in shares under IFRS 2 and to the effects of the cash settled incentives and share based plan for the employee benefits linked to the Chaucer acquisition.

(f) Relates to non-recurring employment termination expenses incurred in connection with changes in top management and personnel reorganization plans.

(g) Primarily relates to extraordinary expenses incurred due to COVID-19, including expenses for sanitization of our premises and establishment of social distancing protocols at our plant in order to comply with the government-imposed COVID-19 measures.

The following table sets forth the calculation of *Pro forma* Adjusted EBITDA for the period indicated:

	For the twelve months ended June 30, 2021
	(Unaudited) *(in Euro thousands)*
Adjusted EBITDA	61,539
Full year impact of Advantis EBITDA acquisition[(a)]	191
Full year impact of Medley EBITDA acquisition[(b)]	549
***Pro forma* Adjusted EBITDA**	**62,279**

(a) Reflects the EBITDA of Advantis (acquired on April 22, 2021) for the period from July 1, 2020 until the acquisition closing date.

(b) Reflects the EBITDA of Medley (acquired on November 30, 2020) for the period from July 1, 2020 until the acquisition closing date.

(4) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Revenue from sales and services, expressed as a percentage.

(5) We define Capital Expenditure as investments for the period in property, plant and equipment and intangible assets, net of the proceeds from disposals, as presented in our statement of cash flows.

The following table sets forth the calculation of Capital Expenditure for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2018	**2019**	**2020**	**2020**	**2021**
				(Unaudited)	**(Unaudited)**
			(in Euro thousands)		
Investment in property, plant and equipment	(1,844)	(1,360)	(635)	(156)	(1,496)
Investment in intangible assets	(475)	(968)	(2,247)	(1,120)	(1,374)
Capital Expenditure	**(2,319)**	**(2,328)**	**(2,882)**	**(1,276)**	**(2,870)**

(6) We define Operating Cash Flow as Adjusted EBITDA less Capital Expenditure.

The following table sets forth the calculation of Operating Cash Flow for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the twelve months ended June 30,
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
				(Unaudited)	**(Unaudited)**	**(Unaudited)**
			(in Euro thousands)			
Adjusted EBITDA	23,685	41,952	51,740	25,722	35,521	61,539
Capital Expenditures	(2,319)	(2,328)	(2,882)	(1,276)	(2,870)	(4,476)
Operating Cash Flow	**21,366**	**39,624**	**48,858**	**24,446**	**32,651**	**57,063**

(7) We define Cash conversion as "Operating Cash Flow" divided by Adjusted EBITDA.

(8) Trade working capital is defined as trade receivables less trade payables.

(9) As adjusted cash and cash equivalents reflects the cash and cash equivalents of the Issuer as of August 31, 2021 as adjusted to give effect to the Transactions. As adjusted cash and cash equivalents has been prepared for illustrative purposes only and does not represent what our actual cash position would have been had if the Transactions occurred on June 30, 2021, nor does it purport to project our cash position at any future date. As a result, our cash and cash equivalents as of the Issue Date, the Acquisition Closing Date or any future date may be higher or lower than the amount of cash and cash equivalents as shown in the table above. See "*Capitalization*."

(10) As adjusted financial net debt represents indebtedness under the Notes less as adjusted cash and cash equivalents. It assumes that the Revolving Credit Facility will be undrawn on the Issue Date. See "*Capitalization*."

(11) As adjusted net debt represents our total indebtedness, as adjusted to give effect to the Transactions, consisting of the Notes, certain financial indebtedness that will remain outstanding following the Refinancing and IFRS 16 lease liabilities less as adjusted cash and cash equivalents. See "*Capitalization*." As adjusted net debt as presented above excludes €4.7 million of earn-outs and deferred consideration related to completed acquisitions (including Medley, FBM and certain other add-on acquisitions), €2.9 million related to the participative financial instruments as described under "*Principal Shareholders—The Management Equity Plan & Participative Financial Instruments*," €2.2 million representing other financial liabilities related to cash in escrow accounts pre-funding deferred compensation related to the completed acquisitions and €0.1 million representing a shareholder loan incurred by Advantis from its minority shareholder. See "*Capitalization*."

(12) As adjusted cash interest expense reflects the as adjusted interest expense of the Issuer for the twelve months ended June 30, 2021, as if the Notes had been issued on July 1, 2020 and the proceeds therefrom had been used as set forth under "*Use of Proceeds*." This estimate reflects the interest on the Notes, lease liabilities and interest on certain other indebtedness that will remain outstanding following the

Refinancing. As adjusted cash interest expense for the twelve months ended June 30, 2021 excludes interest and undrawn commitment fees payable in respect of our Revolving Credit Facility, which we expect to be undrawn on the Issue Date. As adjusted cash interest expense is presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

Revenue by geographical area(1)

	For the year ended December 31,				For the six months ended June 30,		For the twelve months ended June 30,
	2018(2)	2018 *pro forma*(3)	2019	2020	2020	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(in Euro thousands)						
Italy	127,382	167,136	192,905	212,902	110,330	123,567	226,139
Other European countries	21,399	28,077	36,734	56,281	20,201	46,971	83,051
South America	6,798	8,919	10,823	11,268	5,534	6,732	12,431
North America	229	301	1,156	4,892	905	4,040	8,027
Rest of the world	1,209	1,586	1,168	851	325	548	1,074
Total	**157,017**	**206,019**	**242,786**	**286,194**	**137,295**	**181,823**	**330,722**

(1) Revenues by geographical area are recorded based on the location of the client for which we have provided services. Rest of the World includes the UK, Spain, France, Germany, the US, Middle East and Latin America.

(2) For the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018. See "*Presentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018*."

(3) The *pro forma* financial information for the year ended December 31, 2018 was prepared by adding BIP's financial statement figures for the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018 taken or derived from the Consolidated Financial Statements to the amounts for the period from January 1, 2018 to March 26, 2018 taken or derived from the consolidated historical financial information of BIP S.p.A. prior to its merger with BEEP, which are not included in this Offering Memorandum. See "*Presentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018*."

Revenue by industry area

	For the year ended December 31,				For the six months ended June 30,		For the twelve months ended June 30,
	2018(1)	2018 *pro forma*(2)	2019	2020	2020	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(in Euro thousands)						
Energy & Utilities	40,288	52,861	66,693	80,657	38,640	49,522	91,539
Telecommunications, Media & Entertainment	50,617	66,414	68,781	67,820	36,012	36,496	68,305
Financial Services	33,079	43,402	52,360	62,840	32,460	37,879	68,259
Public Sector & Healthcare	13,874	18,204	25,561	36,776	12,504	30,505	54,777
Retail	5,911	7,756	9,566	14,583	7,363	11,640	18,860
Manufacturing	6,634	8,704	14,420	12,736	7,183	8,556	14,109
Other	—	—	—	5,315	571	4,203	8,947
Transportation	6,614	8,678	5,405	5,466	2,562	3,022	5,926
Total	**157,017**	**206,019**	**242,786**	**286,194**	**137,295**	**181,823**	**330,722**

(1) For the period from March 13, 2018 until December 31, 2018. See "*Presentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018*."

(2) The *pro forma* financial information for the year ended December 31, 2018 was prepared by adding BIP's financial statement figures for the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018 taken or derived from the Consolidated Financial Statements to the amounts for the period from January 1, 2018 to March 26, 2018 taken or derived from the consolidated historical financial information of BIP S.p.A. prior to its merger with BEEP, which are not included in this Offering Memorandum. See "*Presentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018*."

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the risk factors set forth below, as well as the other information contained in this Offering Memorandum prior to making any investment decision with respect to the Notes. If any of the events described below, individually or in combination, were to occur, it could have a material adverse impact on our business, financial condition, results of operations or prospects and ability to make payments on the Notes and could therefore have a negative effect on the trading price of the Notes, on the principal amount and interest which the investors will receive in respect of the Notes and/or on the rights of investors under the Notes and, as a result, investors could lose some or all of their investment. Described below and elsewhere in this Offering Memorandum are the risks considered to be the most material, although there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could also have material adverse effects on our results of operations, financial condition, business or operations in the future. In addition, our past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. 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 Financial Management and Performance and Our Operations

Our revenues, operating income and cash flows are likely to fluctuate.

We experience fluctuations in our revenues and cost structure and the resulting operating income and cash flows and expect that this will continue to occur in the future. We experience fluctuations in our annual and quarterly financial results, including revenues, operating income and EBITDA, for reasons that include: (i) the types and complexity, number, size, timing and duration of client engagements; (ii) the timing of revenues; (iii) as consulting staff headcount growth is the primary means by which we are able to recognize revenue growth, any inability to hire additional, qualified personnel or failure to timely and effectively deploy such personnel against funded Backlog could negatively affect our ability to grow our revenue; (iv) the utilization of revenue-generating professionals, including the ability to adjust staffing levels up or down to accommodate the business and prospects of the applicable industry and service area; (v) the time it takes before a new hire becomes profitable; (vi) the geographic locations of our clients or the locations where services are rendered; (vii) billing rates and fee arrangements, including the opportunity and ability to successfully reach milestones, and complete engagements and collect outcome-contingent or performance-based fees; (viii) the length of billing and collection cycles and changes in amounts that may become uncollectible; (ix) changes in the frequency and complexity of government regulatory and enforcement activities; (x) business and asset acquisitions; and (xi) economic factors beyond our control.

The results of the industries in which our clients operate and the service areas we offer may be affected differently by the above factors. Certain of the industries that we serve and our service areas tend to experience their highest demand during periods when market conditions are less favorable for many businesses. For example, in periods of limited credit availability, reduced M&A activity and/or declining business and/or consumer spending, while not always the case, there may be increased restructuring opportunities that will cause the financial services industry to experience higher demand. On the other hand, those same factors may cause a number of other industries or our service areas to experience reduced demand. The positive effects of certain events or factors on certain industries or our service areas may not be sufficient to overcome the negative effects of those same events or factors on other parts of our business. In addition, our mix of service areas adds complexity to the task of predicting revenues and results of operations and managing our staffing levels and expenditures across changing business cycles and economic environments.

Our results are subject to seasonal and similar factors, such as during the third quarter when our employees and clients typically take vacations. We may also experience fluctuations in cash flows because of the timing of incentive payments, which we generally pay during the second and the third quarter of each year. Also, the timing of investments or acquisitions and the cost of integrating them may cause fluctuations in our financial results, including operating income and cash flows. This volatility makes it difficult to forecast our future results with precision and to assess accurately whether increases or decreases in any one or more quarters are likely to cause annual results to exceed or fall short of previously issued guidance. While we assess our annual guidance at the end of each quarter and update such guidance when we think it is appropriate, unanticipated future volatility can cause actual results to vary significantly from our guidance, even where that guidance reflects a range of possible results and has been updated to take account of partial-year results.

Failures of our internal information technology systems controls may harm our overall professional reputation and disrupt our operations.

Our reputation for providing secure information storage and maintaining the confidentiality of proprietary, confidential, and trade secret information is critical to the success of our businesses. We have experienced cyber-based attacks, breaches, and attempts by hackers and similar unauthorized users to gain access to or corrupt our information technology systems. During such an attack, breach, or attempt, a hacker or unauthorized user may gain access to our confidential and proprietary information and that of our clients. In addition, such information could be compromised, whether intentionally or unintentionally, by our employees, consultants, or vendors.

We expect to continue to face such attacks, breaches, and attempts. Although we seek to prevent, detect, and investigate these network security incidents, and have taken steps to mitigate the likelihood of network security breaches, there can be no assurance that our security measures will be sufficient to prevent or protect us from future attacks, breaches, or attempts by unauthorized users. Moreover, these attacks, breaches, or attempts could disrupt our business operations, cause us to incur unanticipated losses or expenses, result in unauthorized disclosures of confidential or proprietary information, and harm our overall professional reputation. If our reputation is damaged by such attacks, breaches, and attempts, our ability to attract new engagements and clients may be impaired or we may be subjected to damages or penalties, which could negatively impact our operations, financial results, or financial condition.

Our Backlog is subject to unexpected adjustments and contract terminations and is, therefore, an uncertain indicator of future earnings.

In this Offering Memorandum we present our Backlog as of certain dates, as well as Backlog we estimate to deliver within a certain time period. We cannot be certain that our Backlog will generate the expected revenue or cash flows or generate them when we expect. Unforeseen events or circumstances, including, for example, termination or scaling down of contracts, increased time requirements to complete the work, delays in commencing work, disruption of work, litigation associated with amounts included in our Backlog, resulting in the termination of such contracts or exclusion of our ability to perform them, or other unforeseen events (such as those discussed in these "*Risk Factors*") may affect contracts in our Backlog and could negatively impact our results of operation and financial position.

There can be no assurances that the revenue projected in our Backlog will be realized or, if realized, will result in profits. Because of contract terminations or suspensions and changes in contract scope and schedule, we cannot predict with certainty when, or if, our Backlog will be actualized. We can provide no assurance that we will not receive additional terminations, and, even where a contract proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to us. To the extent we are unable to realize the pipeline of revenue associated with contracts in our Backlog due to material delays, terminations or payment defaults, our business, financial condition and results of operations could be adversely affected.

In addition, our definition of Backlog may not necessarily be the same as that used by other companies engaged in activities similar to ours. As a result, the amount of our Backlog may not be comparable to the backlog reported by other companies.

We are subject to risks associated with operating in several different jurisdictions.

We have operations in 12 countries including: Italy, Brazil, the UK, Spain, Switzerland, the USA, Colombia, Chile, Turkey, Austria, Belgium, and the UAE. Our operations in these countries involve financial and business risks including: (i) cultural and language differences; (ii) limited "brand" recognition; (iii) different employment laws and rules, employment or service contracts, compensation methods, and social and cultural factors that could result in employee turnover, lower utilization rates, higher costs and cyclical fluctuations in utilization that could adversely affect financial and operating results; (iv) foreign currency disruptions and currency fluctuations between the euro and other currencies that could adversely affect financial and operating results; (v) different legal, regulatory, and tax requirements and other barriers to conducting business; (vi) greater difficulties in resolving the collection of receivables when legal proceedings are necessary; (vii) difficulties in managing our operations including client relationships, in certain locations; (viii) disparate systems, policies, procedures, and processes; (ix) failure to comply with anti-bribery laws in the jurisdictions in which we operate; (x) higher operating costs; (xi) longer sales and/or collections cycles; (xii) potential restrictions or adverse tax consequences resulting from the repatriation of foreign earnings, such as trapped foreign losses and importation or withholding taxes; (xiii) different or less stable political and/or economic environments; (xiv) increased regulatory and legal complexities surrounding uncertainties related to the UK's exit from the European Union, referred to commonly as Brexit; (xv) conflicts between and among the countries in which we conduct business, including those arising from trade disputes or disruptions, the termination or suspension of treaties, or boycotts; (xvi) civil disturbances or other catastrophic events that reduce business activity; and (xvii) political interference with our ability to conduct business in the applicable jurisdiction.

If we are not able to quickly adapt to or effectively manage our operations in the geographic markets in which we operate, our business prospects and results of operations could be negatively impacted.

Our insurance coverage might not be sufficient and we might be subject to uninsured losses.

We maintain insurance coverage to protect ourselves against a broad range of risks, including in relation to property damage, data breaches, directors', and officers' liability, at levels we believe are appropriate and consistent with current industry practice. Our agreements with contractors also include provisions requiring such contractors to enter into suitable insurance. We also maintain general liability insurance coverage, for damage caused by disclosure of confidential information, system failures, errors, or unsatisfactory performance of services to our clients in the event of a third-party claim citing damages or financial loss. However, we may incur losses that may be beyond the limits, or outside the scope, of coverage of our insurance and that may limit or prevent indemnification under our insurance policies. In addition, we might not be able to maintain adequate insurance coverage on commercially reasonable terms in the future.

Further, certain categories of risks may not be insurable at a reasonable cost, which could have an adverse effect on our business, financial condition, and results of operations. It is unclear if, and how, our insurance policies will cover any damages we may suffer in relation to the COVID-19 pandemic and how our insurers will handle any related requests for damages in the future. Should our insurance providers fail to cover losses or damages as a result of the COVID-19 pandemic, or should they modify their approach in the future, our business, financial condition, results of operations, and prospects could be adversely affected. Finally, there can be no assurance of the financial abilities of the insurance companies to meet their claim payment obligations.

As a multinational corporation, we are exposed to fluctuations in currency exchange rates, which could adversely affect our cash flows and results of operations.

International markets, mainly the UK and Brazil, contribute increasingly to our revenue, and we intend to continue expanding our presence in these regions. The exposure to fluctuations in currency exchange rates takes on different forms. International revenue and costs are subject to the risk that fluctuations in exchange rates could adversely affect our reported profitability when translated into euros for financial reporting purposes. The majority of our revenue is denominated in euros, and our costs are primarily in euros. These fluctuations could also adversely affect the demand for services provided by us. As a multinational corporation, our businesses occasionally invoice third-party clients in currencies other than the one in which they primarily do business (the "**functional currency**"). Movements in the invoiced currency relative to the functional currency could adversely impact our cash flows and our results of operations. As our international presence grows, exposure to fluctuations in currency exchange rates could have a larger effect on our financial results.

We rely in part on third-party providers to deliver our services to clients.

Our ability to service our clients and implement solutions depends in part on third-party providers, such as subcontractors, who provide services that include: certain consultancy services, software development, and maintenance and technical support. In addition, our ability to service our clients is also impacted by our subcontractors ability to fulfil their obligations to us in a timely, quality manner. In particular, large and complex projects often require that we utilize subcontractors or that our services and solutions incorporate or coordinate with the software, systems, or infrastructure requirements of other vendors and service providers. Our profitability, in part, depends on the ability of these subcontractors, vendors, and service providers to deliver their products and services in a timely manner and in accordance with the project requirements, as well as on our effective oversight of their performance, and we may be held liable to our clients for the correct performance of contractual obligations of such subcontractors, vendors, or service providers.

In addition, we provide implementation, maintenance, and other services to our clients with respect to software and platforms created or provided by third parties. Such third parties may disagree with the way we implement, maintain, or provide our services with respect to their products to our clients, or may claim that we interfere with their relationship with our client, as a result of which we could become liable for damages or our relationship with our clients could be negatively impacted. Our results of operations and financial condition could be materially adversely affected and we might incur significant additional liabilities if any of our third-party providers ceases its operations, does not meet its obligations or client expectations, or if it terminates or refuses to renew its relationships with us or seeks to renegotiate prices or other terms of our contracts with them at more onerous terms for us.

We may be required to recognize goodwill impairment charges, which could materially affect our financial results.

We are required under IFRS to test goodwill for impairment at least annually, and to review our goodwill, amortizable intangible assets, and other investments, including those acquired through acquisition activity, for impairment when events or changes in circumstance indicate the carrying value may not be recoverable. Factors that could lead to impairment of goodwill, amortizable intangible assets, and other investments, including those acquired through acquisitions, include significant adverse changes in the business climate and actual or projected operating results and declines in the financial condition of our business. We have previously recorded impairment charges to the carrying value of goodwill, and it is possible that we may be required to record significant impairment charges in the future. Such charges have had and could have a material adverse impact on our results of operations. We expect that we may record certain amounts of goodwill in connection with the Merger. Following the recording of the definitive amounts of goodwill, we may subsequently experience unforeseen issues with the Target Group's businesses, which may adversely affect the anticipated returns or value of the intangible assets and trigger an evaluation of the recoverability of the recorded goodwill and intangible assets.

Risks Related to our Industry, Client Concentration and Competition

A significant portion of our revenues is derived from a limited number of clients, and our engagement agreements, including those related to our largest clients, can be terminated by our clients with little or no notice and without penalty, which may cause our operating results to be unpredictable and may result in unexpected declines in our utilization and revenues.

As a consulting firm, we have derived, and it is likely that we will continue to derive, a significant portion of our revenues from a limited number of clients. For the twelve months ended June 30, 2021, the top 10 clients generated approximately 33.3% of our revenues, in the year ended December 31, 2020, revenues from the top 10 clients represented approximately 36.6% of our total revenues and in the year ended December 31, 2017, the top 10 clients represented approximately 51.2% of our total revenues. Our clients typically retain us on an engagement-by-engagement basis, rather than under fixed-term contracts. With our primary clients, we often utilize framework agreements that regulate the rates and contract conditions, and these are negotiated from time to time. The volume of work performed for any particular client is likely to vary from year to year, and a major client in one financial period may not require, or may decide not to use, our services in any subsequent financial period. Moreover, a large portion of our new engagements comes from existing clients. Accordingly, the failure to obtain new large engagements or multiple engagements from existing or new clients could have a material adverse effect on the amount of revenues we generate.

In addition, companies in the industries we serve sometimes seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If one of our current client merges or consolidates with a company that relies on another provider for the services and solutions we offer, we may lose work from that client or lose the opportunity to gain additional work if we are not successful in generating new opportunities from the merger or consolidation. In a particular geographic market, service, or industry group, a small number of clients have contributed, or may, in the future contribute, a significant portion of the revenues of such geographic market, service, or industry group, and any decision by such a client to delay, reduce, or eliminate spending on our services and solutions could have a disproportionate impact on our results of operations in the relevant geographic market, service, or industry group.

Many of our engagement agreements can also be terminated by our clients with little or no notice and without penalty. In client engagements that involve multiple engagements or stages, there is a risk that a client may choose not to retain us for additional stages of an engagement or that a client will cancel or delay additional planned engagements. For clients in bankruptcy, a bankruptcy court could elect not to retain our interim management consultants, terminate our retention, require us to reduce our fees for the duration of an engagement, elect not to approve claims against fees earned by us prior to or after the bankruptcy filing, or subject previously paid amounts to be returned to the bankruptcy estate as preferential payments under the bankruptcy code. Terminations of engagements, cancellations of portions of the project plan, delays in the work schedule, or reductions in fees could result from factors unrelated to our services. When engagements are terminated or reduced, we lose the associated future revenues, and we may not be able to recover associated costs or redeploy the affected employees in a timely manner to minimize the negative impact. In addition, our clients' ability to terminate engagements with little or no notice and without penalty makes it difficult to predict our operating results in any particular fiscal period.

If any of the clients we derive a significant portion of our revenue from terminate, cancel, delay projects, or reduce our fees, or if we are unable to obtain new engagements from these clients, our financial condition and results of operations could be adversely affected.

The markets in which we operate are highly competitive.

We offer consulting services across a number of technology focused service areas including: (i) business advisory; (ii) technology advisory; (iii) advisory digital; (iv) strategy digital; (v) x-tech (our exponential technologies service area); (vi) cybersecurity; and (vii) delivery digital. For more information about these service areas, please see "*Business—Our Service Areas*." Our business advisory service area represents our core offering and accounted for the 36% of our revenue for the year ended December 31, 2020. We also provide technology focused services in countries such as Brazil, Italy, Spain, and the UK. Our competitors vary across all of our service areas, industries or geographic regions. For example, we compete with different companies or businesses depending on the particular nature of a proposed engagement, and the types of requested services and the location of the client or delivery of the services.

The markets in which we operate are highly competitive and subject to rapid change. We believe the principal competitive factors in these markets are service quality, technical and industry expertise, price, innovation, established relationships with key clients, often on a local level, knowledge of the regulatory framework, rapidity in providing services requested by clients and the ability to add value to our clients' businesses. We compete for business with a variety of players, including large multinational firms and local players that provide a broad range of consulting, technology and/or business process services, in-house potential client engagement services, software services companies that provide business process services and accounting firms that provide IT consulting services, which offer niche services that are the same or similar to the services we offer. Some of our competitors have significantly more financial resources, more expansive national or international presence, more personnel, and greater brand recognition than we do. Some have lower overhead and other costs and can compete through lower cost-service offerings. We depend, in large part, on professional relationships. As a result, our business has low barriers to entry for professionals electing to start their own firms or work independently. In addition, it is relatively easy for professionals to change employers.

Our main competitors include Deloitte, Accenture, Ernst & Young, KPMG, PricewaterhouseCoopers, Boston Consulting Group, and Kearney, among others. Some of our competitors may benefit from greater economies of scale, have greater financial, marketing, technological, or other resources, larger client bases and better-established reputations and client relationships in our markets than we do, and have greater geographic coverage. As a result, some of our competitors may be able to:

- more efficiently or more rapidly develop superior services or solutions, gain greater market acceptance, and expand their service offerings;
- more quickly adapt to new or emerging technologies and changes in client requirements;
- bundle services with other services they provide at reduced prices and offer services across more countries and regions;
- adopt more aggressive pricing policies, offer more favorable terms, and devote greater resources to the promotion, marketing, which could cause us to have to lower prices for certain services to remain competitive in the market;
- devote greater resources to the research and development of their services; and
- better withstand adverse market conditions.

Increased competition may also result in lower prices and volumes, higher costs for resources, especially personnel, higher costs for research and development programs and, thus, lower profitability. As a result, we may not be able to supply clients with services that they deem superior at competitive prices, we may be unable to continue to attract new clients, and we may lose market share to our competitors. Any inability to face increased competition could have a material adverse effect on our business, results of operations, financial condition, and prospects.

We face risks related to the services we provide to governments or governmental agencies, and public and private clients who operate in regulated industries.

We operate across a number of industries, which involve consulting services governments or governmental agencies, and public and private clients who operate in regulated industries. Involvement in, as well as bidding for, contracts with governments or governmental agencies, public clients, and private entities in regulated industries carry various risks and uncertainties inherent in the contracting process, including the following:

- government entities typically fund projects through appropriated monies. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and a change in the applicable law, among other reasons. Centralization of public spending decisions and other changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending reductions, or other debt constraints could result in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses, and profits on work completed prior to the termination;

- terms and conditions of contracts with public sector entities tend to be more onerous than other contracts and may include, among others, extensive rights of audit, more punitive service-level penalties, and other restrictive covenants;
- contractual non-compliance (including improper billing), failure to comply with procurement regulations and regulation regarding the protection of classified information, and other improper or illegal activities, may result in various civil and criminal penalties and administrative sanctions, fines and suspensions or debarment from doing business with the government, in addition to other typical remedies for breach of contract, which may include termination of the relevant contracts, forfeiture of profits, and suspension of payments;
- government contracts are often subject to more extensive scrutiny and publicity than other contracts. Any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect our business and reputation;
- participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance, as well as limit and/or prevent our ability to participate to certain public tenders due to such regulatory or compliance requirements;
- political and economic factors, such as pending elections, the outcome of recent elections, changes in leadership among key executive or legislative decision-makers, revisions to governmental tax or other policies and reduced tax revenue, can affect the number and terms of new government contracts signed or the speed at which new contracts are signed, decrease future levels of spending and authorizations for programs for which we bid for, shift spending priorities to programs in areas for which we do not provide services, and/or lead to changes in enforcement or how compliance with relevant rules or laws is assessed;
- government contracts may involve multiple parties in the delivery of services and require greater project management efforts on our part, and any failure in this regard may adversely impact our performance and reputation;
- participation in contracts with the governments or governmental agencies, and public and private clients who operate in regulated industries, for which we have partnered with another consulting firm or third party may be limited or prevented if that the third party or consulting firm does not have sufficient resources to prepare the bid and proposal, lacks the required financial commitment required for such process, is unable to obtain internal approvals or if there is a conflict of interest, among other reasons;
- competing tenderers who lose a tender may challenge the decision of the governments or governmental agencies, and public and private clients who operate in regulated industries to award us a contract (which may be based on various reasons, such as the claim that the competing tenderer was not granted a fair chance of obtaining the contract). In such a scenario, we may have limited ability to (if any) intervene or defend such a claim, which may result in the resubmission of bids on modified specifications, or in termination, reduction, or modification of the awarded contract as well as expenses and delays;
- the substantial cost and managerial time and effort spent to prepare bids and proposals for contracts that may not be awarded to us;
- the ability to accurately estimate the resources and costs that will be required to service any contract we are awarded;
- litigation or disputes with government and public entities may lead to us being banned from contracting with other government and public entities or participating in public tenders, which would have both an economic and a reputational impact on us; and
- public sector-related clients sometimes follow payment management processes that are subject to review by other government authorities or other entities, which may cause delays or adjustments to their own payment schedule.

If one or more of the foregoing risks were to materialize, they could have, individually or in the aggregate, a material adverse effect on our business, results of operations, financial condition, and prospects.

We may face competition from parties who sell us their businesses and from professionals who cease working for us.

In connection with our acquisitions, we generally obtain non-solicitation agreements from the professionals we hire, as well as non-competition agreements from senior managers and professionals. The agreements prohibit such individuals from competing with us during the term of their employment and for a fixed period afterwards and from seeking to solicit our employees or clients. In some cases, but not all, we may obtain non-competition or non-solicitation agreements from parties who sell us their businesses or assets. The duration of post-employment non-competition and non-solicitation agreements typically ranges from six to 12 months. Non-competition agreements with the sellers of businesses or assets that we acquire typically continue longer than 12 months. Certain activities may be carved out of, or otherwise may not be prohibited by, these arrangements. We cannot assure you that one or more of the parties from whom we acquire a business or assets, or who do not join us or leave our employment, will not compete with us or solicit our employees or clients in the future. States and foreign jurisdictions may interpret restrictions on competition narrowly and in favor of employees or sellers. Therefore, certain restrictions on competition or solicitation may be unenforceable. In addition, we may not pursue legal remedies if we determine that preserving cooperation and a professional relationship with a former employee or his or her clients, or other concerns, outweighs the benefits of any possible legal recourse or the likelihood of success does not justify the costs of pursuing a legal remedy. Such persons, because they have worked for our Company or a business that we acquire, may be able to compete more effectively with us, or be more successful in soliciting our employees and clients, than unaffiliated third parties.

Risks Related to Our People

Our failure to recruit and retain qualified professionals and manage headcount needs and utilization could negatively affect our financial results and our ability to staff client engagements, maintain relationships with clients and drive future growth.

We deliver sophisticated professional services to our clients. Our success is dependent, in large part, on our ability to keep our supply of skills and human resources in balance with client demand around the world. To attract and retain clients, we need to demonstrate professional acumen and build trust and strong relationships. Our professionals have highly specialized skills. They also develop strong bonds with the clients they serve. Our continued success depends upon our ability to attract and retain professionals who have expertise, a good reputation, and strong client relationships. We face intense competition in recruiting and retaining highly qualified professionals, in particular professionals with digital capabilities, and we cannot assure you that we will be able to attract or retain qualified professionals to maintain or expand our business. If we are unable to successfully integrate, motivate, and retain qualified professionals, our ability to continue to secure work may suffer. Moreover, competition has caused our costs of retaining and hiring qualified professionals to increase, a trend that could continue and could adversely affect our operating and financial results.

Our people are our primary assets and account for the majority of our expenses. During periods of reduced demand for our services, or in response to unfavorable changes in market or industry conditions, we may seek to align our cost structure more closely with our revenues and increase our utilization rates by reducing headcount and eliminating or consolidating underused locations. Following such actions, in response to subsequent increases in demand for our services, including as a result of favorable changes in market or industry conditions, we may need to hire, train and integrate additional qualified and skilled personnel, and may be unable to do so to meet our needs or our clients' demands on a timely basis. If we are unable to manage staffing levels on a timely basis in light of changing opportunities or conditions, including as a result of the COVID-19 pandemic, our ability to accept or service business opportunities and client engagements, take advantage of positive market and industry developments, and realize future growth could be negatively affected, which could negatively impact our revenues and profitability. In addition, while increased utilization resulting from headcount reductions may enhance our profitability in the near term, it could negatively affect our business over the longer term by limiting the time our professionals have to seek out and cultivate new client relationships and win new projects.

Flexibility in human resource management is also significantly affected by labor laws and regulations and by the terms of the agreements with unions and government authorities. Labor law and union practices provide significant protections for worker rights in various countries in which we operate, including Italy. If there is a market decline or a reduction in business and we are unable to reorganize our workforce consistently with the resulting fluctuation in work load, or otherwise to adjust our production capacity, or is required to incur significant costs in connection therewith, this could have a material adverse effect on our business, financial condition, and results of operations.

We are highly dependent on our management and employees. Competition for our employees is intense and we may not be able to attract and retain the highly skilled employees that we need to support our business.

Our success largely depends on the skills, experience, and continued efforts of our management, including our Chief Executive Officer and our senior leadership team. Given the specialized nature of our services and the scale of our operations, our senior leadership team must have a thorough understanding of our service offerings, as well as the skills and experience necessary to manage an organization in diverse geographic locations. The replacement of certain members of our senior leadership team may involve the expenditure of significant time and financial resources, and the loss of any such individual may delay or prevent the achievement of our business objectives. Competition for senior management and other personnel in our industry is intense, and the pool of suitable candidates is limited. If qualified personnel become scarce or difficult to attract or retain in our industry for compensation-related or other reasons, we could experience higher labor, recruiting, or training costs. Further, new hires may require significant training and time before they achieve full productivity, and they may not become as productive as we expect.

The failure to attract, retain, and properly motivate members of our senior leadership team, to find suitable replacements for them in the event of death, illness, or their desire to pursue other professional opportunities, or to maintain our corporate culture as we continue to grow, could have a negative effect on our operating results.

Professionals may leave to join competitors, and we may not have, or may choose not to pursue, legal recourse against such professionals.

Our professionals typically have close relationships with the clients they serve, based on their expertise and bonds of personal trust and confidence. Therefore, the barriers to our professionals pursuing independent business opportunities or joining our competitors should be considered low. Although our clients generally contract for services with us as a company, and not with an individual professional, in the event a professional leaves, such clients may decide they prefer to continue working with a specific professional rather than with us.

Many of our written employment agreements with our senior leadership team and equivalent employees include non-competition and non-solicitation covenants. These restrictions have generally been drafted to comply with state “reasonableness” standards. However, certain jurisdictions may interpret restrictions on competition narrowly and in favor of employees. Therefore, some jurisdictions may hold certain restrictions on competition to be unenforceable. As we operate internationally, we draft non-competition provisions in an effort to comply with applicable law. In the event an employee departs and acts in a way that we believe violates his or her non-competition or non-solicitation agreement, we will consider any legal remedies we may have against such person on a case-by-case basis. If we pursue legal action, this may be costly and divert management’s attention from the business. From time to time, we may decide that preserving cooperation and a professional relationship with a former employee or client, or other concerns, outweighs the benefits of any possible legal recourse. We may also decide that the likelihood of success does not justify the costs of pursuing a legal remedy, and choose not to pursue legal action, even if it is available to us. If our professionals leave to join our competitors or breach employment contracts, either could have a material adverse effect on our business, results of operations, and financial condition.

We incur substantial costs to hire and retain our professionals, and we expect these costs to continue and to grow.

We may pay hiring or retention bonuses to secure the services of professionals. Those payments have taken the form of one-time bonuses (*una tantum bonus*) to attract and retain our professional employees. We make recourse loans to new hires and professionals who join us in connection with acquisitions or to buy company shares, as well as to select current employees and other professionals on a case-by-case basis. The aggregate amount of loans to professionals is not material. We expect to continue issuing unsecured general recourse forgivable loans. We also provide significant additional payments and annual recurring equity or cash awards under the Executive Committee incentive compensation arrangements and other compensation programs, including awards in the form of restricted stock and other stock- or cash-based awards or, alternatively, cash if we do not have adequate equity securities available under stockholder-approved equity plans. We expect to continue to enter into similar arrangements with employees in the future.

Risks Related to Our Client Relationships

We may be unable to obtain favorable pricing for our services.

If we are not able to obtain favorable pricing for our services and solutions, our revenue and profitability could be materially and negatively impacted. The rates we are able to charge for our services and solutions are affected by a number of factors, including:

- general economic, political, and market conditions;
- clients' perceptions of our ability to add value through our services;
- our clients' desire or need to control or reduce their costs;
- the general competitive environment in our industry (including new competitors entering the market);
- the introduction of new services or products by us or our competitors; and
- the procurement practices of clients and their use of third-party advisors.

Our ability to improve or maintain our profitability is also dependent on being able to successfully manage our costs, including personnel expenses. Our cost-management strategies include maintaining appropriate alignment between the demand for our services and solutions and our resource capacity, including staff utilization levels. We have implemented and continue to implement new remote-working policies in relation to the COVID-19 pandemic. We have incurred and continue to incur substantial costs in relation to such policies, which may increase going forward.

Our profitability is highly dependent on our forecasts regarding the effort and cost necessary to deliver our services, which are based on available data and could turn out to be materially inaccurate. If we do not accurately estimate the effort, costs, or timing for meeting our client commitments and/or completing engagements to our clients' satisfaction, we could generate lower profit margins than planned or be unprofitable, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

If we do not effectively manage the utilization of our professionals, our financial results could decline.

Our profitability depends to a large extent on the utilization and billing rates of our professionals. Utilization of our professionals is affected by a number of factors, including:

- the number and size of client engagements;
- the timing of the commencement, completion and termination of engagements, which, in many cases is unpredictable;
- our ability to transition our consultants efficiently from completed engagements to new engagements;
- the hiring of additional consultants because there is generally a transition period for new consultants that results in a temporary drop in our utilization rate;
- unanticipated changes in the scope of client engagements;
- our ability to forecast demand for our services and thereby maintain an appropriate level of consultants, in light of changing client demands and market conditions;
- expansion into or within locations where our brand is not well-known or where demand for our services is not well-developed, which could also contribute to low or lower utilization rates in certain locations;
- conditions affecting the industries in which we practice, as well as general economic conditions;
- our ability to appropriately deploy professionals with the appropriate skill sets in certain geographic regions; and
- competition from our peers.

Our failure to manage the utilization of our professionals who bill on a daily basis, or maintain or increase the daily rates we charge our clients for our services, could result in adverse consequences, such as non- or lower revenue-generating professionals, increased employee turnover, fixed compensation expenses in periods of declining revenues, the inability to appropriately staff engagements (including adding or reducing staff during periods of increased or decreased demand for our services), or special charges associated with reductions in staff or operations. Reductions in workforce or increases of billable rates will not necessarily lead to savings. In cases where we enter into engagements, such as fixed-fee and time and materials with caps, our failure to effectively manage our professionals hours and other aspects of alternative fee engagements may result in the costs of providing such services exceeding the fees that we collect. Moreover, though we infrequently utilize contingency fees and success fees, where applicable, if we fail to successfully complete or reach milestones with respect to contingent fee or success fee assignments, the cost of providing services under those types of arrangements may exceed the fees that we collect. If we are unable to achieve and maintain adequate overall utilization of our consultants, our financial results could be materially adversely affected.

We may face risks of fee non-payment, clients may seek to renegotiate existing fees and contract arrangements, and clients may not accept billable rate or price increases, which could result in loss of clients, fee write-offs, reduced revenues, and less profitable business.

We may receive requests to discount our fees or to negotiate lower rates for our services and to agree to contract terms relative to the scope of services and other terms that may limit the size of an engagement or our ability to pass-through costs. We consider these requests on a case-by-case basis. We receive these types of requests routinely and expect this to continue in the future. In addition, our clients and prospective clients may not accept rate increases that we put into effect or plan to implement in the future. Fee discounts, pressure not to increase or pressure to decrease our rates, and less advantageous contract terms could result in the loss of clients, lower revenues and operating income, higher costs, and less profitable engagements. More discounts or write-offs than we expect in any period would have a negative impact on our results of operations. There is no assurance that significant client engagements will be renewed or replaced in a timely manner or at all, or that they will generate the same volume of work or revenues or be as profitable as past engagements.

Certain of our clients prefer fixed and other alternative fee arrangements, that place revenue ceilings or other limitations on our fee structure or may shift more of our revenue-generating potential to back-end contingent and success fee arrangements. With respect to such alternative fee arrangements, we may discount our rates initially, which could mean that the cost of providing services exceeds the fees that we collect during all or a portion of the term of the engagement. In such cases, failure to manage the engagement efficiently or collect the success or performance fees could expose us to a greater risk of loss on such engagement than other fee arrangements, or may cause variations in our revenues and operating results due to the timing of achievement of the performance-based criteria, if achieved at all. Our ability to service clients with these fee arrangements at a cost that does not directly correlate to time and materials may negatively impact or result in a loss of the profitability of such engagements, adversely affecting our financial results.

In some cases, certain clients who are experiencing, or anticipate experiencing, financial distress or are facing complex challenges, are engaged in litigation or regulatory or judicial proceedings, or are facing foreclosure of collateral or liquidation of assets. This may be true in light of general economic conditions; lingering effects of past economic slowdowns or recession; or business or operations specific reasons. Such clients may not have sufficient funds to continue operations or to pay for our services. In limited cases, we receive retainers before we begin performing services on a client's behalf. In cases where we have received retainers, we cannot assure the retainers will adequately cover our fees for the services we perform on behalf of these clients. With respect to bankruptcy cases, bankruptcy courts have the discretion to require us to return all, or a portion of, our fees.

If our clients fail to make payments for our services, renegotiate existing fees and contract arrangements, or do not accept billable rate or price increases, our financial results could be materially adversely affected.

Our clients may terminate our engagements with little or no notice and without penalty, which may result in unexpected declines in our utilization and revenues and we may not have, or may choose not to pursue, legal remedies against clients that terminate their engagements.

Some of our engagements center on transactions, disputes, litigation, and other event-driven occurrences that require independent analysis or expert services. Transactions may be postponed or cancelled, litigation may be settled or dismissed, and disputes may be resolved, in each case, with little or no prior notice to us. If we cannot manage our work in process, our professionals may be underutilized until we can reassign them or obtain new engagements, which can adversely affect financial results.

The engagement letters that we typically enter into with clients do not obligate them to continue to use our services. Typically, our engagement letters permit clients to terminate our services at any time without penalties. Project cancellations are negotiated with the client on a case-by-case basis. In addition, our business involves large client engagements that we staff with a substantial number of professionals. At any time, one or more client engagements may represent a significant portion of our revenue. If we are unable to replace clients or revenues as engagements end or if clients unexpectedly cancel engagements with us or curtail the scope of our engagements, and we are unable to replace the revenues from those engagements, eliminate the costs associated with those engagements or find other engagements to utilize our professionals, the financial results of the Company could be adversely affected.

Claims involving our services or adverse publicity could harm our overall professional reputation and our ability to compete and attract business or hire or retain qualified professionals and result in significant costs and lost engagements.

Our engagements involve matters that may result in a severe impact on a client's business, cause the client a substantial monetary loss, or prevent the client from pursuing business opportunities. Our ability to attract new clients and generate new and repeat engagements or hire professionals depends upon our ability to maintain a high degree of client satisfaction, as well as our reputation among industry professionals. As a result, any claims against us involving the quality of our services may be more damaging than similar claims against businesses in other industries.

We may accept clients or perform engagements that may be viewed as controversial or that generate adverse publicity relating to our involvement or the services that we provide. Such controversial engagements or negative reactions may adversely affect our reputation or the reputations of our employees and other professionals who provide services, or may otherwise harm our ability to attract or retain clients, employees and other professionals, all of which could have an adverse effect on our results of operations, business, or prospects.

From time to time, our engagements involve complex analysis and the exercise of professional judgment, including litigation, and governmental investigatory matters where we act as experts. Therefore, we are subject to the risk of professional and other liabilities. Although we believe we maintain an appropriate amount of insurance, it is limited. Damages and/or expenses resulting from any successful claim against us, for indemnity or otherwise, in excess of the amount of insurance coverage will be borne directly by us and could harm our profitability and financial resources. Any claim by a client or third party against us could expose us to reputational issues that adversely affect our ability to attract new or maintain existing engagements or clients, qualified professionals, other employees, consultants, or contractors.

If we are unable to accept client engagements due to real or perceived relationship issues, our revenues, growth, client engagements and prospects may be negatively affected.

Our inability to accept engagements from existing or prospective clients, represent multiple clients in connection with the same or competitive engagements, or any requirement that we resign from a client engagement, may negatively impact our revenues, growth, and financial results. While we follow internal practices to assess real and potential issues in the relationships between and among our clients, engagements, practices, and professionals, such concerns cannot always be avoided.

We may not have, or may choose not to pursue, legal remedies against clients that terminate their engagements.

The engagement letters that we typically have with clients do not obligate them to continue to use our services and permit them to terminate the engagement without penalty at any time. Even if the termination of an ongoing engagement by a client could constitute a breach of the client's engagement agreement, we may decide that preserving the overall client relationship is more important than seeking damages for the breach and, for that or other reasons, decide not to pursue any legal remedies against a client, even though such remedies may be available to us. We make the determination whether to pursue any legal actions against a client on a case-by-case basis.

Risks Related to Business Growth, Development and Acquisitions

We may not manage our growth effectively, and our profitability may suffer.

We experience fluctuations in growth, including periods of rapid or declining growth. Historically, we have expanded our footprint through a mix of organic and M&A-driven growth. Periods of rapid expansion may strain our management team, employees, and information systems. To successfully manage growth, we may need to add qualified managers, employees, or contractors, and periodically update our operating, financial, and other systems, as well as our internal procedures and controls, which may increase our total costs and adversely affect our gross profits and our ability to sustain profitability if we do not generate increased revenues to offset the costs. We also must effectively motivate, train, and manage a larger professional staff. If we fail to add or retain qualified managers, employees, and contractors when needed, estimate costs, or otherwise manage our growth effectively, our business, financial results and financial condition may suffer. In periods of declining growth, underutilized employees and contractors may result in expenses and costs being a greater percentage of revenues. In such situations, we will have to weigh the benefits of decreasing our workforce or limiting our service offerings and saving costs against the detriment we may experience from losing valued professionals and their industry expertise and clients.

If we are unable to successfully manage and adapt to the fluctuations in growth we experience, we may be unable to realize anticipated benefits of such rapid growth or incur costs due to declining growth, and our business, results of operations and cash flow could be adversely affected.

Expansion could result in additional risks.

We have operations in 12 countries including: Italy, Brazil, the UK, Spain, Switzerland, the USA, Colombia, Chile, Turkey, Austria, Belgium, and the UAE, and we intend to continue to expand. Efforts to expand entail inherent risks. For example, there may be certain risks associated with innovation and competition from other participants in new geographies. In addition, we may fail to comply with uncertain evolving legal standards in new geographies that are applicable to certain of our service offerings, including those in the cybersecurity area. We may also face risks associated with operating in foreign jurisdictions, such as compliance with applicable laws and regulations that may impose different and, occasionally, conflicting or contradictory requirements. Such expansion may result in other risks which could adversely affect our business or our results of operations, including:

- compliance with additional regulations and laws of other nations including employment laws, including immigration laws affecting the mobility of employees;
- social, cultural, and language differences;
- potential difficulty to maintain our collaborative culture and effective management controls;
- losses related to start-up costs, lack of revenue, and higher costs due to low utilization;
- currency fluctuations between the euro and other foreign currencies;
- restrictions on the repatriation of earnings;
- potentially adverse tax consequences and limitations on our ability to utilize losses generated in our foreign operations;
- different regulatory requirements and other barriers to conducting business;
- different or less stable political and economic environments;
- greater personal security risks for employees traveling to or located in unstable locations; and
- civil disturbances or other catastrophic events.

Further, conducting business in other countries subjects us to increased regulatory compliance and oversight. A failure to comply with applicable regulations could result in regulatory enforcement actions as well as substantial civil and criminal penalties assessed against us and our employees. In addition, expanding into new geographic areas and expanding current service offerings is challenging and may require integrating new employees into our culture, as well as assessing the demand in the applicable market. If we cannot manage the risks associated with new service offerings or new locations effectively, we are unlikely to be successful in these efforts, which could harm our ability to sustain profitability and our business prospects.

We may not successfully identify or integrate acquired businesses or assets into our operations or be able to fully recognize the anticipated benefits of businesses or assets that we acquire.

A key element of our business strategy is to complement our organic growth with acquisitions. We routinely explore acquiring other businesses and assets, and we have completed a number of acquisitions in the last several years including: Advantis Consultoria Gerencial S.A.S., Chaucer, Vidiemme Consulting S.r.l., Medley Business Solutions, Yonetim Danismanligi Anonim Sirketi, MeA Consulting S.r.l., FBM, Openknowledge S.r.l., and BIP Holding Do Brasil S.A. 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—Key Factors Affecting the Comparability of Our Results of Operations—Acquisitions*."

We may, however, be unable to identify or complete promising acquisitions for many reasons, including any misjudgment of the key elements of an acquisition, competition among buyers, the high valuations of businesses in our industry, the need for regulatory and other approvals, lack of internal resources to actively pursue all attractive opportunities and availability of capital. When we do identify and complete acquisitions, we may face financial, managerial, and operational challenges, including diversion of management attention and resources needed for existing operations, difficulty with integrating acquired businesses, acquiring business that are not consistent with our long-term strategies, integration of different corporate cultures, increased expenses, potential dilution of our brand, assumption of unknown liabilities, indemnities, potential disputes with the sellers and the need to evaluate the financial systems of, and establish internal controls for, acquired entities. Further, we seek out acquisitions of companies that maintain the same high-quality standards that we maintain, and if we misjudge or overestimate a company's product quality standards, we may not be able to use these products or implement the strategies that were the primary reason for the acquisition, which would lead to a significant loss both financially and in time spent by our teams trying to integrate the product or implement the strategy. There can be no assurance that we will engage in any additional acquisitions nor that we will be able to do so on terms that will result in any expected benefits.

In addition, our ability to realize the benefits we anticipate from our acquisition activities, including any anticipated sales growth, cost synergies, and other anticipated benefits, will depend in large part upon whether we are able to integrate such businesses efficiently and effectively. Integration is an ongoing process, and we may not be able to fully integrate such businesses smoothly or successfully, and the process may take longer than expected. Further, the integration of certain operations and the differences in operational culture following such activity will continue to require the dedication of significant management resources, which may distract management's attention from day-to-day business operations. There may also be unasserted claims or assessments that we failed or were unable to discover or identify in the course of performing due diligence investigations of target businesses. If we are unable to successfully integrate the operations of acquired businesses into our business, we may be unable to realize the sales growth, cost synergies, and other anticipated benefits of such transactions, and our business, results of operations, and cash flow could be adversely affected.

The Target Group may have liabilities that are not known to us or greater than anticipated.

The Target 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 Target 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 our business, or on our financial condition and results of operations and our ability to fulfill our obligations under the Notes. In conducting our due diligence, we have been required to rely on resources available to us, including public information, and information provided by the seller and third-party advisers. 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, including financial information, provided during the due diligence exercise. If the due diligence investigation failed to identify material information regarding the Acquisition, we may later be forced to write-down or write-off certain assets, significantly modify our business plan, 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,

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

In connection with the Acquisition, the vendors named therein have given certain customary representations and warranties in the Acquisition Agreement related to their ownership interests in the Targets, the Targets and the Target Group. Nonetheless, third parties could seek to hold the Issuer or the Target Group responsible for any of the liabilities the vendors have agreed to retain, and the Issuer may not be able to enforce any claims against the vendors relating to breaches of these representations and warranties. The vendors' liability under the Acquisition Agreement is limited in nature. Moreover, even if the Issuer is able to eventually recover any losses resulting from a breach of these representations and warranties, the Issuer may temporarily be required to bear these losses itself.

Risks Related to Technology

Our business depends on generating and maintaining ongoing, profitable client demand for our services and solutions, including through the adaptation and expansion of our services and solutions in response to ongoing changes in technology and offerings, and a significant reduction in such demand or an inability to respond to the evolving technological environment could materially affect our results of operations.

Our success depends, in part, on our ability to continue to develop and implement services and solutions that anticipate and respond to rapid and continuing changes in technology and offerings to serve the evolving needs of our clients in a timely manner. Examples of areas of significant change include digital-, cloud-, and security-related offerings, which are continually evolving, as well as developments in areas such as network automation, 5G, IoT, digital twin, blockchain, augmented reality/virtual reality and other emerging technologies.

Technological developments may materially affect the cost and use of technology by our clients. Some of these technological developments have reduced and replaced some of our historical services and solutions and may continue to do so in the future. This has caused, and may in the future cause, clients to delay spending under existing contracts and engagements, and to delay entering into new contracts while they evaluate new technologies. Such technological developments and spending delays can negatively impact our results of operations if we are unable to introduce new pricing models that reflect the value of these technological developments, or if the pace and level of spending on new technologies are not sufficient to make up any shortfall.

Developments in the industries we serve, which may be rapid, could also shift demand to new services and solutions. If, as a result of new technologies or changes in the industries we serve, our clients demand new services and solutions, we may be less competitive in these new areas or need to make significant investment to meet that demand. Our growth strategy focuses on responding to these types of developments by driving innovation that will enable us to expand our business into new growth areas. If we do not sufficiently invest in new technology and adapt to industry developments, or evolve and expand our business at sufficient speed and scale, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our services and solutions, our results of operations, and our ability to develop and maintain a competitive advantage and to execute on our growth strategy could be adversely affected.

We operate in a rapidly evolving environment in which there currently are, and we expect will continue to be, new technology entrants. New services or technologies offered by competitors or new entrants may make our offerings less differentiated or less competitive when compared to other alternatives, which may adversely affect our results of operations.

If we are unable to competitively use innovative or technologically advanced software and products to provide our services, and anticipate and respond to rapid and continuing changes in technology and offerings to serve the evolving needs of our clients, we could be unable to retain clients, grow our business and capitalize on market opportunities, which would adversely affect our operating margins and financial results.

Our business is becoming increasingly dependent on information technology, and will require additional investments in order to grow and meet the demands of our clients.

We depend on the use of sophisticated technologies and systems. Some of our practices provide services that are increasingly dependent on the use of software applications and systems that we do not own and could become unavailable. Moreover, our technology platforms will require continuing investments by us in order to expand existing service offerings and develop complementary services. Our future success depends on our ability to adapt our services and infrastructure while continuing to improve the performance, features, and reliability of our services in response to the evolving demands of the marketplace.

Adverse changes to our relationships with key third-party vendors, or in the business of our key third-party vendors, could unfavorably impact our business.

A portion of our services and solutions depend on technology or software provided by third-party vendors. Some of these third-party vendors refer potential clients to us, and others require that we obtain their permission prior to accessing their software while performing services for our clients. These third-party vendors could terminate their relationship with us without cause and with little or no notice, which could limit our service offerings and harm our financial condition and operating results. In addition, if a third-party vendor's business changes, is reduced, or fails to adapt to changing market demands, that could adversely affect our business. Moreover, if third-party technology or software that is important to our business does not continue to be available or utilized within the marketplace, or if the services we provide to clients are no longer relevant in the marketplace, our business may be unfavorably impacted.

We could experience system failures, service interruptions, or security breaches that could negatively impact our business.

Our organization is comprised of employees who work on matters internationally. Our technology platform is a "virtual office" from which we all operate. We may be subject to disruption to our operating systems from technology events that are beyond our control, including the possibility of failures at third-party data centers, disruptions to the internet, natural disasters, power losses, and malicious attacks. For example, we have suffered security incidents in the past and despite the implementation of security measures, our infrastructure and operating systems, including the internet and related systems, may be vulnerable to physical break-ins, hackers, improper employee or contractor access, computer viruses, programming errors, denial-of-service attacks, or other attacks by third parties seeking to disrupt operations or misappropriate information or similar physical or electronic breaches of security. While we have taken, and are taking, reasonable steps to prevent and mitigate the damage of such events, including implementation of system security measures, information backup, and disaster recovery processes, those steps may not be effective and there can be no assurance that any such steps can be effective against all possible risks. We will need to continue to invest in technology in order to achieve redundancies necessary to prevent service interruptions. Access to our systems as a result of a security breach, the failure of our systems, or the loss of data could result in legal claims or proceedings, liability, or regulatory penalties, and disrupt operations, which could adversely affect our business and financial results.

We face certain risks relating to cybersecurity, the failure to protect the confidentiality of client information against misuse or disclosure, and the use or misuse of social media.

We are dependent on information technology networks and systems to securely process, transmit, and store electronic information, and to communicate internally and with our clients, partners, and vendors. As the breadth and complexity of this infrastructure continues to grow, including as a result of the increased use of mobile technologies, social media and cloud-based services in recent years, the potential risk of security breaches and cyberattacks increases. Such breaches and cyberattacks could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of sensitive or confidential information, including personal data of, among others, our employees, clients, contractors, vendors, and other business partners, as well as personal data stored on our products or through our services by our clients, which may result in damage to our reputation and brand and adversely affect our relationships with our clients. Cybersecurity threats are constantly evolving and have increased in sophistication and speed in recent years, thereby increasing the difficulty of detecting and defending against them. In addition, the fast-paced, evolving, pervasive, and sophisticated nature of certain cyber threats and vulnerabilities, as well as the scale and complexity of the business and infrastructure, make it possible that certain threats or vulnerabilities will be undetected or unmitigated in time to prevent an attack on one of our clients and its clients.

The risk of such attacks includes breaches and attempted breaches not only of our own products, services and systems, but also of those of our clients, employees, contractors, business partners, vendors, and other third parties, as well as of third-party systems on which we rely to operate our digital platforms. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of our data or systems or those of our clients or other third parties, theft of sensitive, regulated, or confidential data including personal information and intellectual property, loss of access to critical data or systems through ransomware, destructive attacks or other means, and business delays, service or system disruptions or denials of service. Furthermore, certain industries in which our clients operate, including the healthcare and finance industries, require heightened standards for the handling of sensitive data and can be subject to regulatory overview, which can result in an increase in our compliance expenses and negative publicity for our products and services in case of a breach or attempted breach.

In the event of such actions, we, our clients, and other third parties could be exposed to potential liability, litigation, and regulatory or other government action, as well as to the loss of existing or potential clients, damage to brand and reputation, and other financial loss. In addition, the cost and operational consequences of responding to breaches and implementing remediation measures could be significant. We also experience and respond to cybersecurity threats from time to time. As our business and the cybersecurity landscape evolve, we may also find it necessary to make significant further investments to protect data and infrastructure. However, there can be no assurance that such investments will prevent future cyberattacks or other threats from occurring which may result in material adverse effects on our business and operations. In addition, the trend to publicize vulnerabilities discovered in our industry increases the risks posed by these attacks and the potential costs that we, our partners and/or our clients might have to incur to respond and remediate to any of such attacks. Any of the foregoing, individually or in the aggregate, could have a material adverse effect on our business, results of operation, financial condition, and prospects.

If we are unable to protect or enforce our intellectual property rights, or if our services or solutions infringe upon the intellectual property rights of others or we lose our ability to utilize the intellectual property of others, our business could be adversely affected.

We rely on a combination of trademarks, licenses agreements, non-disclosure agreements and proprietary know-how to protect our intellectual property rights. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any invention created during employment, to convey such rights to inventions to us, and to restrict any disclosure of proprietary information. In addition, our employment contracts generally require our employees to convey to us rights to any inventions created during their employment and restrict employees from disclosing proprietary information. Trade secrets are generally difficult to protect. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information and/or the infringement of our patents and copyrights. From time to time, our trademarks are challenged by third parties who may allege infringement with their own intellectual property rights or that our trademarks could generate confusion among the public. As of June 30, 2021, we have one active trademark dispute in Italy. Further, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to adequately protect, maintain, or enforce our intellectual property rights may adversely limit our competitive position.

In addition, we cannot be sure that our services and solutions, including, for example, our software solutions, or the solutions of others that we offer to our clients, do not infringe on the intellectual property rights of third parties (including competitors as well as non-practicing holders of intellectual property assets), and these third parties could claim that we or our clients are infringing upon their intellectual property rights. Furthermore, we may not be aware if our employees have misappropriated and/or misused intellectual property, and their actions could result in claims of intellectual property misappropriation and/or infringement from third parties. These claims could harm our reputation, cause us to incur substantial costs or prevent us from offering some services or solutions in the future. Any related proceedings could require us to expend significant resources over an extended period of time. In most of our contracts, we agree to indemnify our clients for expenses and liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities could be greater than the revenues we receive from the client. Any claims or litigation in this area could be time-consuming and costly, damage our reputation and/or require us to incur additional costs to obtain the right to continue to offer a service or solution to our clients. If we cannot secure this right at all or on reasonable terms, or we are unable to implement in a cost-effective manner alternative technology, our results of operations could be materially adversely affected. The risk of infringement claims against us may increase as we expand our industry software solutions and continue to develop and license our software to multiple clients. Any infringement action brought against us or our clients could be costly to defend, or could lead to an expensive settlement or judgment against us. Further, we rely on third-party software to provide some of our services and solutions. If we lose our ability to continue using any such software for any reason, including because it is found to infringe the rights of others, we will need to obtain substitute software or seek alternative means of obtaining the technology necessary to continue to provide such services and solutions. Our inability to replace such software, or to replace such software in a timely or cost-effective manner, could materially adversely affect our results of operations.

Risks Related to the COVID-19 Pandemic and Other Unforeseen Circumstances

The COVID-19 pandemic has had, and could continue to have, a negative impact on our financial results and it could potentially have a material adverse impact on our business, financial condition and results of operations, the extent of which is not predictable.

In December 2019, a novel strain of coronavirus, COVID-19, was first detected in Wuhan, China, and has since spread across the globe. On March 11, 2020, the World Health Organization declared that the rapidly spreading COVID-19 outbreak was a global pandemic. In response to the COVID-19 pandemic, many governments around the world have implemented, and continue to implement, a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans, social distancing requirements for both individuals and businesses, shelter-in-place and lockdown orders and required closures of non-essential businesses.

The various lockdowns in the 12 countries in which we operate have directly impacted our clients. On a global scale, due to the shutdown of businesses across the industries in which we operate, clients have delayed projects, decreased their scope, and in some cases, cancelled them all together.

Uncertainty about the lifting of lockdowns and the return of business activity, as well as the possibility of future lockdown measures, could lead to lower demand from our clients, and we cannot provide assurance that the outbreak of the COVID-19 pandemic or any resurgence or outbreak of other contagious diseases will not have a material adverse effect on our operations. The circumstances of the COVID-19 outbreak are continuing to change rapidly, and we are unable to reasonably estimate the full impact of the COVID-19 pandemic on our financial results and liquidity, as well as operations. Future developments of the COVID-19 pandemic could give rise to circumstances that result in one or more of the following:

- we could lose key clients, clients could become insolvent or we could have a reduction or volatility in demand for our consulting services, which may be caused by, among other things: decreased demand as a result of travel restrictions and bans, social distancing requirements for both individuals and businesses, shelter-in-place and lockdown orders, and required closures of non-essential businesses;
- confidence in the markets in which we operate could be undermined, leading to clients reducing, delaying, or eliminating spending for our services;

- the markets that we serve may grow at a slow rate, or could stagnate or contract, in each case, for an extended period of time;
- cancellation, stoppage, delay or decline in the number and size of merger and acquisition ("**M&A**") transactions, litigation and governmental and regulatory proceedings, antitrust and competition matters, or other types of investigations and matters on which we advise;
- we could be subject to changes in laws and governmental regulations that adversely affect our business and operations;
- the third parties on which we rely and independent contractors, may fail to meet their obligations to us, or may face significant disruptions in their ability to do so;
- we could be subject to adverse fluctuations in currency exchange rates;
- we might lose key management and operating personnel;
- we may face higher employee ancillary costs, as well as incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees;
- we may be impacted by government budget constraints, tax constraints, or government shutdowns;
- our access to capital markets may be restricted, which could adversely affect our short-term liquidity and prevent us from fulfilling our obligations, including those under the Notes;
- we may be impacted by deterioration in the global credit, financial and economic environment, which could have a negative impact on our results of operations, financial position or cash flows;
- we may be subject to increased information technology ("**IT**") security threats and reduced network access availability;
- our operations or the operations of our principal clients could be designated as non-essential across our key markets;
- we may experience a disruption or delay in executing our strategic capital initiatives due to travel restrictions and/or health and safety concerns.

We have taken precautionary measures, any may take additional measures, to minimize the risk of the COVID-19 pandemic to our employees and operations, including restricting business travel and encouraging our employees to work remotely where possible. The increase in remote working may create additional operational risks for us, including risks related to employee productivity, satisfaction, mobility, tax and training. In addition, though such measures, such us restricting business travel, have resulting in positive impacts on our cost base, such impacts may not be permanent and our expenses could increase once travel restrictions are lifted.

While the industry in which we operate has not been as severely impacted to the same extent as other industries, the ultimate impact of the COVID-19 pandemic depends on the severity and duration of the pandemic and the actions taken by governmental authorities and other third parties in response, each of which is uncertain, rapidly changing and difficult to predict. Any of these disruptions could adversely impact our business and results of operations. In addition, these and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risk factors disclosed in this Offering Memorandum.

The COVID-19 pandemic could adversely impact the health of our client-facing professionals, as well as our executive officers and other employees, which could have a material adverse effect on our ability to secure or perform client engagements and our results of operations.

Our client-facing professionals provide unique and highly specialized skills and knowledge to our clients. We rely on our client-facing professionals, to secure and perform client engagements. If the health of our client-facing professionals or employees providing critical corporate functions, including our executive officers, is impacted as a result of the COVID-19 pandemic, the number of employees so afflicted becomes significant, or an employee with skills and knowledge that cannot be replicated in our organization is impaired due to the COVID-19 pandemic, our ability to win business and provide services, as well as utilization rates, employee morale, client relationships, business prospects, and results of operations, could be materially adversely affected.

The COVID-19 pandemic could heighten risks related to, or otherwise negatively impact the effectiveness of, cybersecurity, information technology, financial reporting and other corporate functions that the Company relies upon to operate.

We have encountered, and may continue to encounter, operational risks arising from changes in the way we conduct our business during the COVID-19 pandemic. The majority of our employees and contractors, as well as our clients, are working remotely and rely heavily on technology to perform their jobs. Risks arising from our reliance on remote communications, virtual meetings, and other forms of technology could include elevated cybersecurity risks and difficulty protecting company and client confidential communications. We may also experience impairments or declines in the effectiveness, capabilities and capacity of certain technology we employ, including issues with virtual meetings or other remote communications systems. Certain employees or regions could experience difficulties accessing and maintaining internet connections or issues with saving and retrieving information from cloud-based and other computing systems on which we rely.

Furthermore, our increased reliance during the COVID-19 pandemic on technology for conducting certain corporate functions, such as financial reporting and internal controls, and internal audit, may not be as effective as our historical practice of reliance on a combination of technology and in-person resources. Our investment of time and resources in assuring the functionality of our systems and in mitigating technological risks may be more difficult to achieve or not wholly successful. If we experience cybersecurity issues, if we are unable to protect confidential information, or if we do not adequately provide services or perform corporate functions, all or portions of our ability to conduct business and operate may be impaired and our financial condition and results of operations could be materially adversely affected.

Changes in capital markets, M&A activity, legal or regulatory requirements, general economic conditions and monetary or geopolitical disruptions, as well as other factors beyond our control, could reduce demand for our services, in which case our revenues and profitability could decline.

Factors outside of our control could affect demand for our services. These include: (i) fluctuations in global economies, including economic downturns, recessions, volatility due to for example the COVID-19 pandemic, and the strength and rate of any general economic recoveries; (ii) global financial markets and the availability, costs, and terms of credit and credit modifications; (iii) level of leverage incurred by countries or businesses; (iv) M&A activity; (v) frequency and complexity of significant commercial litigation; (vi) overexpansion by businesses causing financial difficulties; (vii) business and management crises, including the occurrence of alleged fraudulent or illegal activities and practices; (viii) new and complex laws and regulations, repeals of existing laws and regulations or changes of enforcement of laws, rules and regulations, including antitrust/competition reviews of proposed M&A transactions; (ix) other economic, geographic or political factors; and (x) general business conditions.

We cannot predict the possible impact, positive or negative, that future events or changes to global economies will have on our operations, which may make it more difficult to accurately forecast client demand and effectively build our revenue and resource plans, particularly in consulting. Economic and political volatility and uncertainty is particularly challenging because it may take some time for the effects and changes in demand patterns resulting from these and other factors to manifest themselves in our business and results of operations. Fluctuations, changes and disruptions in financial, credit, M&A and other markets, political instability, and general business factors could impact our operations and could affect such operations differently. Changes to factors described above, as well as other events, including by way of example, contractions of regional economies, or the economy of a particular country, trade restrictions, monetary systems, banking, real estate and retail or other industries; debt or credit difficulties or defaults by businesses or countries; new, repeals of or changes to laws and regulations, including changes to the bankruptcy and competition laws in the countries in which we operated; tort reform; banking reform; a decline in the implementation or adoption of new laws or regulation, or in government enforcement, litigation or monetary damages or remedies that are sought; or political instability may have adverse effects on our service, practice, or industry offerings.

Risks Related to Legal and Compliance Matters

Some of the industries in which we operate are subject to extensive governmental regulation, and changes in these regulations, or the failure by us to comply with these regulations, could harm our business.

Some of the industries in which our clients operate, including financial services, public sector & healthcare and telecommunication, media and entertainment ("**TMT**") industries, are subject to extensive, complex, costly and evolving laws and regulations. These regulations govern, among other things, the provisions of some of our services as well as the development of some of our products, in particular software and digital solutions, and their utilization by our clients. In addition, in providing software, digital solutions, and IT services to our clients, we often process, collect, and store sensitive personal data of clients, business partners, employees, third parties, and others (including, among others, name, address, age, and bank details) as part of the ordinary course of our business operations. We are, therefore, subject to data protection and privacy legislation, including the EU General Data Protection Regulation 2016/679 (the "**GDPR**") and the Italian Privacy Code (Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018, which adapted applicable Italian rules to

GDPR). Such laws and regulations restrict our ability to collect, process, and use personal data relating to clients, potential clients, business partners, and employees, including for marketing purposes.

In particular, the GDPR, which came into effect on May 25, 2018, and was immediately binding across all Member States of the European Union, increased both the number and the restrictive nature of the obligations applicable to us, with a focus on the collection, processing, use, and transfer of personal data. The GDPR obligates European Union-based companies or companies that process personal data about European Union subjects (either as "data controllers" or as "data processors") to comply with a large number of obligations, which relate, for example, to, (i) the processing of personal data including transparency, data minimization, accuracy, storage limitation, security and confidentiality; (ii) the ability of the controller to demonstrate compliance with such principles (accountability); (iii) the obligation to identify a legal basis before the processing; (iv) the rights of data subjects, such as, among others, transparency, a right of access, the right to rectification, and the right to erasure, and (v) and (v) mandatory data breach notifications to the supervisory authorities and, in certain cases, the affected individuals. The GDPR obligates companies to implement a number of 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. Non-compliance with the GDPR may result in significant penalties including fines of up to 4% of total annual worldwide turnover or €20.0 million (whichever is higher), depending on the type and severity of the breach. 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). Our data security insurance coverage may be limited and we cannot guarantee that our data security insurance coverage or our general liability insurance coverage will be sufficient to cover all or any liabilities in the event of a breach of our data security systems.

Any failure, or perceived failure, by us to comply with any applicable data protection laws and regulations could result in proceedings, investigations, or other actions (including class actions) brought against us by governmental entities and agencies or private individuals and entities, which may result in significant fines, penalties, judgments, and reputational damages to our business, and require us to change business practices and increase the costs and complexity of compliance, any of which could materially adversely affect our business, results of operations, and financial condition. Moreover, evolving regulation relating to privacy, information security, and data protection could increase our costs and affect or limit the way through which we collect, process, use, store, and transfer personal data. Compliance with, and monitoring such laws and regulations is demanding, time consuming, and costly. Further, such laws and regulations, including their interpretation and application, change from time to time, and such changes could impose new burdens and expose us to further liability, either of which could have a material adverse effect on our reputation, business, results of operations, and financial condition. 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.

The increased emphasis on information security and the requirements to comply with applicable data security and privacy laws and regulations has increased, and is expected to continue to increase, our related costs of doing business and could negatively impact our financial results. Any failure to comply with the applicable regulations, could result in fines, enforcement actions by governments or competent authorities, injunctions or other measures which could result in reputational harm, reduced market share and, in turn, could have a material adverse effect on our business, financial condition, and results of operations.

Failure to comply with governmental, regulatory and legal requirements could lead to governmental or legal proceedings that could expose us to significant liabilities and damage our reputation.

Doing business internationally requires us to comply with the laws and regulations of various jurisdictions. In particular, our operations are subject to anti-corruption and bribery laws and regulations, including the Italian Royal Decree 1398/1930 and Italian Legislative Decree 231/2001 ("**LD 231/2001**"), US Foreign Corrupt Practices Act of 1977 ("**FCPA**"), the United Kingdom Bribery Act of 2010 (the "**Bribery Act**"), and other similar laws in the countries where we do business (collectively, "**Anti-Corruption Laws**"), 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 advisor or with the intent to win a governmental contract. As of the date of this offering memorandum, BIP has adopted an organizational, management and control model pursuant to LD 231/2001, as a defense against the criminal and administrative responsibility that could be attributed to BIP pursuant to LD 231/2001 for offenses committed in BIP's interest or benefit by people responsible for representing, directing or managing, or by people who *de facto* manage and control, BIP or one of its business units that has financial and operational autonomy, as well as by anyone who is subject to the management or supervision of one of the aforementioned people. However, consistent with Italian legal requirements, this model applies only to BIP and not to any other member of the Group and the adoption of 231 model by BIP is not sufficient on its own to prevent sanctions against the Group under LD 231/2001, see *"—We may incur liabilities for the actions of our directors, employees, agents, representatives, advisors, and intermediaries, including under LD 231/2001.*"

Although we have policies and procedures in place, such as a Code of Ethics and Anti-Corruption Policy there can be no assurance that such policies and procedures will be followed at all times or effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents, or partners, for which we could be held responsible. Illegal or improper conduct by our executive officers, directors, employees, independent consultants or contractors, or others who are subject to our policies and procedures could damage our reputation, which could adversely affect our existing client relationships or adversely affect our ability to attract and retain new clients, or lead to litigation or governmental or regulatory proceedings, which could result in civil or criminal penalties, including substantial monetary awards, fines, and penalties, as well as disgorgement of profits. In addition, investigations of potential violations of these laws and regulations can also be costly and divert management's attention from the business. As such, violations and potential violations of Anti-Corruption Laws can have a significant impact on our reputation, business, results of operations, financial condition and on our ability to win future business.

We may incur liabilities for the actions of our directors, employees, agents, representatives, advisors, and intermediaries, including under LD 231/2001.

Conducting our business in an ethically acceptable manner is important to our reputation, status with regulators, and business prospects. Any contact by our directors, employees, agents, or partners with public administration involves risks associated with fraud, bribery, corruption, incorrect use of public contributions, and other fraudulent activities by our employees and related investigations.

We are also exposed to the risk that our directors, employees, or agents commit crimes, which may consist of using our infrastructure to violate the IT systems of our competitors, unlawful access to banking data (including that of our clients) and damage to our IT systems and documents. In addition, we may be subject to claims in connection with damage to property, business interruptions, unauthorized use of our property, unauthorized entry or breach of security protocols, negligence, willful misconduct, or other tortious acts by our employees or people who have gained unauthorized access to premises operated by us. 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 of crimes, breaches of security measures, damages to third parties, or manslaughter. In particular, we are also subject to LD 231/2001, which is aimed, *inter alia*, at preventing direct or indirect acts of corruption (also between private individuals), bribery, money laundering, anti-competitive behavior, fraud, environmental crimes, and other illegal conduct (all such offences as specifically defined in LD 231/2001). We may be unable to detect or prevent every instance of such conduct involving our directors, employees, consultants, partners, agents and third-party agents' representatives, and intermediaries, and/or fail to adequately update and implement such monitoring systems.

In addition, our monitoring systems (including our internal whistleblowing procedures, our internal policies, our management and organizational model pursuant to LD 231/2001 and our risk management system) may not be sufficient 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 such monitoring systems) may expose us to civil and administrative penalties, also pursuant to the provisions of LD 231/2001, as well as to reputational damage as a result of such occurrences.

In particular, pursuant to LD 231/2001, we may be held responsible for certain crimes committed in Italy or abroad including, among others, bribery, money laundering, corruption (including among private individuals), fraud against, the state, corporate offenses, market abuse, certain environmental violations, and workplace safety violations in our interest or for our benefit, by individuals having a functional relationship with us at the time the relevant crime was committed, including third-party agents, partners or intermediaries, unless we were able to prove that such individuals fraudulently violated such internal control model and it was impossible for us to avoid such violation. In such circumstances, we may be subject to fines, confiscation of profits or legal sanctions (applied as interim measures during the investigations), including, subject to certain conditions being met, provisional measures, the termination of authorizations, permits, licenses, concessions, and financing arrangements, including facilitated financing, suspension of our operations, or prohibitions on contracting with public authorities. The duration of these disqualifications ranges from a minimum of three months to a maximum of two years, although in very serious cases, some of these disqualifications can be applied permanently. As an alternative to the 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. Any such allegations may expose us to liability under LD 231/2001. Any of the foregoing events may have a material adverse effect on our business, financial condition, and results of operations.

Changes in tax laws could have a material adverse effect on our business, cash flow, results of operations and financial condition.

We are subject to income and other taxes in a number of jurisdictions including Italy, the UK and Brazil, and in the US at the state and federal level. Changes in tax laws and regulations or their interpretation and application in the jurisdictions in which we operate, including the US at both a state and federal level, could materially affect our tax expenses and profitability.

Italian tax law and administration is complex and often requires us to make subjective determinations about whether, and calculations about to what extent, we owe amounts to the relevant tax authorities. We often rely on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with our interpretation of these laws. We are from time to time subject to tax audits and investigations by the tax authorities, which include investigations with respect to the direct tax and indirect tax regime applicable to our transactions (including tax matters related to labor costs).

Future changes in tax laws, treaties, or regulations, and their interpretation or enforcement, may be unpredictable, particularly as taxing jurisdictions face an increasing number of political, budgetary and other fiscal challenges. Tax rates in the jurisdictions in which we operate may change as a result of macroeconomic and other factors outside of our control, making it increasingly difficult for multinational corporations like ourselves to operate with certainty about taxation in many jurisdictions. As a result, we could be materially adversely affected by future changes in tax law or policy (or in their interpretation or enforcement) in the jurisdictions where we operate, which could have a material adverse effect on our business, cash flow, results of operations, and financial condition, as well as our effective income tax rate.

We are subject to the risk of litigation, tax and regulatory investigations, quality audits by our clients and other claims.

From time to time, we are involved in litigation including, among others, labor law related claims, litigation related to competition law, anti-trust law, debt collection laws, tax law, and intellectual property law, as well as other legal proceedings with clients, suppliers, software developers, external workers, advisors and sales employees, and others. In the aftermath of public health measures implemented in the jurisdictions in which we operate, as well as our temporary personnel initiatives due to the impact of the COVID-19 pandemic, we could be subject to an increase in litigation, in particular in relation to our vendors and our employees, including with respect to health and safety measures.

In the course of our business, we may also be subject to other proceedings, such as regulatory and tax investigations and audits as well as inspections by tax and other regulatory authorities, which may expose us to criminal or civil enforcement actions, including penalties and suspension or disqualification from procurement contracting. When we determine that a significant risk of a future claim against us exists, we record provisions in an amount equal to our estimated liability, which may negatively impact our results of operations. Any failure to prevail in current or future litigation or other legal proceedings, or to accurately predict the amounts at stake in a litigation or other legal proceedings or the likelihood of prevailing in any such litigation or other legal proceedings could result in unfavorable outcomes that could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Risks Related to Our Financing Arrangements

Our leverage and debt service obligations could materially adversely affect our business and prevent us from fulfilling our obligations with respect to our debt, including the Notes.

Upon consummation of the Transactions, we will be highly leveraged and will have significant debt service obligations. As of June 30, 2021, after giving *pro forma* effect to the Transactions, the principal amount of our financial indebtedness would have been €275.0 million, consisting of indebtedness under the Notes, and our total indebtedness (including lease liabilities) would have been 313.5 million (excluding obligations under acquisition-related earn-outs and deferred compensation, a participative financial instrument issued to employees of BIP and a shareholder loan granted to Adventis by a minority shareholder). As of the same date, after giving *pro forma* effect to the Transactions and the expected reduction of commitments under the Revolving Credit Facility, we would have had €48.5 million available for borrowing under our Revolving Credit Facility. See "*Capitalization,*" "*Description of Certain Financing Arrangements*" and "*Description of the Notes*." We anticipate that our high leverage will continue for the foreseeable future and could have material consequences for the holders of the Notes, including:

- making it more difficult for us to satisfy our debt obligations, including under the Notes the Revolving Credit Facility and other debt and liabilities we may be permitted to incur;
- increasing our vulnerability to a downturn in our business or economic and industry conditions;
- limiting our and our subsidiaries' ability to obtain additional financing to fund future working capital requirements, capital expenditures, business opportunities and other corporate requirements and increasing the costs of such additional financings;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- requiring us to dedicate a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, reducing the availability of cash flow to fund our operations and for other corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business, competitive environment and industry;
- delays in product development if we do not have the funds available to complete development projects; and
- restricting us from investing in client acquisitions, growing our business, pursuing strategic acquisitions and exploiting certain business opportunities.

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 refinancings or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our debt instruments. Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including under the Notes, the Revolving Credit Facility and other debt and liabilities we may be permitted to incur.

Despite our high leverage, we may still incur additional indebtedness, including at the level of our subsidiaries, which could make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

Subject to restrictions in the Indenture and restrictions in the Revolving Credit Facility Agreement, we may incur additional indebtedness, which could increase the risks associated with our already substantial indebtedness. We have the ability to borrow up to €50.0 million under our Revolving Credit Facility which amount is expected to be reduced to €48.5 million on or prior to the Issue Date, which is secured by the same collateral as the collateral for the Notes, (except that until the Notes are secured by the Post-Closing Collateral, only the Revolving Credit Facility will be secured on the Post-Closing Collateral) but will be entitled to be repaid with the proceeds of the Notes Collateral sold in any enforcement sale in priority to the Notes. The terms of the Indenture permit us to incur additional debt. Our subsidiaries may also be able to incur substantial additional indebtedness in the future, further increasing the risks associated with our substantial leverage. If any of the subsidiaries of the Issuer that do not guarantee the Notes incur additional indebtedness, the holders of that debt will be entitled to share ahead of you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such subsidiaries. As of the Issue Date the Notes will not be guaranteed. The new debt that we incur in the future, including for example in connection with acquisitions, may rank *pari passu* with, be structurally senior to, or be secured by assets that do not form part of the Notes Collateral for the Notes. Any such additional indebtedness could mature prior to the Notes. See "*—Risk Factors Relating to the Notes, the Notes Collateral and any Future Notes Guarantees—The Notes will be structurally subordinated to all indebtedness of the Issuer's existing and future subsidiaries that do not guarantee the Notes, including contractually subordinated to any indebtedness under the Revolving Credit Facility*" and "*Description of Certain Financing Arrangements*." If we incur additional indebtedness, the related risks that we currently face as described above and elsewhere in these "*Risk Factors*" could intensify.

We are subject to restrictive covenants under the Revolving Credit Facility Agreement and the Indenture, which could impair our ability to run our business.

Restrictive covenants under the Revolving Credit Facility Agreement and the Indenture may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially adversely affect our financial condition and results of operations. The Revolving Credit Facility Agreement contains and the Indenture will contain negative covenants restricting, among other things, our ability to:

- make certain loans or investments;
- incur indebtedness or issue guarantees;
- sell, lease, transfer or dispose of assets and subsidiary stock;
- merge or consolidate with other companies;
- transfer all or substantially all of our assets;
- pay dividends and make other restricted payments;
- create or incur liens;
- agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions; and
- enter into transactions with affiliates.

The restrictions that are included in the Revolving Credit Facility Agreement and will be included in the Indenture could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could materially adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Revolving Credit Facility Agreement or the Indenture.

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

We may not be able to generate sufficient cash to meet our debt service obligations or our obligations under other financing agreements, in which case our creditors could declare all amounts owed to them due and payable, leading to liquidity constraints.

Our ability to make interest payments on the Notes and to meet our other debt service obligations, including under the Revolving Credit Facility Agreement and the Indenture, or to refinance our debt, depends on our future operating and financial performance, which in turn depends on our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors that are beyond our control. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing, delay planned capital expenditures or investments or sell material assets. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including the Notes. If we are also unable to satisfy our obligations on other financing arrangements, we could be in default under the Revolving Credit Facility Agreement, the Indenture and other relevant financing agreements which we may enter into in the future. In the event of a default under the Revolving Credit Facility Agreement or certain other defaults under any other agreement, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments and declaring all amounts that we have borrowed under our credit facilities and other indebtedness to be due and payable, together with accrued and unpaid interest. Such a default, or a failure to make interest payments on the Notes, could mean that borrowings under other debt instruments that contain cross-acceleration or cross-default provisions, including the Notes and the Revolving Credit Facility, may as a result also be accelerated and become due and payable. If the debt under the Revolving Credit Facility or the Notes or any other material financing arrangement that we have entered into or will subsequently enter into were to be accelerated, our assets may be insufficient to repay the Notes in full. Any such actions could force us into bankruptcy or liquidation, and we might not be able to repay our obligations under the Notes in such an event. Also, 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. 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 and results of operations. See "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."

Our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in, and to the tax laws and regulations of Italy. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies and related parties. Adverse developments in these laws or regulations, or any change in position or interpretation by the relevant Italian authority regarding the application, administration or interpretation of these laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

In addition, the tax authorities in Italy may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment of dividend distributions and of our indebtedness, including the Notes, and former, existing or future intercompany loans and guarantees or the deduction of interest expenses. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of our various financing arrangements, which could result in unfavorable tax treatment for such arrangements. If the Italian tax authorities were to successfully challenge the tax treatment or characterization of any of our loans, indebtedness or similar transactions, it could result in the disallowance of deductions, the limitation of our ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and/or accrued interest on loans or internal deemed transfers or other consequences that could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

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

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986 ("**Decree No. 917**"), as amended by Legislative Decree No. 142 of November 29, 2018) allows for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year or carried forward from previous fiscal years. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of the EBITDA of the company (*i.e., risultato operativo lordo della gestione caratteristica* or "**ROL**") to be quantified on the basis of the relevant tax values assumed from the perspective of the Italian corporate income tax (*i.e.* considering the tax adjustments applied for corporate income tax purposes to items included in the ROL computed from an accounting perspective). The amount of ROL not used for the deduction of the amount of interest expense that exceeds interest income can be carried forward, increasing the amount of ROL for the following five fiscal years. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years, provided that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. In the case of a tax group, interest expense not deducted by an entity in the tax group due to lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies within the tax group.

Based on the above rules, the Issuer (or the Group) may not be able to deduct for Italian tax purposes all interest expenses borne in each relevant fiscal year.

In the past, the Italian tax authorities have in certain instances challenged merger leveraged 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 clarifying, as a common principle, that interest on an acquisition bank loan in leveraged buyout ("**LBO**") transactions are generally deductible for the Italian corporate income tax ("**IRES**") purposes, subject only to ordinary limitations stated in Article 96 of Presidential Decree No. 917 of December 22, 1986. In particular, the Italian Revenue Agency confirmed as a general principle that LBO transactions are generally based on sound economic reasons considering that the financing from third party lenders is usually conditional on acquisition of control over the target company by a special purpose vehicle and the following merger with debt push down. As a result of such guidance, LBO transactions are generally not considered irregular for tax purposes absent specific circumstances in which the tax authorities contend that the structuring of any such transaction was designed to obtain unlawful tax advantages in violation of the law or established legal principles (e.g., re-leveraged transactions without a change of control).

Any future changes in Italian tax laws or in their interpretation, including any future limitation on the use of the ROL of the Issuer and/or the subsidiaries of the Issuer included in the tax group, if any, or the tax treatment of interest expense arising from any indebtedness, including the Notes, the failure to satisfy the applicable legal requirements relating to the deductibility of interest expense or the application by Italian tax authorities of certain existing interpretations of Italian tax law may result in our inability to fully deduct our interest expenses, and the application of withholding taxes, which may have a material adverse effect on our financial condition. Furthermore, if the Italian tax authorities were to successfully challenge the tax treatment or characterization of any of the Transactions, including the issue of the Notes or the use of proceeds from the Offering, including on the basis of anti-avoidance or anti-abusive criteria, we may be unable to fully deduct our interest expenses or may be subject to (i) significant penalties and accrued interest; (ii) the imposition of withholding taxes or (iii) 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.

We may require additional capital in the future, which may not be available to us on commercially favorable terms or at all.

In the future, we may require additional capital to respond to business opportunities, refinancing needs, regulatory requirements, acquisitions or unforeseen circumstances and may decide to engage in equity or debt financings or enter into credit facilities for other reasons, and we may not be able to secure any such debt or equity financing or refinancing on favorable terms, in a timely manner, or at all. Any debt financing obtained by us in the future could also involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing shareholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences, and privileges senior to those of holders. If we unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited which may materially adversely affect our business, results of operations and financial condition.

Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees

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

Prior to the Merger, the Issuer will operate as a holding company that conducts no business operations of its own and has no significant assets. As a result, the Issuer will be dependent upon the cash flow from its subsidiaries in the form of dividends, intercompany loans or otherwise to make payments on the Notes. The Issuer's operating subsidiaries may not generate cash flow sufficient to enable the Issuer to meet its payment obligations under the Notes. In addition, the Issuer's subsidiaries may be restricted from providing funds to the Issuer under some circumstances. These circumstances could include, among others, restrictions under Italian corporate law which require a company to retain at least 5% of its annual unconsolidated net income until such reserve reaches at least 20% of the value of the company's share capital, and future contractual restrictions, including restrictions in credit facilities and other indebtedness, that may affect the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer. In addition, applicable tax laws may also subject such payments to taxation.

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

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

The Issuer is beneficially owned by funds advised by CVC. Since the consummation of the Acquisition, the Target Group has been directly wholly owned by the Issuer. As a result, the Sponsor has, 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 shareholders. 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. Moreover, 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 and/or that operate in our markets or adjacent ones. The Sponsor may also pursue acquisition opportunities that are complementary to or in competition with 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 target companies. The Sponsor and its respective 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 equity investments, although such transactions might involve risks to you as a holder of Notes.

The Notes will be structurally subordinated to all indebtedness of the Issuer's existing and future subsidiaries that do not guarantee the Notes, including contractually subordinated to any indebtedness under the Revolving Credit Facility.

On the Issue Date, the Notes will not be guaranteed. If the Merger does not occur by September 10, 2020 (the "**Cut-Off Date**"), the Issuer will use commercially reasonable efforts to provide that, within 120 days from the Cut-Off Date, BIP will guarantee the Notes, subject to the Agreed Security Principles and subject to certain significant limitations as described under "*Limitations on Validity and Enforceability of any Notes Guarantees and the Notes Collateral and Certain Insolvency Law Considerations*." See "*—The Notes Collateral and any future guarantees 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 Issuer's subsidiaries that do not guarantee the Notes will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or otherwise. As such, the claims of creditors of our non-Guarantor subsidiaries, including trade creditors and claims of preference shareholders (if any), will have priority with respect to the assets and earnings of the subsidiary over the claims of the creditors of the Issuer, including claims by the holders of the Notes.

The Issuer is incorporated in Italy, and Italian insolvency laws may not be as favorable to holders of the Notes as insolvency laws in other jurisdictions with which they may be familiar.

The Issuer is organized and is likely to have its center of main interests under the laws of Italy. 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 may be familiar, including in respect of creditors' reorganization, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes to the extent exceeding the limitations arising under other insolvency laws. In the event that the Issuer or any future subsidiary of the Issuer experiences financial difficulty, it is not possible to predict with certainty the outcome of such proceedings. In particular, the insolvency and other laws of Italy may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding and preference periods. The application of these laws could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights against the Notes Collateral in Italy and limit any amounts that you may receive. Security is also being provided over share of a Luxembourg company and therefore the collateral may also be subject to Luxembourg insolvency law considerations. For an overview of certain insolvency laws and enforceability issues as they relate to the Issuer, see "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations.*"

We may be unable to complete the 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 Merger pursuant to the provisions of 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. 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-à-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 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 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 Mergerco.

Our estimate of the timing required to complete the 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 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 Merger will be taken in a timely manner, or at all. Subject to certain exceptions, the 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 Merger. Within this 60-day deadline, the creditors of the companies involved in the Merger is entitled to challenge the Merger. Moreover, pursuant to the applicable "golden power" legislation, the Merger may be subject to a new filing with the Italian Council of Ministries and the obtainment of the relevant clearance will be subject to a simplified procedure being an extraordinary transaction implemented by companies belonging to the same group.

Following the Merger, in the event that BIP is the successor company of the Merger, Mergerco will, upon consummation of the Merger, assume the obligations of the Issuer under the Notes and the Indenture. Although as of the date of this Offering Memorandum we expect that BIP will be the surviving entity of the Merger, if the Merger are ultimately structured such that BIP is not the surviving entity, or if there is a new resulting entity, then BIP will be required to transfer licenses and permits relating to the conduct of its business operations to the new entity resulting from the Merger. There is no assurance that in such event BIP will be able to transfer its licenses or permits in a timely manner, or at all, or that our business may not be materially adversely affected as a result.

Concurrently with the Merger, certain Note Collateral will be extinguished by operation of law and, in particular, in the event that BIP is the successor company of the Merger, the share pledge over the shares of the Issuer will be extinguished by operation of law.

In addition, subject to and on terms consistent with the Agreed Security Principles, 20 business days following completion of the Merger, Mergerco will grant (or reconfirm, as applicable) and Midco will reconfirm the security interests in the Post-Merger Collateral.

In the event we are unable to consummate the Merger, the Post-Merger Collateral will not be granted for the benefit of the holders of the Notes, and Bach Bidco S.p.A. will remain the Issuer.

Creditors under the Revolving Credit Facility, certain hedging liabilities and certain debt that we may incur in the future will be entitled to be repaid with the proceeds of the Notes Collateral sold in any enforcement sale in priority to the Notes.

In addition to securing the Notes, the assets that comprise the Notes Collateral will also secure on a first-ranking basis our obligations under the Revolving Credit Facility and certain hedging obligations. The Indenture and the Revolving Credit Facility will also permit the Notes Collateral to be pledged to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement. Pursuant to the Intercreditor Agreement, the liabilities under the Revolving Credit Facility and certain hedging obligations will have priority over any amounts received from the sale of the Notes Collateral pursuant to an enforcement action taken with respect to such Notes Collateral. In the event of a foreclosure of the Notes Collateral, you may not be able to recover on such Notes Collateral if the then outstanding claims under the Revolving Credit Facility and such amount in respect of such hedging obligations are greater than the proceeds realized. In addition, any proceeds from an enforcement sale of the Notes Collateral by any creditor will, after all obligations under the Revolving Credit Facility and such amount in respect of such hedging obligations have been discharged from such recoveries, be applied pro rata in repayment of the Notes and any other obligations secured by such Notes Collateral on a *pari passu* basis, which obligations may be significant. As a result, holders of Notes may receive less, ratably, than holders of other secured indebtedness of the Group.

The proceeds from the enforcement of the Notes Collateral may not be sufficient to satisfy the obligations under the Notes.

The Notes will be secured only to the extent of the value of the Notes 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. The Notes will be secured only to the extent of the value of the Collateral. See "*Description of the Notes—Security—Release of Liens.*" Not all of our assets secure the Notes, and the Indenture allows 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 Notes Guarantee 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 Notes Collateral securing 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.

The value of the Notes Collateral and the amount to be received upon an enforcement of such Notes Collateral will depend upon many factors, including, among others, the ability to sell the Notes Collateral in an orderly sale, whether or not the business is sold as a going concern, the condition of the Italian economy and the availability of buyers. The book value of the Notes Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Notes Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Notes Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, (i) the pledges, shares and ownership interests of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding because all of the obligations of the entity must first be satisfied, leaving little or no remaining assets in the entity and (ii) the total amount secured under the Notes Collateral is not linked to the market value of the underlying assets.

It may be difficult to realize the value of the Notes Collateral, and an enforcement action may result in the termination of licenses.

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

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

The Notes Collateral may be subject to practical problems generally associated with the realization of security interests in collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consents. In addition, the consents of any third parties may not be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Notes Collateral may significantly decrease.

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

In addition, our business requires a variety of licenses. Our continued operation depends on the maintenance of such licenses. Under some of our licenses, public authorities impose restrictions on the transfers of the ownership of the license holder, including a change of control clause, which prohibits the transfer of the ownership of the license holder without the prior approval of the authority. In the event of an enforcement action under the terms of the Notes which results in the transfer of ownership of the Issuer or its subsidiaries, or a change in the shareholding of the Group for other reasons, the authorities may attempt to cancel our licenses. In addition, the uncertainty concerning the transferability of such licenses themselves could significantly reduce the value placed on the licenses by third parties and ultimately reduce the amount recovered in the event of an enforcement action. The applicable governmental authorities may not consent to the transfer of any of such licenses. If the regulatory approvals required for such transfers are not obtained, are delayed or are economically prevented, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result, and the value of the Notes Collateral may be significantly decreased.

The recovery from the enforcement of the share pledges forming part of the Notes Collateral may be complicated, involve long recovery times and a low recovery rate and may require prior approval by certain regulatory bodies.

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 may be limited. In addition, the Notes Collateral includes, *inter alia*, a security interest over the shares of each of the Issuer, Targets and Mergerco. To the extent the enforcement of this security interest would result in an acquisition of a holding in the Issuer, the Targets or Mergerco, any such enforcement would require clearance by the Italian Government, pursuant to the applicable Italian "golden power" legislation. Accordingly, the Security Agent may not have the ability to enforce its security and the value of the security interests may significantly decrease.

The Notes Collateral and any future guarantees of the Notes 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.

Any Notes Guarantee, once issued, will provide the holders of the Notes with a direct claim against the relevant Guarantor. However, the obligations of each Guarantor, the enforcement of a Notes Guarantee and the obligations of the grantor of security and the ability of the Security Agent to enforce on the Notes Collateral will be limited to the maximum amount that can be guaranteed by such Guarantor or provided by the relevant 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 Notes 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 Notes Guarantee. See "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations.*"

Accordingly, enforcement of any such Notes Guarantee or Notes Collateral against the relevant Guarantor or security provider would be subject to certain defenses available to the relevant Guarantors or security provider generally or, in some cases, to limitations contained in the terms of the Notes Guarantees or pledge of 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 Notes Guarantee or of a security provider 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 the Intercreditor Agreement, as regards any guarantor incorporated in Italy (an "**Italian Guarantor**"):

(i) the Notes 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 or other financial support in any form (such term, for the avoidance of doubt, not including equity contributions) advanced or made available from time to time to such Italian Guarantor (or any of its direct or indirect subsidiaries pursuant to article 2359, paragraph 1 and 2, of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Acquisition Closing Date, and outstanding at the time of the enforcement of the relevant Notes Guarantee, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility 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 and/or security provider 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 such Italian Guarantor under the relevant Notes Guarantee and/or as a result of the enforcement of any security interests granted by it;

(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;

(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 Banking Act"), the obligations of such Guarantor under its Notes 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 Banking Act, respectively.

In the event that the Merger does not occur by September 10, 2022, as regards to BIP, 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 the Intercreditor Agreement, until such time as the Merger is completed (if ever):

(i) the Notes Guarantee and security interests to be granted by BIP will only guarantee and secure the Issuer's obligations under the Notes in a proportion equal to that which Tranche B bears to the nominal principal amount of the Notes at issuance (the "**Refinancing Proportion**") and shall not exceed at any time an amount equal to the aggregate principal amount of the BIP Funding Loan outstanding at the time of the enforcement of the relevant Notes Guarantee or security, net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or received upon the enforcement of any security interests granted by BIP; provided further that BIP shall not be liable as a Guarantor and/or security provider 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 BIP under the relevant Notes Guarantee and/or as a result of the enforcement of any security interests granted by it;

(ii) the maximum amount guaranteed and/or secured by BIP, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed the lower of (i) 120% of the outstanding principal amount of the Notes, and (ii) the aggregate amount of the original principal amount of the Tranche B (as described under "*Use of Proceeds*") under the Notes, reduced, 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 (I) the aggregate amount of the original principal amount of the Tranche B (as described under "*Use of Proceeds*") under the Notes to (II) the original principal amount of the Notes;

(iii) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by BIP 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 BIP at that time;

(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 Banking Act), the obligations of BIP under its Notes 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 Banking Act, respectively; and

(v) any guarantee, indemnity, obligations and liability granted or assumed pursuant to the relevant Guarantee and/or security interest by BIP does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations under Tranche A (as described under "*Use of Proceeds*") under the Notes or in any way exceeding the Refinancing Proportion;

The abovementioned "*virtual tranching*" structure aimed at identifying the relevant portion of the proceeds of the Notes which does not constitute "acquisition debt" in respect of BIP 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 refinance the portion of the Bridge Facility that has been utilized to support the indirect acquisition or subscription directly or indirectly by the Issuer of the share capital of BIP. Should the Notes Guarantee and/or security interests granted by BIP 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 Notes Guarantee and security interests could be declared null and void.

In any case, the maximum amount that an Italian Guarantor 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 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, the security documents relating to the Notes 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.

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 shall be distributed among 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 Notes Guarantees and security. See "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations*."

Other limitations pursuant to bankruptcy or insolvency laws.

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 Notes Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Notes 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 Notes 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 Notes Guarantee has the effect of giving a creditor a preference or the creditor was aware that the relevant Guarantor was insolvent when the relevant Notes Guarantee was given;
- the relevant Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Notes Guarantee or the relevant Guarantor was: (i) insolvent or rendered insolvent because of the relevant Notes Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant Notes Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Notes 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 Notes Guarantee was in excess of the maximum amount permitted under applicable law.

It is possible that a Guarantor or security provider, or a creditor of a Guarantor or a security provider, or the bankruptcy trustee in the case of a bankruptcy of a Guarantor or a security provider, may contest the validity and enforceability of the Guarantor's Notes Guarantee or security interest on any of the aforementioned grounds and that the applicable court may determine that the Notes Guarantee or pledge 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 Notes Guarantee or security obligation apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor or security provider, including trade payables of such Guarantor or security provider to the extent of such limitations. Future pledges or guarantees may be subject to similar limitations.

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

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 Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations.*"

The security interests in the Notes Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Notes Collateral may be restricted by Italian law.

The security interests in the Notes Collateral that will secure the obligations of the Issuer under the Notes will not be granted directly to the holders of the Notes but to the Security Agent, 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 Notes Collateral are taken, including the Republic of Italy. For example, the laws of certain jurisdictions may not allow for the appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in, nor are directly parties to, a security document will be validly secured and/or can be enforced; this area of law is untested in the courts of certain jurisdictions (including the Republic of Italy). In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent ("**Parallel Debt**") mirroring the obligations of the Issuer 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 as Italian law does not provide for such a construct. All or part of the pledges and other security interests in jurisdictions utilizing the Parallel Debt construct will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under the provisions of the Intercreditor Agreement, the Parallel Debt will be at all times in the same amount and payable at the same time as the Principal Obligations and any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct in financing transactions, including credit facilities and bond issuances, has not been tested under law in certain of these jurisdictions, including under Italian law, and to the extent that the security interests in the Notes 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 Notes Collateral. See "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations*."

Moreover, in Italy the Notes Collateral will not be granted directly to the holders of the Notes but will be created and perfected in favor of the Security Agent, acting also 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 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 interests and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Notes 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 Notes Collateral governed by Italian law which is granted after the Issue Date.

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 Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations.*"

The holders of the Notes may not control certain decisions regarding the Notes Collateral.

The Intercreditor Agreement will provide that a common Security Agent, who will also serve as the security agent for the lenders under Revolving Credit Facility Agreement, the hedging obligations which are permitted by the Indenture to be secured on the Notes Collateral, and any additional debt secured by the Notes Collateral permitted to be incurred by the Indenture, will act only as provided for in the Intercreditor Agreement. 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 by an Instructing Group (as defined below under "*Description of Certain Financing Arrangements—Intercreditor Agreement*") that comprises (i) creditors holding more than 66 2/3% of the indebtedness and commitments under the Revolving Credit Facility, any other Credit Facility and certain priority hedging obligations (the "**Super Majority Super Senior Creditors**") and (ii) creditors holding more than 50% of the indebtedness under the Notes and indebtedness ranking pari passu with the Notes with respect to the proceeds of enforcement of security (the "**Majority Senior Secured Creditors**") (in each case acting through their respective creditor representative). If, however, before the discharge of all obligations to the lenders under the Revolving Credit Facility and any other Credit Facility and so long as no insolvency event has occurred and the Security Agent has not commenced enforcement action, the Security Agent has received conflicting enforcement instructions from the creditor representatives (and for these purposes, the failure to give instructions is deemed to be a conflicting instruction) then, to the extent the instructions from the Majority Senior Secured Creditors (to the extent given) comply with the initial consultation requirements and the security enforcement principles (one of which states that the primary and overriding objective of an enforcement of security over the Notes Collateral is the maximization, so far as is consistent with prompt and expeditious realization of value, of recoveries by the Super Senior Creditors (as defined below under "*Description of Certain Financing Arrangements—Intercreditor Agreement*"), the holders of the Notes and certain creditors ranking pari passu with the holders of the Notes with respect to the proceeds of enforcement of security) each as set forth in the Intercreditor Agreement, the Security Agent will comply with the instructions from the Majority Senior Secured Creditors, provided that if the super senior liabilities have not been fully discharged within six months, or no enforcement action has been taken by the Security Agent within three months, of the date on which the initial consultation period expires (or where no consultation is required, of the Majority Senior Secured Creditors providing a specified notice), or at any time after the occurrence of an insolvency event with respect to certain members of the Group, then the instructions of the Super Majority Super Senior Creditors will prevail. To the extent the Group incurs additional indebtedness that is secured on a pari passu basis with the Notes with respect to the proceeds of enforcement of security, your voting interest in an instructing group will be diluted commensurately with the amount of indebtedness the Group incurs.

The lenders under the Revolving Credit Facility Agreement, any Credit Facility and creditors in respect of certain hedging obligations 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 Notes Collateral comprising the shares of the Issuer or any of its holding companies or subsidiaries as a result of an enforcement action or other distressed disposal in accordance with the Intercreditor Agreement, claims under the Notes against, and the liens over any other assets of, such entities and any subsidiaries of such entity securing the Notes may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens.*"

The obligations under the Indenture to provide additional Notes Guarantees or additional security for the benefit of the Notes under certain circumstances are subject to the limitations of the Agreed Security Principles.

While the Indenture creates certain obligations to provide additional Notes 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 are subject to certain exceptions and qualifications pursuant to the Agreed Security Principles. The Agreed Security Principles set out a number of limitations on the rights of the holders of the Notes to be granted security or Notes Guarantee in certain circumstances. The operation of such Agreed Security Principles may result in, among other things, the amount recoverable under any Notes Collateral provided being limited or security not being granted over a particular type or class of assets. Pursuant to the Agreed Security Principles, Notes Collateral will be limited to security over the shares of the Issuer and any Restricted Subsidiary incorporated in a Security Jurisdiction (as defined below) which has earnings before interest, tax, depreciation and amortization representing 5% or more of the Consolidated EBITDA of the Group ("**Material Company**") located in any jurisdiction in which any borrower under the Revolving Credit Facility Agreement is incorporated (the "**Security Jurisdictions**") but without prejudice to the granting of the Post-Issue Date Collateral. Accordingly, such Agreed Security Principles may affect the value of the security or Notes Guarantee provided by the Issuer and any Guarantor.

In particular, even though the Notes and the Revolving Credit Facility are expected to share the same Notes Collateral and, pursuant to the application of the covenant described under "*Description of the Notes—Certain Covenants—Additional Notes Guarantees*," credit support from subsidiaries of the Issuer in the form of guarantees, 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 receivables under the BIP Funding Loan may be reduced as a result of prepayments of such loans prior to the maturity date of the Notes.

On September 10, 2021, the Issuer entered into the BIP Funding Loan, the proceeds of which were used by BIP, together with cash at BIP, to repay certain Group Existing Debt. Prior to completion of the Merger, repayments of the BIP Funding Loan prior to the maturity date of the Notes would result in a reduction in the liability owed by BIP to the Issuer and any reduction in the principal amount of the BIP Funding Loan would reduce the value of such receivable and the Notes Guarantee.

The Issuer and the other security providers will have control over certain of the Notes Collateral, and the operation of the business or the sale of particular assets could reduce the pool of assets securing the Notes.

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

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

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

- subject to the immediately following sub-paragraph below, in connection with any sale or other disposition of property or assets constituting Notes Collateral, if the sale or other disposition does not violate the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and*

Subsidiary Stock" covenant or other applicable provisions under the Indenture and is to a person that is not a Parent (as defined under "*Description of the Notes—Definitions*"), the Issuer or a Restricted Subsidiary (as defined under "*Description of the Notes—Definitions*");

- any release of a security Interest in respect of the capital stock of the Issuer pursuant to the preceding bullet will only be permitted if such capital stock is subject to a Lien of at least equivalent ranking (in the good faith judgment of the Issuer) in favor of the note holders as soon as reasonably practicable after such release;
- in the case of a future guarantor that is released from its notes guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such future guarantor as described under "*Description of the Notes—Amendments and Waivers*";
- if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary (as defined under "*Description of the Notes—Definitions*") in accordance with the applicable provisions of the Indenture, only with respect to the property and assets, and capital stock, of such Unrestricted Subsidiary;
- in respect of a Restricted Subsidiary that is not a Significant Subsidiary (as defined under "*Description of the Notes—Definitions*"), following the release of any liens granted in favor of the Revolving Credit Facility, so long as no Event of Default (as defined under "*Description of the Notes—Definitions*") has occurred and is continuing, only in respect of the property, assets and Capital Stock of such Restricted Subsidiary; *provided* that there is no other Indebtedness secured by a Lien on the assets of such Restricted Subsidiary that would result in the requirement under the Indenture for the Notes to be secured on such property, assets or capital stock pursuant to the covenant described under "*Description of the Notes—Certain Covenants—Liens*" or the covenant described under "*Description of the Notes—Certain Covenants—Additional Notes Guarantees*";
- only with respect to the security interest in respect of all of the shares of the Issuer, to facilitate an initial public offering of the Issuer;
- in connection with a Permitted Reorganization as defined under "*Description of the Notes—Definitions*";
- upon payment in full of principal, interest and all other obligations of the Notes or defeasance or discharge of the Notes, as provided under "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*"; and
- in accordance with the Intercreditor Agreement or as otherwise permitted in accordance with the Indenture.

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

- for consideration of which all or substantially all of which is in the form of cash; and
- pursuant to a public auction, or if a fairness opinion has been obtained from an internationally recognized investment bank or international accounting firm or other reputable third party professional firm.

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

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

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

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

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

The granting of Notes Collateral on the Issue Date or thereafter may create hardening, clawback or voidance periods for such security interests in Italy or relevant other jurisdictions and the relevant regime for hardening periods may be less favorable if the secured debt (or part thereof) is pre-existing to the granting of the security interest, which is the case for Notes Collateral granted after the Issue Date. In addition, the granting of shared security interests to secure future permitted debt may restart or reopen such hardening periods. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted, perfected or recreated. In each instance, if the security interest granted, perfected or recreated were to be enforced before the end of the relevant hardening period applicable in Italy, such security interest may be declared void and/or it may not be possible to enforce it. In addition, the granting of a shared security interest to secure future indebtedness or the transfer or the assignment of the security interest may restart or reopen hardening periods. The applicable hardening period for each new security may run from the moment such new security is amended, transferred, assigned, granted or perfected. At each time, if the security interest granted were to be enforced before the end of the respective applicable hardening period, it may be declared void or ineffective and/or it may not be possible to enforce it. Under Italian law, in case any security interests (including security interests in connection with the issuance of the Notes) 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 Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations.*"

The Indenture will provide that the Notes Collateral securing 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." In Italy, for example, such a release and retaking of Notes Collateral may give rise to new hardening periods in respect of the relevant security interests in the Notes Collateral that are granted, perfected or released and retaken, and the security interests in the relevant Notes Collateral would be subject to the same risks described in the preceding paragraph.

The same rights also apply following the Issue Date in connection with the accession of any subsidiaries as guarantors and the granting of security interest over their relevant assets and equity interests for the benefit of holders of the Notes.

You may face interest rate risks by investing in the Notes, as certain of our borrowings bear, and the Notes will bear, interest at floating rates that could be impacted by applicable regulation and that could rise significantly, increasing our interest cost and reducing cash flow.

A substantial part of our indebtedness, including borrowings under the Revolving Credit Facility and the Notes, bears or will bear interest at per annum rates equal to EURIBOR (subject to a 0.0% floor), in each case adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Although we currently intend to hedge the interest rate with respect to the Notes, we may not be able to obtain such hedges, or replace such hedges, on terms that are acceptable to us, and any such hedge may not be fully effective, which would expose us to interest rate risk.

The Indenture will provide a mechanism whereby, if (1) there has been a material disruption to EURIBOR, (2) EURIBOR is not available for use temporarily, indefinitely or permanently, (3) there are restrictions or prohibitions on the use of EURIBOR, (4) an alternative rate has replaced EURIBOR in customary market practice in the international capital markets applicable generally to floating rate notes or (5) it has become unlawful for the Calculation Agent, the Issuer or a third-party agent of the Issuer to calculate any payments due to holders of the Notes using EURIBOR, (a) an independent financial institution of international standing or an independent financial adviser of recognized standing (that is not an affiliate of the Issuer) as appointed by the Issuer at the expense of the Issuer or (b) if it is not reasonably practicable to appoint a party as referred to under (a), the Issuer, acting in good faith and in a commercially reasonable manner, shall select a successor rate to EURIBOR that is substantially comparable to EURIBOR or that has been recommended or selected by the relevant monetary authority or similar authority (or working group thereof) or by a widely recognized industry association or body or that is expected to develop as an industry accepted rate for debt market instruments such as or comparable to the Notes and any applicable adjustment spread required to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of the Notes as a result of the replacement of EURIBOR for use in calculating the appropriate successor rate, which upon certification (by way of an Officer's Certificate) by the Issuer of such rate to each of the Trustee, the Calculation Agent and the Paying Agent will be used to calculate the interest rate in relation to the Notes (upon which each of the Trustee, the Calculation Agent and the Paying Agent shall be entitled to rely conclusively and absolutely without further enquiry, investigation, verification or liability of any kind whatsoever) without any further action or consent by the noteholders or the Trustee. This means that interest on the Notes would be determined on the basis of a benchmark rate, together with adjustments, that was not contemplated at the time you purchased the Notes issued on the Issue Date. See *"Description of the Notes—Principal and Maturity*" and "*Description of the Notes—Interest*." The Indenture may require the exercise of discretion by the Issuer and the making of potentially subjective judgments (including as to the occurrence or not of any events which may trigger amendments to the Indenture) without the consent of the holders of the Notes. The interests of the Issuer in making such determinations or amendments may be adverse to the interests of the holders of the Notes.

Any elimination of the EURIBOR benchmark, or changes in the manner of administration of EURIBOR, could require an adjustment to the terms and conditions of our floating rate debt. Any such adjustment could have a material adverse effect on the value of and return on any such floating rate debt, including the Notes. If EURIBOR were discontinued or otherwise unavailable, the interest rate on our floating rate debt will be determined for the relevant period by the fallback provisions applicable to such debt.

Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurance 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 would correspondingly increase, thus reducing cash flow.

Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or otherwise, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

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

Our failure to repay holders tendering Notes upon the occurrence of a change of control event would result in an event of default under the Notes. If a change of control event were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility Agreement, the Intercreditor Agreement or our other then-existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, our Revolving Credit Facility, the Notes and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under the Revolving Credit Facility and other indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when our subsidiaries are prohibited from providing funds to the Issuer, our subsidiaries may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture which would, in turn, constitute a default under the Revolving Credit Facility and certain other indebtedness. See "*Description of the Notes—Change of Control.*"

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, recapitalization 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. Except as described under "*Description of the Notes—Change of Control,*" the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes, respectively, in the event of a reorganization, restructuring, recapitalization or similar transaction.

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all the assets of the Issuer and its restricted subsidiaries taken as whole. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" the 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 the Issuer is required to make an offer to repurchase the Notes.

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all holders of the Notes 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 the Notes—Meeting of Noteholders,*" the majority required to pass an extraordinary resolution at any meeting of holders of the 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 the Notes who did not attend and vote at the relevant meeting, and holders of the 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, to change the quorum requirements relating to meetings, to change the majority required to pass a resolution, and/or 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 being that the majority voting threshold may be reduced from 75% to 50%.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax for which holders may not receive additional amounts.

The Issuer is organized under the laws of Italy and is an Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments made by the Issuer or on its 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, the Issuer or the Guarantors will pay such additional amounts that may result in the holders of the Notes receiving such amounts that they would have received in regards to such Notes had no such withholding or deduction been required.

The Issuer and the Guarantors are not liable to pay any additional amounts to holders of the Notes in 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 required under Decree No. 239 or under Decree No. 461 in order to benefit from an exemption have not been complied with due solely to the actions or omissions by the Issuer or its agents). In those circumstances, investors will receive the proceeds of their investment in the Notes, net of applicable withholding or deductions.

In particular, holders of Notes that are not residents in White List countries, holders who are residents in White List countries that do not properly and promptly satisfy the required conditions and procedures set forth by Decree No. 239 (and by the relevant application rules to benefit from exemption from Italian taxation), and certain categories of holders of the Notes who are residents in Italy, will therefore only receive the net proceeds of their investment in the Notes and will not be paid any additional amounts to compensate them for the withholding or deduction.

Although we believe that, under current law, Italian substitute tax will not be imposed under Decree No. 239 where the Notes are listed on a regulated market or multilateral trading facility upon issuance and the holder of Notes is a resident for tax purposes in a White List country and such holder promptly and properly complies with certain certification and procedural requirements set forth by Decree No. 239 by the relevant application rules, there is no assurance that this will be the case should there be a change in applicable law or relevant procedures. See "*Certain Italian Tax Considerations—Tax Treatment of the Notes Issued by the Issuer—Tax Treatment of Interest—Non-Italian Resident Noteholders*." Moreover, holders of the Notes should note that they will bear the risk of any change in the White List.

No assurance can be given that the procedural requirements provided by Decree No. 239 will be met by the relevant foreign intermediaries.

The exemption from withholding tax in principle granted to holders of the Notes—who are the beneficial owners of 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 are resident in countries included in the White List—applies if certain procedural requirements are met. No assurance can be given that all non-Italian resident investors will be eligible for the withholding tax exemption where the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities under the procedures for applying the exemption regime. Should the procedural requirements not be met, Italian income substitute tax may apply on the payments made on the Notes to foreign investors resident in countries included on the White List. In such event, the Issuer will not be required to pay any additional amounts with respect to such withholding tax, unless such procedural requirements have not been complied with due solely to the actions or omissions of the Issuer or its agents.

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

The Notes will be new securities for which there is currently no existing market. Application has been made to list the Notes on the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF Market in accordance with the rules and regulations of that exchange. We cannot assure you that the Notes will remain listed. In addition, we cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which the holders of the Notes may be able to sell them. The liquidity of any market for the Notes will depend on the number of holders of 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 recommendations by securities analysts. Historically, the market for non-investment grade debt securities, such as the Notes, has been subject to disruptions that have caused substantial price volatility. If a market for the Notes were to develop, such a market may be subject to similar disruptions. We have been informed by the Initial Purchasers that they intend to make a market for the Notes after this Offering is completed. Nevertheless, the Initial Purchasers are not obligated to do so and may cease their market-making activity at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the US Securities Act and other applicable laws and regulations. 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.

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

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes by US Holders (as defined in "*Certain US Federal Income Tax Considerations*") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain US Federal Income Tax Considerations.*"

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

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

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 Issuer enters into insolvency proceedings, the security interests granted to secure the Notes could be subject to potential challenges by an insolvency administrator or by other creditors 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 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 (for example, 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 (for example, 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 bankruptcy receiver 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 Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations.*"

Under Article 64 of the Italian Bankruptcy Law, all transactions without consideration are ineffective vis-à-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. In addition, under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-à-vis creditors, if made by the bankrupt entity in the two-year period prior to insolvency. In addition, the Recast 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. In addition, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings, as amended (the "**EU 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.

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

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

The Issuer and its subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. The directors and executive officers of the Issuer are nonresidents of the United States. Although the Issuer will submit to the jurisdiction of certain New York courts in connection with any action under US securities laws, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, as all the assets of the Issuer and its subsidiaries and those of its directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the US courts against them. Moreover, in light of recent decisions of the US Supreme Court, actions of the Issuer may not be subject to the civil liability provisions of the federal securities laws of the United States.

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

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

One or more independent credit rating agencies are expected to 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 assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency in the future if in its judgment circumstances so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could materially adversely affect the value and trading of the Notes.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes are being offered and sold pursuant to an exemption from registration under the US Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the US Securities Act or any state securities laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the US Securities Act, or other exemptions under the US Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, we have not registered the Notes under any other country's securities laws and do not have any intention to do so. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions.*"

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

Unless and until definitive Notes are issued in exchange for book-entry interests in the Notes (which will only occur in very limited circumstances), owners of the book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of the Notes. After payment to the common depositary, we and the Trustee will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. See "*Book-Entry, Delivery and Form.*"

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

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market.

Application has been made to list the Notes on the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF Market in accordance with the rules and regulations of that exchange. The Issuer cannot assure you that the Notes will remain listed. If the Notes are listed on the Luxembourg Stock Exchange and admitted to trading on Euro MTF Market, and the Issuer can no longer maintain such listing or if it becomes unduly burdensome to maintain such listing, the Issuer may cease to maintain such listing on the Luxembourg Stock Exchange; provided, however, that it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another "recognized stock exchange," although there can be no assurance that the Issuer will be able to do so.

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

No assurance can be given that the Notes will be listed or that, once listed, such listing will be maintained or that such listing will satisfy the listing requirement of Italian Legislative Decree No. 239 of April 1, 1996.

No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that such listing will satisfy the listing requirement of Decree No. 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding tax.

The Italian tax authorities have issued an interpretive circular relating to, among other things, the listing requirement of the aforementioned legislation in order for the Notes to be eligible to benefit from the exemption from withholding tax. According to a stringent interpretation of this circular, the Notes may not be eligible to benefit from such provisions if the listing of the Notes is not effective as of the Issue Date. In the event that the Notes are not listed as of the Issue Date or that such listing requirement is otherwise not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax (*ritenuta a titolo di imposta o acconto*) currently at a rate of 26%, and we would be required to pay additional amounts with respect to such withholding taxes such that beneficial owners receive a net amount that is not less than the amount that they would have received in the absence of such withholding. We cannot assure you that the listing can be achieved by the Issue Date. However, we intend to achieve the required listing of the Notes on the Issue Date by obtaining a listing on the Euro MTF Market of the Luxembourg Stock Exchange. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our financial condition and results of operations.

The market value of the Notes may be adversely affected if additional notes are considered to have original issue discount and are not distinguishable from the Notes.

The Issuer may issue additional notes ("**Additional Notes**") as described under "*Description of the Notes*." These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes in some cases, may be treated as a separate series for US federal income tax purposes. In such a case, the Additional Notes may be considered to have original issue discount ("**OID**") for US federal income tax purposes which may adversely affect the market value of the original Notes of such series. As a result, the original Notes of such series may be treated as having OID even though they were issued without OID in the Offering. Consequently US Holders of the Notes of such series may be required to include OID in their gross income as ordinary income as it accrues in advance of the receipt of cash payments attributable to such income and may recognize a corresponding capital loss upon the sale, exchange, retirement, redemption or other taxable disposition of a Note (but the deductibility of such capital loss is subject to limitations).

USE OF PROCEEDS

The aggregate gross proceeds of the Offering will be €275.0 million. On or about the Issue Date we will use the gross proceeds from the Offering, together with the cash on balance sheet, to repay and cancel the Bridge Facility including paying accrued interest and/or premium thereon and to pay the fees and expenses incurred in connection with the Offering. The estimated sources and uses of the funds necessary to complete the Refinancing are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including differences in the actual amount of fees and expenses compared to our estimates.

Sources of funds		Uses of funds	
(In millions of Euros)		*(In millions of Euros)*	
Notes offered hereby(1)	275.0	Repayments under the Bridge Facility(2)	276.5
Cash on hand	4.6	Estimated fees and expenses(3)	3.0
Total sources	**279.6**	**Total uses**	**279.6**

(1) Represents the aggregate principal amount of Notes offered hereby.

(2) Represents the aggregate principal amount of indebtedness outstanding under the Bridge Facility, plus estimated accrued and unpaid interest on and any premium under the Bridge Facility through the expected Issue Date. In connection with the Refinancing, the Bridge Facility will be repaid in full and cancelled on the Issue Date with the proceeds from the Offering. As a result of such repayment, proceeds from a virtual portion of the Notes, equal to an aggregate principal amount of €168.0 million ("**Tranche A**"), will be used to refinance the Facility 1 of the Bridge Facility Agreement, and proceeds from a separate virtual portion of the Notes, equal to an aggregate principal amount of €107.0 million ("**Tranche B**"), will be used to refinance the Facility 2 of the Bridge Facility Agreement. See "*Use of Proceeds*." For more information on the Italian law considerations applicable to Tranche A and Tranche B and the related limitations on guarantees and security interests granted by Italian companies, see "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations—Italy—Limitations on Granting Security Interests and Guarantees under Italian Law*" and "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Notes Collateral and any future guarantees of the Notes 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*." For the avoidance of doubt, the "*virtual tranching*" of the Notes is aimed at identifying the separate portions of the proceeds being used to consummate the Acquisition and the various elements of the refinancing of the Group Existing Debt, respectively, and will not entail issuing separate identifiers (ISINs or common codes) for each such tranche. See "*Listing and General Information*."

(3) Represents the estimated fees and expenses in connection with the Refinancing, including underwriting fees and other transaction costs and professional expenses. The actual amount of transaction fees and expenses may differ from the estimated amount depending on several factors, including differences from our estimates of fees and expenses and the actual fees and expenses as of the completion of the transactions referred to in the table above.

CAPITALIZATION

The following table sets forth, as of June 30, 2021, the consolidated cash and cash equivalents and capitalization of (i) BIP on a historical basis and (ii) the Issuer on an as adjusted basis giving effect to the Transactions as described under "*Summary—The Transactions,*" including the Acquisition, the refinancing of the Group Existing Debt, the Offering and the use of proceeds therefrom, as described under the "*Use of Proceeds.*"

You should read the table in connection with "*Presentation of Financial and Other Information*," "*Summary—The Transactions*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," "*Description of Certain Financing Arrangements*," "*Description of the Notes*," and the Financial Statements included elsewhere in this Offering Memorandum.

	BIP	Issuer
	As of June 30, 2021	
	Historical	As adjusted[1]
	(In millions of Euro)	
Cash and cash equivalents	46.5	18.8[2]
Notes offered hereby[3]	—	275.0
Revolving Credit Facility[4]	—	—
Financial Liabilities (current and non-current)[5]	123.5	13.6
Lease Liabilities (current and non-current)[6]	24.9	24.9
Total Indebtedness[7]	**148.4**	**313.5**
Shareholders' Equity[8]	**208.1**	**405.5**
Total capitalization[9]	**356.5**	**719.0**

(1) As adjusted to give *pro forma* effect to the Transactions as if they had occurred on June 30, 2021. See "*Use of Proceeds*."

(2) As adjusted amount represents cash and cash equivalents as of August 30, 2021 (€40.4 million) of BIP based on management accounts as adjusted for the Transactions. See "*Use of Proceeds*."

(3) Represents the aggregate principal amount of the Notes offered hereby.

(4) The Revolving Credit Facility established under the Revolving Credit Facility Agreement originally provided for borrowings of up to €50.0 million on a committed basis; we expect to reduce this amount to €48.5 million on or prior to the Issue Date. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement.*" We expect the Revolving Credit Facility to be undrawn as of the Issue Date.

(5) Financial liabilities (current and non-current) includes: (i) €109.4 million owed by BIP under the senior facilities agreement entered into on December 11, 2019, as subsequently amended and restated on June 30, 2020, which was repaid on September 10, 2021 with Facility 1 under the Bridge Facilities Agreement and a portion of the Shareholder Funding (the amount differs from the amount of the BIP Funding Loan due to exchange rate differences between June 30, 2021 and the repayment date) and €0.5 million related to the fair value of derivatives which was settled with cash on BIP's balance sheet at the Acquisition Closing Date and (ii) €13.6 million in other indebtedness which includes €8.7 million related to several bilateral bank loans granted by several financial institutions and €4.9 million of payables due to banks mainly related to short-term cash advances. Financial liabilities (current and non-current) as presented above excludes €4.7 million of deferred consideration related to completed acquisitions (including Medley, FBM and certain other add-on acquisitions), €2.9 million related to the participative financial instruments as described under "*Principal Shareholders—The Management Equity Plan & Participative Financial Instruments*," €2.2 million representing other financial liabilities related to cash in escrow accounts pre-funding deferred compensation related to the completed acquisitions and €0.1 million representing a shareholder loan incurred by Advantis from its minority shareholder.

(6) Represents current and non-current lease liabilities recorded in accordance with IFRS 16.

(7) Total indebtedness is the sum of Financial Liabilities (current and non-current) plus Lease Liabilities plus the Notes (on an as adjusted basis). Total indebtedness therefore excludes certain liabilities detailed in footnote (5) above.

(8) As adjusted shareholders' equity represents the amount of the Shareholder Funding received by the Issuer in connection with the Acquisition, which was €405.5 million. This item does not include the effect of the Acquisition and the related transaction costs.

(9) Total capitalization is calculated as the sum of total debt and total equity.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables set out summary historical consolidated financial information of BIP for the periods ended and as of the dates indicated below. The summary historical consolidated financial information as of and for the years ended December 31, 2020, 2019 and 2018 were extracted from the Audited Annual Consolidated Financial Statements and notes thereto of BIP, which appear elsewhere in this Offering Memorandum. The summary historical interim consolidated financial information as of June 30, 2021 and for the six months ended June 30, 2021 and 2020 were extracted or derived from the Unaudited Interim Condensed Consolidated Financial Statements and notes thereto of BIP, which appear elsewhere in this Offering Memorandum. Interim results are not necessarily indicative of the results that may be expected for any other interim period nor are they indicative of results for a full year.

The historical financial information contained in this Offering Memorandum is the consolidated financial information of BIP and its subsidiaries. See "*Presentation of Financial and Other Information—Financial Information*." BIP was the reporting entity of BIP S.p.A. and its consolidated subsidiaries, and prior to the Acquisition was directly and indirectly held by Milapax, AMV, Runbip and Racbip, each of which functioned as shareholding entities for management and the former controlling shareholder of the Target Group.

On March 27, 2018 Apax Partners France Fund acquired control of BIP. The transaction was carried out through the incorporation of BEEP S.p.A. ("**BEEP**"), which acquired the entire shareholding of BIP S.p.A., and subsequently BEEP was merged with and into BIP. As BEEP was incorporated on March 13, 2018 and took control of BIP S.p.A. on March 27, 2018, the income statement presented for the financial year ended December 31, 2018 is for the period from March 13, 2018, the date of BEEP's incorporation, to December 31, 2018, and reflects the consolidated results of operations and cash flows of BIP for the period from March 27 to December 31, 2018. As such, the results of operations for the financial year ended December 31, 2018 are not directly comparable to those for the financial year ended December 31, 2019. In order to show the underlying trend of the business we present *pro forma* financial information for the year ended December 31, 2018 which also includes the consolidated financial information of BIP for the period prior to the acquisition on March 27, 2018. The *pro forma* financial information for the year ended December 31, 2018 was prepared by adding BIP's financial statement figures for the period from March 13, 2018 (reflecting BIP results and cash flows from March 27, 2018) until December 31, 2018 taken or derived from the Consolidated Financial Statements to the amounts for the period from January 1, 2018 to March 26, 2018 taken or derived from the consolidated historical financial information of BIP S.p.A. prior to its merger with BEEP, which are not included in this Offering Memorandum. The *pro forma* financial information for the year ended December 31, 2018 is presented for illustrative purposes only, has not been prepared in accordance with the requirements of Regulation S-X under the US Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles, and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. In addition, the *pro forma* financial information for the year ended December 31, 2018 was not prepared in accordance with IFRS 16 as we adopted IFRS 16 (Leases) on January 1, 2019.

We encourage you to read the information contained in this section in conjunction with the sections entitled "*Presentation of Financial and Other Information*," "*Summary*," "*Business*," "*Use of Proceeds*," "*Capitalization*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and the Consolidated Financial Statements of the Group, including the notes thereto, appearing elsewhere in this Offering Memorandum.

Summary Consolidated Income Statement Information

	For the year ended December 31,				For the six months ended June 30,	
	2018[(1)]	2018 *pro forma*[(2)]	2019	2020	2020	2021
		(Unaudited)			(Unaudited)	(Unaudited)
	(in Euro thousands)					
Revenue from sales and services	157,017	206,019	242,786	286,194	137,295	181,823
Other revenues	765	996	1,798	2,108	816	773
Total value of production	**157,782**	**207,015**	**244,584**	**288,302**	**138,111**	**182,596**
Cost of services	23,249	30,840	35,112	36,330	15,343	22,534
General and administrative expenses	19,918	24,384	18,795	20,324	9,386	9,965
Personnel expenses	96,280	126,298	149,993	187,677	88,934	120,360
Other operating costs	235	304	262	298	197	128
Earn-out remeasurement	—	—	—	—	—	119
Depreciation, amortisation and impairment	4,519	4,877	12,331	15,152	6,594	8,761
Total operating costs	**144,201**	**186,703**	**216,493**	**259,781**	**120,454**	**161,867**
Operating profit	**13,581**	**20,313**	**28,091**	**28,521**	**17,657**	**20,729**
Finance income	349	420	533	562	125	444
Finance expenses	7,843	8,482	9,498	6,228	2,604	4,685
Net finance expenses	**(7,494)**	**(8,063)**	**(8,965)**	**(5,666)**	**(2,479)**	**(4,241)**
Profit before tax	**6,087**	**12,250**	**19,126**	**22,855**	**15,178**	**16,488**
Income tax expense /(benefit)	3,680	6,177	7,323	(42,497)	4,701	5,281
Profit for the period	**2,407**	**6,073**	**11,803**	**65,352**	**10,477**	**11,207**

(1) For the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018. See "*Presentation of Financial and Other Information—Changes our shareholders and pro forma information for the year ended December 31, 2018.*"

(2) The *pro forma* financial information for the year ended December 31, 2018 was prepared by adding BIP's financial statement figures for the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018 taken or derived from the Consolidated Financial Statements to the amounts for the period from January 1, 2018 to March 26, 2018 taken or derived from the consolidated historical financial information of BIP S.p.A. prior to its merger with BEEP, which are not included in this Offering Memorandum. See "P*resentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018.*"

Summary Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the six months ended June 30,	
	2018[(1)]	2019	2020	2020	2021
				(Unaudited)	(Unaudited)
	(in Euro thousands)				
Total cash flow from operating activities	(5,123)	28,209	81,418	28,992	20,069
Total cash flow used in investing activities	(207,049)	(17,187)	(44,883)	(2,495)	(17,751)
Total cash flow used in financing activities	(12,716)	(10,905)	(5,192)	(13,013)	(15,029)
Net increase/(decrease) in cash and cash equivalents	**(224,888)**	**117**	**31,343**	**13,484**	**(12,711)**

(1) For the period from March 13, 2018 (reflecting BIP results from March 27, 2018) until December 31, 2018. See "*Presentation of Financial and Other Information—Changes our shareholders and pro forma information for the year ended December 31, 2018.*"

Summary Consolidated Statement of Financial Position

	As at December 31,			As at June 30,
	2018	2019	2020	2021
				(Unaudited)
		(in Euro thousands)		
Total non-current assets	218,212	241,133	337,511	342,625
Total current assets	117,964	147,842	206,997	174,849
Total assets	**336,176**	**388,975**	**544,508**	**517,474**
Total shareholders' equity	**164,420**	**176,294**	**203,771**	**208,105**
Total non-current liabilities	90,468	106,324	149,081	64,120
Total current liabilities	81,288	106,357	191,656	245,249
Total liabilities	**171,756**	**212,681**	**340,737**	**309,369**
Total shareholders' equity and liabilities	**336,176**	**388,975**	**544,508**	**517,474**

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

The following is a discussion and analysis of our financial condition and results of operation in the periods set forth below. This discussion should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum. The following discussion should also be read in conjunction with "Presentation of Financial Information and Other Information" and "Summary Historical Consolidated Financial Information and Other Data." The discussion in this section may contain forward-looking statements that reflect our plans, estimates, and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "Risk Factors" and "Forward-Looking Statements." Unless the context indicates otherwise, in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," references to "we," "us," "our," or the "Group" refer to BIP and its subsidiaries. See "Presentation of Financial and Other Information."

Overview

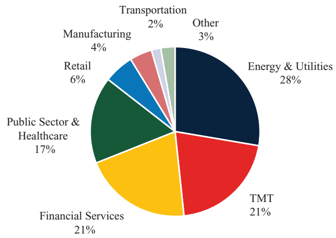
We are a leading European consulting firm, providing management consulting, business integration and digital transformation services to more than 600 clients. We were established in 2003 as a result of a spin-off from Deloitte Consulting Italia. As of June 30, 2021, we had 3,641 employees. Our professional team includes 36 equity partners (the "**Equity Partners**") and 111 partners, directors, associate partners, client partners and competence partners. Since we were established, we have expanded our geographic reach to 12 countries with 16 offices through our strong organic growth of approximately 16.7% per annum from 2004 to 2020 (in particular, we maintained organic growth during the financial crisis from 2008 to 2012 and the COVID-19 pandemic in 2020) and selective accretive acquisitions. We provide a wide range of advisory solutions and services to enterprise clients, including business advisory, strategy and innovation, technological advisory, digital advisory, cybersecurity, artificial intelligence, digital twin, blockchain, data and analytics and digital delivery. Recognizing the importance of technological advances and digital transformation for clients and businesses, we were early to establish our innovation practice in 2009 and digital practice in 2013. The growing importance of technological advances and digital transformation to our clients combined with our in-depth industry specific knowledge and technological and digital competencies, have resulted in approximately 64% of our revenues for the year ended December 31, 2020 being related to digital transformation projects.

We generated approximately 68.4% of our revenues in Italy for the twelve months ended June 30, 2021. Our other principal geographies include Brazil, the UK, Spain, Switzerland, the USA, and Colombia. In addition, we operate in other countries including Chile, Turkey, Austria, Belgium, and the UAE. We operate across several sectors of the economy with industry-specific knowledge supported by our technology and digital innovation competencies. Our key industries include (i) Energy & Utilities, (ii) Telecommunication, Media & Entertainment ("**TMT**"), (iii) Financial Services, (iv) Public Sector & Healthcare, (v) Manufacturing, (vi) Retail, (the "**Reference Industries**") as well as (vii) Transportation.

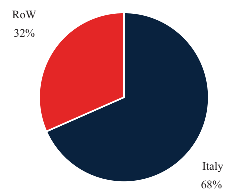
For the twelve months ended June 30, 2021, we generated revenues of €330.7 million, Adjusted EBITDA of €61.5 million (representing an Adjusted EBITDA Margin of 18.6%) and *Pro Forma* Adjusted EBITDA of €62.3 million. We also have a strong pipeline of ongoing projects, with a total Backlog as of June 30, 2021 of €134.8 million (compared to €81.8 million as of June 30, 2020), of which we expect €117.0 million to be converted into revenue in 2021. Our cash conversion rate (calculated as Adjusted EBITDA *less* capital expenditures divided by Adjusted EBITDA) was 93% over the same period.

The charts below set forth our revenue by industry and geography for the twelve months ended June 30, 2021 and by service area for the year ended December 31, 2020:

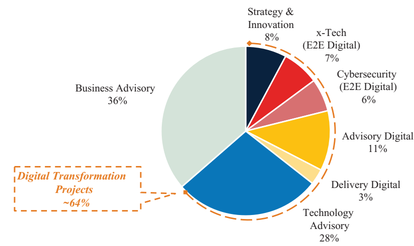
Revenues by industry



Revenues by geography(1)



Revenues by service area(2)



(1) Revenues by geographical area are recorded based on the location of the client for which we have provided services. Rest of the World includes the UK, Spain, France, Germany, the US, Middle East and Latin America.

(2) *Pro forma* revenues for service areas for the financial year ended December 31, 2020 reflect our revenues for the year, as adjusted as if the acquisition of Chaucer, Medley and Vidiemme had occurred as of January 1, 2020. For more information, see "*Presentation of Financial and Other Information—Comparability of Financial Information—Pro forma revenues for service area*."

We operate in the attractive and growing global consulting market estimated to be valued at approximately $136.0 billion in annual global sales in 2020 by Source Global Research. According to Source Global Research, our addressable market, which includes the Reference Industries in Italy, the UK, Spain, France, Germany, Brazil, other South America, the USA and the Middle East ("**Reference Geographic Market**," together with the Reference Industries, the "**Reference Market**") was estimated to be valued at approximately $58.0 billion in annual global sales in 2020, having grown at a CAGR of approximately 6% between 2018 and 2019. The market has been temporarily impacted by the COVID-19 pandemic in 2020, and is expected to rebound from 2021 and grow at a CAGR of 12.5% between 2020 and 2024. We have consistently out-performed the Reference Market, including during the COVID-19 pandemic reporting 7% organic growth in terms of revenues between 2019 and 2020. Our Reference Market benefits from strong ongoing digitalization trends across the public and private sectors and changes in operating models of companies and clients, further accelerated by the COVID-19 pandemic, driving the need of specialized external consulting resources and increasing spending on transformation projects. Our wide range of end to end solutions, with distinctive digital capabilities, coupled with in-depth specific industry know-how and long-lasting relationships with our clients and partners, position us effectively to capitalize on the strong growth in demand for consulting services across our main industry verticals.

Our clients include more than 600 private and blue chip companies, as well as public sector organizations, comprising Energy & Utilities companies (including Gruppo Enel, BP (British Petroleum), Gruppo Eni, Gruppo ACEA, Gruppo A2A, Enagas, Naturgy, Petrobras, Repsol and Snam), TMT companies (including Sky, Telecom Italia, Fastweb, and Teamsystem), Italian and European Financial Services institutions (including Allianz, UniCredit, Gruppo Generali, Gruppo BNP Paribas, ICCREA, AGOS, Nexi, Santander, UBS, and Visa), Public Sector organizations (including Poste Italiane, Banca d'Italia, the Istituto Nazionale Previdenza Sociale (INPS), the Italian Ministry of Justice (*Ministero della Giustizia*), and the Home Office (UK)), Healthcare companies (including Pfizer, GE healthcare, Novartis, Astrazeneca, Roche and Sanofi), Manufacturing companies (including Amplifon, Barilla, Leonardo and Daimler), Retail business (including Esselunga, Kering, and Luxottica), and Transportation companies (including ENAV).

We aim to create long-term, strategic relationships with our clients, and to be an integral part of our clients' business development and strategy implementation, focusing on value added projects that are normally related to recurring capital expenditures with lower renewal risk. Historically, we have been able to achieve long-lasting client relationships by providing a broad services offering covering our clients' needs, including significantly customized and highly specialized services, as well as delivering consistent high-quality services. As of June 30, 2021, we had an average client relationship tenure of approximately 18 years for our top 10 clients and approximately nine years for our top 11 to top 20 clients. We have a low client concentration across all of our industry verticals, with no client accounting for more than 7.5% of our revenues and no industry vertical accounting for more than 27.7% of our revenues for the twelve months ended June 30, 2021. For the twelve months ended June 30, 2021, our top 10 clients generated approximately 33.3% of our revenues.

Our ability to deliver value to our clients is a result of the character and expertise of our people. We rely on an entrepreneurial and committed leadership team of 36 Equity Partners, 111 partners, directors, associate partners, client partners and competence partners, and an experienced team of 257 senior managers and principals, who are supported by a talented pool of 3,237 other employees as of June 30, 2021. We combine core consulting skills and industry know-how with digital expertise in areas such as data and analytics, cybersecurity, customer relationship management ("**CRM**") and digital delivery, cloud and artificial intelligence and automation, all fostered by a culture of innovation that extends to all reaches of our company. Historically, we have devoted significant resources to attract, train, develop, and retain our people. As a result, our workforce has grown from approximately 2,200 employees as of December 31, 2018 to 3,641 as of June 30, 2021, of which approximately 28% is based outside of Italy, driven by the increase of our digital practice as well as our internationalization, coupled with what we believe is best in class talent retention policies.

We believe our business model has allowed us to quickly respond to our clients' needs and continue to efficiently operate our business during the COVID-19 pandemic. In particular, during the periods of lockdown in Italy, Spain, Brazil and the UK, we were able to continue to ensure business continuity and service our clients, while safeguarding the health and safety of our employees. We successfully transitioned substantially all of our employees to remote working over a short period of time, maintaining high levels of service and assisting our clients with their responses to the outbreak of the COVID-19 pandemic. For the year ended December 31, 2020, we generated revenues of €286.2 million, compared to €242.8 million for the year ended December 31, 2019 representing an increase in revenues of 17.9%, of which approximately 7% was organic compared to an estimated approximately 13% decrease for the overall global consulting market. See "*Summary—Recent Developments—COVID-19 Pandemic*" and "*Risk Factors—Risks Related to the COVID-19 Pandemic and Other Unforeseen Circumstances*."

Key Factors Affecting Our Results of Operations

Our performance and results of operations have been, and will continue to be, affected by a number of factors, including external factors. Certain of these key factors that have had, or may have, an effect on our results are set forth below. For further discussion of the factors affecting our results of operations, see "*Risk Factors*."

Acquisitions

Since our founding in 2003, we believe that we have transformed from a local Italian player to one of the leading European providers of consulting services, through a combination of organic growth and acquisitions. We have expanded our international footprint, industry, and digital competencies through the acquisition of three companies: Openknowledge, Sketchin Italia S.r.l., and Anagram Consulting Partners ("**Anagram**"). Since 2019, we further expanded our footprint and industry, and digital competencies through: acquiring a controlling stake in FBM Group ("**FBM**"), the acquisition of MeA Consulting, Vidiemme Consulting S.r.l. ("**Vidiemme**"), Chaucer Group ("**Chaucer**"), Medley Business Solutions ("**Medley**") and Advantis Consultoria Gerencial S.A.S. ("**Advantis**"), as well as through hiring 24 employees from KPMG Spain to support our office in Madrid. For more information, see "*—Key Factors Affecting the Comparability of our Results of Our Operations—Acquisitions.*"

Through our acquisition of FBM, in which we acquired a controlling stake, we expanded our reach in the Brazilian Financial Services market. Our acquisition of MeA Consulting, a boutique consulting firm with deep industrial knowledge, allowed us to increase our presence in the Manufacturing industry. In addition, our acquisitions of Vidiemme, a Milan-based consulting company, has allowed us to improve our offerings in digital delivery. Our acquisition of Chaucer, a UK-based consulting company focused on delivering sustainable change for clients through digital transformation, increased our presence in the UK, primarily in the Energy & Utilities, and Public Sector & Healthcare industries. Our acquisition of Medley, an information and technology consultancy service that operates primarily in the public sector industry in the UK, further deepened our expertise in the public sector. We believe our historical acquisition strategy has allowed us to successfully increase our number of clients, expand to new markets as well as greater geographic areas, and improve product and service offerings, creating opportunities to cross-sell services to existing and new clients.

As a result of integrating acquired businesses into our existing businesses, we have and may continue to experience an increase in operating expenses, such as staff costs, distribution costs, or other expenditures. Moreover, our results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired sites or business in our consolidated results from the date of their combination or acquisition, but the full impact of a business combination or acquisition is typically only reflected in our financial statements in the subsequent period as synergies and cost savings begin to be realized.

In the future, we intend to continue to grow our business in part through acquisitions to solidify our current market position, expand into new geographies, add complimentary technology or capabilities to our business, and enlarge our client base as further detailed under "*Summary—Our Strategy*." We have and may in the future incur certain amounts of indebtedness as a result of such acquisitions. Our indebtedness will increase our interest expense and may impact the rating of our indebtedness. Our indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities, since a substantial portion of our cash flow from operations will be dedicated to the repayment of our indebtedness, and this may place us at a competitive disadvantage as some of our competitors are less leveraged.

Industry verticals

We monitor our results across seven industry verticals: (i) Energy & Utilities; (ii) Telecommunications, Media & Entertainment ("**TMT**"); (iii) Financial Services; (iv) Public Sector & Healthcare; (v) Manufacturing; (vi) Retail; and (vii) Transportation. Revenue generation in each industry vertical is characterized both by industry vertical-specific demand drivers as well as, especially in recent years, an increased demand for digital transformation products and services.

In Energy & Utilities, demand for our services is driven by a push for increased modernization of infrastructure and networks. The energy value chain sits at a crossroads of systemic challenges: from decarbonization to electrification, from digitalization to operational excellence, from urbanization to client centricity, and from sustainable capital disciplines to circular economy. We are on the front line of these challenges, working with our clients to help them evolve their business models, including through digital strategy and innovation, as well as modernization of business processes through task automation, process re-engineering, and supporting our clients with the design and implementation of appropriate applications and solutions. The proportion of revenues from Energy & Utilities relative to the other industry verticals has increased in the past years and in 2020, Energy & Utility was the largest revenue contributor. We generated approximately 25.7%, 27.5%, and 28.2% of our revenues from Energy & Utilities for the years ended December 31, 2018, 2019, and 2020, respectively.

In TMT, demand for our services is driven by increased client investments in network function virtualization, cloud, 5G, and the related demand for cyber defense owing to the increasing complexity and risks of these new architectures, as well as digitization of business processes and services through automation, analytics, artificial intelligence, and CRM systems, among others, digital workplace (also supporting also remote working), and professional/technical support services. Our expertise in the field of business transformation for the digital age has made us the first choice partner for our clients. We historically generated higher revenues through TMT. We generated approximately 32.2%, 28.3%, and 23.7% of our revenues from TMT for the years ended December 31, 2018, 2019, and 2020, respectively, which was driven by the increase of incidence of other industries, such as Energy & Utilities, Public Sector and Healthcare, due to higher demand of services related to energy market and to acquisition of several projects for financial institutions, related to the implementation of digital solutions and artificial intelligence.

In Financial Services, demand for our services is primarily driven by our clients' increased focus and investment in the innovation of digital transformation, artificial intelligence, and cybersecurity which has resulted in clients requiring our support to exploit digital innovation to increase revenue, reduce operating costs, make IT infrastructure more efficient, create new business opportunities through open innovation, and implement more effective working methods, involving cultural change and increased digital acumen. We historically generated higher revenues through Financial Services. We generated approximately 21.1%, 21.6%, and 22.0% of our revenues from Financial Services for the years ended December 31, 2018, 2019, and 2020, respectively. This increase was mainly due to higher demand for services related to digital solutions, artificial intelligence services, and cybersecurity from financial institutions.

In Public Sector & Healthcare, demand for our services is primarily driven by processes and services digitization (e.g., digital citizen engagement, web sites, custom applications, and electronic medical records, which has accelerated as a result of the COVID-19 pandemic and the EU recovery fund), cloud transformation and infrastructure outsourcing, data center consolidation initiatives, and digital workplace (supporting also remote working). We have historically generated lower revenues through Public Sector & Healthcare, but have expanded our reach in this vertical through acquisitions such as Chaucer and Medley, and aim to continue to expand our presence. We generated approximately 8.8%, 10.5%, and 12.9% of our revenues from Public Sector & Healthcare for the years ended December 31, 2018, 2019, and 2020, respectively.

In Manufacturing, demand for our products and services is primarily driven by clients' investments in redesigning data center infrastructures, adopting cloud services and artificial intelligence technologies, and improving internal processes, and our clients require our support to make this shift. We generated approximately 4.2%, 5.9%, and 4.4% of our revenues from Manufacturing for the years ended December 31, 2018, 2019, and 2020, respectively.

In Retail, demand for our products and services is primarily driven by our clients' migration to the cloud, redesign of client interactions, artificial intelligence initiatives to optimize supply chains and client interactions, and the support required to make this transition. We historically generated lower revenues through Retail. We generated 3.8%, 3.9%, and 5.1% of our revenues from Retail for the years ended December 31, 2018, 2019, and 2020, respectively.

In Transportation, demand for our services is primarily driven by processes and services digitization, technological developments, changes in regulations, as well as the push towards sustainability, and our clients need for assistance navigating these changes as well as the tools to embrace digital innovation. We have historically generated lower revenues in the Transportation industry compared to our other verticals. We generated 4.2%, 2.2%, and 1.9% of our revenues from Transportation for the years ended December 31, 2018, 2019, and 2020, respectively. The decrease in revenues from 2018 to 2020 was due to the lifecycle of certain multi-year projects.

Macroeconomic conditions and the impact of the COVID-19 pandemic

Changes in the macroeconomic environment of our key geographic markets, which include Italy and other European countries such as the UK, Spain, France, and Germany, have an impact on our results of our operations. For the financial year ended December 31, 2020, 74.4% of our revenues were derived from our operations in Italy. As a result, macroeconomic conditions, market trends, and client demands in Italy, in particular, have an impact on our results of operations, though our revenues have historically remained resilient through volatile macroeconomic cycles. Overall economic growth in Italy has been slow since the end of the 2009/2010 financial crisis and the subsequent Eurozone banking crisis.

Between 2018 and 2019, the Italian consulting market grew at a CAGR of approximately 7.0% and was estimated to be valued at approximately €4.6 billion in 2020, according to Assoconsult. Following the outbreak of the COVID-19 pandemic, the Italian economy contracted sharply during the first quarter of 2020, recording a year-on-year contraction in GDP of 5.3%, followed by a 12.8% year-on-year decrease in the second quarter of 2020, which was the worst year-on-year decrease of GDP since records began in 1995 as the country was one of the hardest hit by the COVID-19 pandemic, according to ISTAT. The Italian consulting market was directly impacted and experienced a decrease of approximately 4.2% in 2020, according to Assoconsult. In 2021, the Italian consulting market is expected to increase by approximately 8.5%, driven by client demand for: (i) digital projects involving artificial intelligence solutions, CRM, cloud services, IoT, as well as cybersecurity tools and services; and (ii) green projects such as developing and implementing sustainability strategies and plans to achieve greater corporate social responsibility. In addition, growth of the Italian consulting market is expected to further benefit from the structural under penetration of consulting spend in Italy, according to Assoconsult.

We cannot predict the long-term impact of the COVID-19 pandemic; however, we believe we have demonstrated continued resilience in response to the COVID-19 pandemic. Despite the initial decrease in demand for our services during the early months of the COVID-19 pandemic, our revenues were €286.2 million for the financial year ended December 31, 2020, an increase of €43.4 million, or 17.9% compared to €242.8 million for the financial year ended December 31, 2019. In addition, during the COVID-19 pandemic where clients were required to shift to remote working, relying on IT infrastructures and systems and cloud-based solutions to run their operations, there was an increase in client demand for digital transformation processes across all of our industry verticals, in particular Energy & Utilities, TMT, and Financial Services. As a result, we experienced an increased demand for our services, which positively impacted our revenues in Digital and innovation consulting, which was €71.4 million for the financial year ended December 31, 2020, an increase of 50.0%, compared to €47.6 million for the financial year ended December 31, 2019. See "*Summary—Recent Developments—COVID-19 Pandemic*."

Market trends and increased demand for digitalization products and services

Demand for consulting services globally has significantly exceeded gross domestic product growth over the last 20 years, driven by key megatrends that encompass new technologies and changes in behavior and processes that are creating industry disruption and opportunities. Key megatrends include: (i) fast changing client needs and behaviors; (ii) the growing importance of environmental, social, and governance factors; (iii) disruptive, digital startups challenging market incumbents; (iv) increasing adoption of digital technology, artificial intelligence, and machine learning; and (v) increased cybersecurity risks. Clients rely on external consultants with specialist expertize to help them navigate complex, ever-changing environmental and technological developments.

During the periods under review, the demand for digitalization and digital transformation has become a key concern for business leaders across all of our industry verticals. This trend is driven by a number of factors including, for example: (i) increased awareness of environmental issues which companies are addressing with technology-based solutions such as electrical mobility in the Energy & Utilities industry; (ii) an increased adoption of digital technologies and digital processes as a result of the COVID-19 pandemic, where clients were required to shift to remote working, relying on IT infrastructures and systems and cloud-based solutions to run their operations; and (iii) the introduction of regulatory changes aimed at increasing the use of digital solutions in European countries. For example, in Italy, the government and regulators have implemented policies that favor digitalization through IT investments, such as the Industry 4.0 plan and the National Plan for Innovation 2025. Moreover, under the RRP, the EU allocated approximately €235.0 billion between 2021 and 2026 for a reform agenda and investment program encompassing six policy areas or "missions" in Italy, of which approximately €50.0 billion is expected to be invested in the "digitalization, innovation, competitiveness, and culture" mission in Italy. We believe that our innovative and digital-focused practice, deep industry experience, and proven innovative capabilities will provide us with the opportunity to benefit from these governmental and regulatory changes.

We work closely to follow demand trends. We have invested in, and will continue to invest in, building our digital and technological competencies. Our digital practice offering, which was founded in 2013, is vast and includes: (i) implementing data and analytics solutions; (ii) facilitating the adoption of resilient cybersecurity technology; (iii) assisting with client relationship management by developing an integrated solution, including methodologies, software, and processes, to manage and analyze client relationships and interactions; and (iv) providing support with cloud services, artificial intelligence, and automation. Our clients trust us to lead their data-centric cloud transformations of their businesses, define their approach to strategically use data, and rethink and design their customer experience interface from end-to-end.

Key Factors Affecting the Comparability of Our Results of Operations

Acquisitions

We have completed a number of acquisitions since 2019, which impact the comparability of our financial results between periods. Since we consolidate the results of operations of each acquired business in our financial statements from the completion date of each acquisition our historical financial periods are not directly comparable to one another.

Following the closing date of an acquisition, our results are consolidated with the results of the acquired business, and are thereafter impacted by the revenues and expenses of the acquired business. In addition, our results are affected by other items such as (i) our ability to realize synergies; (ii) the integration of selling, general, and administrative functions such as sales, marketing, finance, human resources, information technology, and management; and (iii) any costs we incur to realize synergies and similar items.

As a result of our acquisitions, our financial statements in the future may vary from the historical consolidated financial statements contained in this Offering Memorandum. We account for acquisitions using the acquisition method of accounting. As a result, the purchase price for the acquired business is allocated to identifiable assets acquired and liabilities assumed based upon their respective fair values as of the date of the acquisition. The excess of the purchase price over these allocations is assigned to goodwill, which is not amortized for accounting purposes but is subject to testing for impairment at least annually. The allocation of the purchase price to the assets acquired in the acquisition may result in an increase in amortization and depreciation expense because we will record the fair value of the acquired intangible assets and adjust the book value of the acquired tangible assets to their fair value. We evaluate the remaining depreciable lives of the tangible assets to reflect the estimated useful lives for purposes of calculating periodic depreciation, and we will amortize the intangible assets over their estimated useful lives. We will also review the value of the inventory and will adjust it to fair value, which may change the costs and expenses recognized by us upon the sale of this acquired inventory.

We believe that the historical acquisitions we have made in the periods under review have generated synergies for our business and have contributed to our growth. In addition, such acquisitions have allowed us greater reach in new geographies, deeper access to industries in which we currently operate, as well as the opportunity to expand in those where we are underrepresented, and the ability to enhance our services, for example, improved digital competencies, as a result of acquiring new services. The following table presents the acquisitions we completed between December 31, 2018 and June 30, 2021:

Acquired Asset or Company	Location	Revenues at Acquisition (€ in millions)(1)	Date of Closing
Advantis	Colombia	3.2(2)	April 2021
Chaucer	UK	42.1(3)	July 2020
Vidiemme	Italy	6.2	February 2020
Medley	UK	5.9(4)	November 2020
MeA Consulting S.r.l.	Italy	0.8	October 2019
FBM Group	Brazil	4.5(5)	August 2019
KPMG(6)	Spain	4.4	May 2019

(1) Unless otherwise indicated in the following footnotes, revenues at acquisition reflect the revenues of the respective target in the financial year preceding the date on which the respective acquisition closing date occurred, as taken or derived from the respective targets' pre-acquisitions financial statements or management accounts.

(2) Based on the exchange rate COP/USD (1 COP = 0.2721 USD) and USD/EUR (1 EUR = 1.1227 USD) at December 31, 2019, and derived from Advantis's 2019 financial statements.

(3) Based on the exchange rate GBP/USD (1 GBP = 1.3269 USD) and USD/EUR (1 EUR = 1.1227) at December 31, 2019.

(4) Based on the exchange rate GBP/USD (1 GBP = 1.3269 USD) and USD/EUR (1 EUR = 1.1227) at December 31, 2019, and derived from Medley's 2020 financial statements.

(5) Based on the exchange rate BRL/USD (1 USD = 3.8804 BRL) and USD/EUR (1 EUR = 1.1456 USD) at December 31, 2018, and derived from FBM's 2019 financial statements.

(6) KPMG refers to the 24 employees we hired from KPMG Spain to support our office in Madrid. Revenues at acquisition for KPMG reflect the revenues that the team contributed to our revenues during the six months ended December 31, 2019 (the first half year period subsequent to the acquisition), multiplied by two.

Changes in accounting standards and accounting policies

On January 13, 2016, the IASB published IFRS 16, and the European Union adopted IFRS 16 on November 9, 2017. IFRS 16 became effective from January 1, 2019. The new standard replaces the previous lease accounting standard, IAS 17, including related interpretations.

We adopted the IFRS 16 accounting standard, prospectively, from January 1, 2019. We elected to apply the modified retrospective approach on transition to IFRS 16 and this involved no restatement of previous periods being compared. We recognized a right-of-use asset equal to the amount of the lease liability adjusted for any deferred lease income or lease prepayments recognized in the statement of financial position immediately before the date of initial application.

The adoption of IFRS 16 has primarily impacted the following income statement line items: (i) cost for general administrative expenses, in particular, office and vehicle rental expenses which amounted to €1.6 million and €1.1 million, respectively, for the financial year ended December 31, 2019, a decrease of €1.5 million and €1.3 million, respectively, compared to €3.1 million and €2.4 million for the financial year ended December 31, 2018, primarily due to the application of IFRS 16 taking effect on January 1, 2019; (ii) depreciation, amortization and impairment, which amounted to €12.3 million for the financial year ended December 31, 2019, an increase of €7.8 million, compared to €4.5 million for the financial year ended December 31, 2018, which was primarily due to the application of IFRS 16 which went into effect on January 1, 2019, resulting in depreciation of right-of-use assets in an amount of €6.4 million during the financial year ended December 31, 2019.

Changes to our shareholder

On March 27, 2018 Apax Partners France Fund acquired control of Business Integration Partners S.p.A. ("**BIP**"). The transaction was carried out through the incorporation of BEEP S.p.A. ("**BEEP**"), which acquired the entire shareholding of BIP, and subsequently BEEP was merged with and into BIP. As BEEP was incorporated on March 13, 2018 and took control of the BIP on March 27, 2018, the income statement presented for financial year ended December 31, 2018 only includes results from March 13, 2018, the date of BEEP's incorporation, to December 31, 2018, and reflect the consolidated results of operations and cash flows of BIP for the period from March 27 to December 31, 2018. As such, the results of operations for the financial year ended December 31, 2018 are not directly comparable to those for the financial year ended December 31, 2019.

Description of Key Income Statement Items

Set forth below is a brief description of the composition of the line items of our income statement.

Revenues from sales and services

We primarily generate revenues from the fees we charge to our clients for the consulting services we provide to them.

IFRS 15 provides for the recognition of revenues for an amount reflecting the remuneration the party deems it is entitled to, in return for the transfer of goods and services to the client. In addition, any variable amounts that the Company owes to clients, whether those amounts are direct or indirect, are recognized to reduce revenue.

Hence, revenue is recognized when a performance obligation to the client has been fulfilled and when the amount due to the party providing the goods or services can be reliably determined. A performance obligation is deemed to be fulfilled when each parties' rights regarding the goods and services is transferred. Revenue is shown net of any return, discount, bonus, and allowance, as well as any directly related tax.

With respect to a work in progress, when the outcome of a specific contract can be estimated reliably, the performance of the company does not create an asset of alternative use to the company and it has the enforceable right to be paid for the services completed up to that date. Revenue and expenses attributable to the related contract are recognized as expenses respectively in relation to the stage of completion of the activity at the reporting date, based on the ratio of costs incurred for work performed to date to the estimated total contract costs, unless it is not considered representative of the stage of completion of the contract. When the outcome of a contract cannot be reliably estimated, contract revenue is recognized only to the extent of contract costs incurred that are expected to be recovered. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed contract revenue, the expected loss is recognized as an expense immediately. Advances paid by clients are deducted from inventories to the extent of the amounts accrued; any excess is recognized as a liability. Changes to the contract, price revisions and incentives are recognized to the extent that they have been agreed with the client.

Costs are recognized on an accrual basis and are directly related to the provision of services. Costs incurred in relation to the acquisition of new knowledge or discoveries, the study of alternative products or processes, new techniques or models, the design and construction of prototypes or, in any case, costs incurred for other scientific research or technological development activities are generally considered current costs and are recognized in the income statement in the period in which they are incurred. Interest is recognized at the effective interest rate on an accrual basis.

Our revenues from sales and services are categorized by:

(a) Geography: the geographical area of the client destination: Italy, Other European Countries, South America, North America, and Rest of the World;

(b) Service Areas: strategy and operation consulting, technology consulting, and digital and innovation consulting; and

(c) Industry: the industries in which our clients operate, including:

- Energy & Utilities;
- Telecommunications, Media & Entertainment;
- Financial Services;
- Public Sector & Healthcare;
- Manufacturing;
- Retail; and
- Transportation.

Other revenues

Other revenues primarily relate to expense recoveries from employees for their private use of company cars, telephones and fuel cards, as well as out of period gains.

Cost of services

Cost of services refer to the costs attributable to the orders for services provided to clients, including:

- consulting and technical assistance, related to costs incurred for subcontractors, and qualified technicians;
- travel expenses, including expenses incurred by employees and external consultants.

General and administrative expenses

General and administrative expenses incurred in connection with running our business and administrative operations. General and administrative expenses related to fees charged by clients for the rental of workstations, office rentals in Milan, Rome, and London, legal and tax-related services, employee car rentals, communication and events for business development activities, recruiting employees, providing training sessions, computers, printers, telephones, payroll management, and the board of auditors. In addition, general administrative expenses includes minor operating costs primarily related to our canteen as well as sundry which includes costs such as rentals to provide housing for employees working on projects at a client premise, company vehicles, and improvements to assets that we rent that are not capitalized, among others.

Personnel expenses

Personnel expenses primarily consist of wages and salaries, social security costs, severance indemnity, and other personnel costs such as employee bonuses, costs for holiday and leave, and employee insurance.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment primarily consist of expenses associated with assets used in our business, write-downs of assets such as non-renewed or early exited rental contracts for offices we made improvements to, and the expense related to the bad debt provision.

Finance income and expenses

Finance income and expenses is the net amount of: (i) finance income, which primarily includes foreign currency exchange gains and interest on cash deposits; and (ii) finance expenses, which primarily includes interest expenses on borrowings and loans, exchange losses, fair value losses on derivative financial instruments, and the accrued interest on participated financial instruments such as banks loans that were entered into by BIP in 2020.

Income Tax

Income tax consist of current taxes, which refers to the provision of the year calculated with the rates in force in the various countries where we have operations; and the changes in prepaid and deferred taxes.

Results of Operations

Six Months Ended June 30, 2020 Compared to the Six Months Ended June 30, 2021

The following is a discussion of the results of operations for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020. The discussion includes a presentation of certain line items as a percentage of revenues from sales and services for the respective periods presented to facilitate period-over-period comparisons.

The following tables set forth an analysis of our income statement for the periods indicated.

	For the six months ended June 30,				Change	
	2020	% of revenues(1)	2021	% of revenues(1)	€	%
	(€ in thousands, except percentages)					
Revenue from sales and services	137,295	100.0%	181,823	100.0%	44,528	32.4%
Other revenues	816	0.6%	773	0.4%	(43)	(5.3%)
TOTAL VALUE OF PRODUCTION	**138,111**	**100.6%**	**182,596**	**100.4%**	**44,485**	**32.2%**
Cost of services	15,343	11.2%	22,534	12.4%	7,191	46.9%
General and administrative expenses	9,386	6.8%	9,965	5.5%	579	6.2%
Personnel expenses	88,934	64.8%	120,360	66.2%	31,426	35.3%
Other operating costs	197	0.1%	128	0.1%	(69)	(35.0%)
Earn-out remeasurement	—	—	119	0.1%	119	n/a
Depreciation, amortisation and impairment	6,594	4.8%	8,761	4.8%	2,167	32.9%
Total operating costs	**120,454**	**87.7%**	**161,867**	**89.0%**	**41,413**	**34.4%**
OPERATING PROFIT	**17,657**	**12.9%**	**20,729**	**11.4%**	**3,072**	**17.4%**
Finance income	125	0.1%	444	0.2%	319	>100.0%
Finance expenses	2,604	1.9%	4,685	2.6%	2,081	79.9%
Net finance expenses	**(2,479)**	**(1.8%)**	**(4,241)**	**(2.3%)**	**(1,762)**	**71.1%**
Profit before tax	**15,178**	**11.1%**	**16,488**	**9.1%**	**1,310**	**8.6%**
Income tax expense	4,701	3.4%	5,281	2.9%	580	12.3%
Profit for the period	**10,477**	**7.6%**	**11,207**	**6.2%**	**730**	**7.0%**

(1) Percentage of revenues refers to revenues from sales and services.

Revenues from sales and services

Revenues from sales and services amounted to €181.8 million for the six months ended June 30, 2021, an increase of €44.5 million, or 32.4% compared to €137.3 million for the six months ended June 30, 2020. This increase was primarily driven by: (i) the acquisition of Chaucer and Medley, in July and November 2020 respectively, which recorded revenues of €26.7 million for the six months ended June 30, 2021; (ii) the acquisition of Advantis, in April 2021, which recorded revenues of €0.5 million from the date of acquisition; and (iii) the organic growth in revenues of approximately 10.0% in other group companies, accelerating after the COVID-19 pandemic.

The following table sets forth an analysis of our revenues from sales and services by industry for the periods indicated.

	For the six months ended June 30,				Change(1)	
	2020	% of total	2021	% of total	€	%
	(€ in thousands, except percentages)					
Energy & Utilities	38,640	28.1%	49,522	27.2%	10,881	28.2%
Telecommunications, Media & Entertainment	36,012	26.2%	36,496	20.1%	485	1.3%
Financial Services	32,460	23.6%	37,879	20.8%	5,418	16.7%
Public Sector & Healthcare	12,504	9.1%	30,505	16.8%	18,001	>100.0%
Transportation	2,562	1.9%	3,022	1.7%	460	18.0%
Manufacturing	7,183	5.2%	8,556	4.7%	1,374	19.1%
Retail	7,363	5.4%	11,640	6.4%	4,277	58.1%
Other	571	0.4%	4,203	2.3%	3,632	>100.0%
Total	**137,295**	**100.0%**	**181,823**	**100.0%**	**44,528**	**32.4%**

(1) Calculated based on using actual figures from the six months ended June 30, 2020 and 2021 financials.

Revenues from Energy & Utilities amounted to €49.5 million for the six months ended June 30, 2021, an increase of €10.9 million, or 28.2%, compared to €38.6 million for the six months ended June 30, 2020. This increase was primarily attributable to the Chaucer acquisition which contributed revenues of €5.0 million, as well as to an increase in BIP of €4.5 million due to business growth from new strategic projects.

Revenues from TMT amounted to €36.5 million for the six months ended June 30, 2021, an increase of €0.5 million from €36.0 million for the six months ended June 30, 2020. The increase was primarily driven by an increase of €0.6 million related to Sketchin's digital and innovation consulting projects, as well as an increase in revenue from BIP UAE, Advantis and Anagram amounting to €0.2 million. Such impact was partially offset by a decrease in BIP of €0.4 million, driven by a reduction in technology consulting services of €1.6 million partially reduced by a €1.2 million increase in strategy & operation and digital & innovation consulting services.

Revenues from Financial Services amounted to €37.9 million for the six months ended June 30, 2021, an increase of €5.4 million, or 16.7%, compared to €32.5 million for the six months ended June 30, 2020. This increase was primarily attributable to revenues of €2.8 million from Chaucer, as well as an increase in revenue from Vidiemme (acquired in February 2020), BIP Iberia, BIP and Sketchin of €0.9 million, €0.7 million, €0.6 million and €0.4 million, respectively, for the six months ended June 30, 2021.

Revenues from Public Sector & Healthcare amounted to €30.5 million for the six months ended June 30, 2021, an increase of €18.0 million, or more than 100.0%, compared to €12.5 million for the six months ended June 30, 2020. This increase was primarily attributable to: (i) Chaucer acquisition which contributed revenues of €11.7 million; (ii) Medley which contributed revenues of €4.1 million and (iii) BIP with an increase of €1.6 million in comparison to the six months ended June 30,2020, driven by the provision of digital transformation and artificial intelligence services for public companies and central and local authorities.

Revenues from Manufacturing amounted to €8.6 million for the six months ended June 30, 2021, an increase of €1.4 million, or 19.1%, compared to €7.2 million for the six months ended June 30, 2020. This increase was primarily attributable to BIP's increase in strategy and operation consulting projects.

Revenues from Retail amounted to €11.6 million for the six months ended June 30, 2021, an increase of €4.3 million, or 58.1%, compared to €7.4 million for the six months ended June 30, 2020. This increase was primarily attributable to: (i) BIP's increase of €2.2 million, primarily due to technology consulting projects; (ii) Sketchin's increase of €1.6 million, due to digital and innovation consulting projects; and (iii) Vidiemme's increase of €0.5 million, due to technology consulting projects.

Revenues from Transportation amounted to €3.0 million for the six months ended June 30, 2021, an increase of €0.5 million, or 18.0%, compared to €2.6 million for the six months ended June 30, 2020. The increase was primarily driven by an increase in BIP's digital and innovation projects and was partially offset by a decrease in strategy and technology projects.

Revenues from Other amounted to €4.2 million for the six months ended June 30, 2021 in comparison to €0.6 million for the six months ended June 30, 2020. This result was primarily due to the acquisition of Chaucer, which contributed revenues of €3.2 million, and Vidiemme, and BIP, which contributed to a combined increase of approximately €0.4 million in comparison to the six months ended June 30, 2020 and were derived primarily from services provided to legal advisory business client.

The following table sets forth an analysis of our revenues from sales and services by service area for the periods indicated.

	For the six months ended June 30,				Change	
	2020	% of total	2021	% of total	€	%
	(€ *in thousands, except percentages*)					
Strategy and operation consulting[(1)]	53,659	39.1%	82,030	45.1%	28,371	52.9%
Technology consulting[(2)]	51,939	37.8%	56,919	31.3%	4,980	9.6%
Digital and Innovation consulting[(3)]	31,699	23.1%	42,874	23.6%	11,175	35.3%
Total	**137,295**	**100.0%**	**181,823**	**100.0%**	**44,528**	**32.4%**

(1) Consists of our business advisory service area as described in "*Business—Our Service Areas.*"

(2) Consists of our technology advisory service area. See "*Business—Our Service Areas.*"

(3) Consists of the following service areas: (i) advisory digital, (ii) strategy and innovation, (iii) x-tech (exponential technologies), (iv) cybersecurity, and (v) delivery digital. See "*Business—Our Service Areas.*"

Revenues from Strategy and operation consulting amounted to €82.0 million for the six months ended June 30, 2021, an increase of €28.4 million, or 52.9%, compared to €53.7 million for the six months ended June 30, 2020. This increase was primarily driven by: (i) the acquisition of Chaucer, which contributed revenues of €18.0 million, mainly with its presence in Energy & Utilities, in Financial Services and in Public Sector & Healthcare; markets in UK and (ii) the growth in services provided to our clients by BIP, with an increase of

€8.8 million in comparison to the six months ended June 30, 2020. This growth involved clients operating mainly in the Energy & Utilities, Manufacturing and Financial Services industries, as described above in the revenues by industry section.

Revenues from Technology consulting amounted to €56.9 million for the six months ended June 30, 2021 respectively, an increase of €5.0 million, or 9.6%, compared to €51.9 million for the six months ended June 30, 2020. This increase was primarily driven by: (i) Chaucer, which contributed revenues of €2.5 million and (ii) Vidiemme, with an increase of €1.9 million in comparison to the six months ended June 30, 2020. This growth was driven by services for clients requiring implementation of data governance, data analytics, and artificial intelligence solutions as well as the continuing growing client demand for data-driven and cloud services.

Revenues in Digital and Innovation consulting amounted to €42.9 million for the six months ended June 30, 2021, an increase of €11.2 million, or 35.3%, compared to €31.7 million for the six months ended June 30, 2020. This increase was primarily driven by: (i) BIP with an increase of €6.0 million in comparison to the six months ended June 30, 2020, primarily attributable to services provided to clients operating in Energy & Utilities and Financial Services industries; (ii) Sketchin, with its growing involvement in projects related to Retail and TMT industries impacting this service area with an increase of €2.7 million in comparison to the six months ended June 30, 2020; (iii) by a general increase in other Group revenues, with a major impact on the Energy & Utilities, TMT and Public Sector & Healthcare.

The following table sets forth an analysis of our revenues from sales and services by geography related to client location for the periods indicated.

	For the six months ended June 30,				Change	
	2020(1)	**% of total**	**2021(1)**	**% of total**	**€**	**%**
	(€ in thousands, except percentages)					
Italy	110,330	80.4%	123,567	68.0%	13,237	12.0%
Other European countries	20,201	14.7%	46,971	25.8%	26,770	>100.0%
South America	5,534	4.0%	6,732	3.7%	1,198	21.0%
North America	905	0.7%	4,040	2.2%	3,135	>100.0%
Rest of the world	325	0.2%	548	0.3%	223	68.8%
Total	**137,295**	**100.0%**	**181,823**	**100.0%**	**44,528**	**32.4%**

(1) Revenues by geographical area are recorded based on the location of the client for which we have provided services. Rest of the World includes the UK, Spain, France, Germany, the US, Middle East and Latin America.

Italy

Revenues from Italy amounted to €123.6 million for the six months ended June 30, 2021, an increase of €13.2 million, or 12.0% compared to €110.3 million for the six months ended June 30, 2020. The increase was primarily due to an increase in BIP recovering from the COVID-19 pandemic, in particular in the Italian market, with revenues of €10.7 million higher than the six months ended June 30, 2020. The remaining increase was attributable to other Group companies.

Other European countries

Revenues from other European countries more than doubled, amounting to €47.0 million for the six months ended June 30, 2021, an increase of €26.8 million compared to €20.2 million for the six months ended June 30, 2020. This increase was primarily due to the Chaucer and Medley acquisitions in July and November 2020 respectively, which in total recorded revenues in the UK market of €23.4 million for the six months ended June 30, 2021.

South America

Revenues from South America amounted to €6.7 million for the six months ended June 30, 2021, an increase of €1.2 million, or 21% compared to €5.5 million for the six months ended June 30, 2020. This increase was primarily attributable to: (i) the acquisition of Advantis in April 2021, resulting in an increase in revenues in Colombia of approximately €0.5 million for the six months ended June 30, 2021 in comparison to the six months ended June 30, 2020; and (ii) business growth in Brazil and Ecuador, resulting in an increase of €0.5 million and €0.1 million respectively for the six months ended June 30, 2021 in comparison to the six months ended June 30, 2020.

North America

Revenues from North America amounted to €4.0 million for the six months ended June 30, 2021, an increase of €3.1 million, compared to €0.9 million for the six months ended June 30, 2020. This increase was primarily driven by Vitrium Consulting Inc., a US subsidiary of Chaucer, which was acquired in 2020 by BIP; Chaucer recorded revenues in the US of €3.4 million.

Rest of the world

Revenues from rest of the world amounted to €0.5 million for the six months ended June 30, 2021, an increase of €0.2 million, compared to €0.3 million for the six months ended June 30, 2020.

Other revenues

Other revenues amounted to €0.8 million for the six months ended June 30, 2021 and 2020. This item primarily includes expense recoveries, capital gains, and other sundry income.

Cost of services

	For the six months ended June 30,				Change	
	2020	**% of revenues(1)**	**2021**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Consulting and technical assistance	12,971	9.4%	20,677	11.4%	7,706	59.4%
Travel expenses	989	0.7%	385	0.2%	(604)	(>100.0%)
Other	1,383	1.0%	1,472	0.8%	89	6.4%
Total	**15,343**	**11.2%**	**22,534**	**12.4%**	**7,191**	**46.9%**

(1) Percentage of revenues refers to revenues from sales and services.

Cost of services amounted to €22.5 million for the six months ended June 30, 2021, an increase of €7.2 million, or 46.9%, compared to €15.3 million for six months ended June 30, 2020.

This increase was primarily attributable to the increase of Consulting and technical assistance costs which increased by €7.7 million from €13.0 million for the six months ended June 30, 2020 to €20.7 million for the six months ended June 30, 2021. This increase was primarily driven by: (i) the consolidation of Chaucer and Medley which incurred consulting and technical assistance costs of €5.9 million for the six months ended June 30, 2021; (ii) a general increase in costs of other Group companies due to the increase in business and primarily in relation to Vidiemme to support the increase in revenues.

General and administrative expenses

	For the six months ended June 30,				Change	
	2020	**% of revenues(1)**	**2021**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Legal and tax services	2,033	1.5%	1,667	0.9%	(366)	(18.0%)
Canteen	1,475	1.1%	1,684	0.9%	209	14.2%
Rental of computers and printers	1,018	0.7%	1,338	0.7%	320	31.4%
Telephones	743	0.5%	751	0.4%	8	1.1%
Office rental	469	0.3%	447	0.2%	(22)	(4.7%)
Vehicle rental	451	0.3%	192	0.1%	(259)	(>100.0%)
Communication and events	263	0.2%	193	0.1%	(70)	(26.6%)
Sundry expenses	2,934	2.1%	3,693	2.0%	759	25.9%
Total	**9,386**	**6.8%**	**9,965**	**5.5%**	**579**	**6.2%**

(1) Percentage of revenues refers to revenues from sales and services.

General and administrative expenses amounted to €10.0 million the six months ended June 30, 2021, an increase of €0.6 million, or 6.2% compared to €9.4 million the six months ended June 30, 2020. As a percentage of revenues, costs for general and administrative expenses decreased from 5.5% for the six months ended June 30, 2021 to 6.8% for the six months ended June 30, 2020.

The increase in general and administrative expenses was primarily due to: (i) an increase in sundry expenses of €0.8 million primarily attributable to a general growth for the business in all Group companies and to changes in the consolidation perimeter related to the Chaucer and Medley acquisitions; (ii) an increase in canteen of €0.2 million primarily attributable to the increase of employees in Italian companies; (iii) an increase in rental of computers and printers of €0.3 million primarily due to Chaucer and Medley acquisitions, as well as the previous mentioned increase of employees in Italy. This increase was partially offset by (i) a decrease of €0.4 million in legal and tax services costs related to the costs incurred in the six months ended June 30, 2020 for the acquisitions of Chaucer and Medley; and (ii) a decrease of €0.3 million in vehicle rental due to the increase of smart working activities compared to the six months ended June 30, 2020.

Personnel expenses

	For the six months ended June 30,				Change	
	2020	**% of revenues(1)**	**2021**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Wages and salaries	60,679	44.2%	84,202	46.3%	23,523	38.8%
Social security costs	14,176	10.3%	16,585	9.1%	2,409	17.0%
Severance indemnity	3,624	2.6%	3,626	2.0%	2	0.1%
Other personnel costs	10,455	7.6%	15,947	8.8%	5,492	52.5%
Total	**88,934**	**64.8%**	**120,360**	**66.2%**	**31,426**	**35.3%**

(1) Percentage of revenues refers to revenues from sales and services.

Personnel expenses amounted to €120.4 million for the six months ended June 30, 2021, an increase of €31.4 million, or 35.3%, compared to €88.9 million for the six months ended June 30, 2020.

This increase in personnel expenses was primarily attributable to the increase in wages, salaries and social security costs which amounted to €100.8 million for the six months ended June 30, 2021, an increase of €25.9 million, or 34.6%, compared to €74.9 million for the six months ended June 30, 2020. This increase was primarily driven by: (i) cash settled incentives and share based plan for employee benefits linked to the Chaucer acquisition for €1.1 million and the recognition of employee benefits for payments in shares under IFRS 2 amounting to €2.8 million and related expenses for employee contribution amounting to €0.9 million (ii) the consolidation of Advantis which contributed to an increase in wages, salaries and social security costs of €13.1 million and €0.2 million respectively; and (ii) to an increase in the other Group companies wages, salaries and social security costs of €12.6 million, related to the general growth of business and to an increase in average bonuses and wages per employee due to the positive business performance in 2021.

Other personnel costs amounted to €16.0 million for the six months ended June 30, 2021, an increase of €5.5 million, or 52.5%, compared to €10.5 million for the six months ended June 30, 2020. These primarily include bonuses for employees, cost for holiday, leaves and employees' insurances. The increase compared to the previous period primarily relates to certain costs related to the Chaucer acquisition as well as to benefits in kind to Group's management.

The number of our permanent employees increased from 2,740 for the six months ended June 30, 2020 to 3,428 for the six months ended June 30, 2021.

Depreciation, amortization and impairment

	For the six months ended June 30,				Change	
	2020	**% of revenues(1)**	**2021**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Depreciation of property, plant and equipment	360	0.3%	420	0.2%	60	16.7%
Amortization of intangible assets	2,583	1.9%	3,953	2.2%	1,370	53.0%
Depreciation of right-of-use assets	3,219	2.3%	4,133	2.3%	914	28.4%
Impairment write-downs	432	0.3%	255	0.1%	(177)	(41.0%)
Total	**6,594**	**4.8%**	**8,761**	**4.8%**	**2,167**	**32.9%**

(1) Percentage of revenues refers to revenues from sales and services.

Depreciation, amortization and impairments amounted to €8.8 million for the six months ended June 30, 2021, an increase of €2.2 million, or 32.9%, compared to €6.6 million for the six months ended June 30, 2020. This increase was primarily driven by: (i) an increase in the amortisation of intangible assets of €1.4 million primarily related to Chaucer and Medley client relationships and trademarks; (ii) an increase in depreciation of right-of-use assets of €0.9 million, primarily related to the new BIP office located in Milan, Piazza from January 2021.

Operating profit

Operating profit amounted to €20.7 million for the six months ended June 30, 2021, an increase of €3.1 million, or 17.4%, compared to €17.6 million for the six months ended June 30, 2020 as a result of the factors described above.

Finance income and expenses

	For the six months ended June 30,				Change	
	2020	% of revenues(1)	2021	% of revenues(1)	€	%
	(€ in thousands, except percentages)					
Finance income	125	0.1%	444	0.2%	319	>100.0%
Finance expenses	(2,604)	(1.9%)	(4,685)	(2.6%)	(2,081)	79.9%
Total	**(2,479)**	**(1.8%)**	**(4,241)**	**(2.3%)**	**(1,762)**	**71.1%**

(1) Percentage of revenues refers to revenues from sales and services.

Finance expenses, net of finance income amounted to €4.2 million for the six months ended June 30, 2021, an increase of €1.8 million, or 71.1%, compared to €2.5 million for the six months ended June 30, 2020.

The increase in finance expenses of €2.1 million, from €2.6 million for the six months ended June 30, 2020 to €4.7 million for the six months ended June 30, 2021 is primarily attributable to the release to the income statement of the amortized cost related to repayment of the outstanding bond through the loan we signed with a pool of banks in December 2019 (the "**2019 Facility Agreement**") which is required to be repaid in the event of a change of control.

Finance income amounted to €0.4 million for the six months ended June 30, 2021, an increase of €0.3 million, compared to €0.1 million for the six months ended June 30, 2020. This increase primarily refers to foreign exchange gains.

Income tax

	For the six months ended June 30,				Change	
	2020	% of revenues(1)	2021	% of revenues(1)	€	%
	(€ in thousands, except percentages)					
Current taxes	5,354	3.9%	4,615	2.5%	(739)	(13.8%)
Deferred taxes	(653)	(0.5%)	666	0.4%	1,319	>100.0%
Total	**4,701**	**3.4%**	**5,281**	**2.9%**	**580**	**12.3%**

(1) Percentage of revenues refers to revenues from sales and services.

Income tax was recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. Based on the estimates income tax amounted to €5.3 million for the six months ended June 30, 2021, an increase of €0.6 million, or 12.3%, compared to €4.7 million for the six months ended June 30, 2020.

The Financial Year Ended December 31, 2019 Compared to the Financial Year Ended December 31, 2020

The following is a discussion of our results of operations for the financial year ended December 31, 2020 as compared to the financial year ended December 31, 2019. The discussion includes a presentation of such line items as a percentage of revenues from sales and services for the respective periods presented, to facilitate a year-over-year comparison.

The following tables set forth an analysis of our income statement for the periods indicated.

	Financial year ended December 31,				Change	
	2019	**% of revenues(1)**	**2020**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Revenue from sales and services	242,786	100.0%	286,194	100.0%	43,408	17.9%
Other revenues	1,798	0.7%	2,108	0.7%	310	17.2%
TOTAL VALUE OF PRODUCTION	**244,584**	**100.7%**	**288,302**	**100.7%**	**43,718**	**17.9%**
Cost of services	35,112	14.5%	36,330	12.7%	1,218	3.5%
General and administrative expenses	18,795	7.7%	20,324	7.1%	1,529	8.1%
Personnel expenses	149,993	61.8%	187,677	65.6%	37,684	25.1%
Other operating costs	262	0.1%	298	0.1%	36	13.7%
Depreciation, amortisation and impairment	12,331	5.1%	15,152	5.3%	2,821	22.9%
Total operating costs	**216,493**	**89.2%**	**259,781**	**90.8%**	**43,288**	**20.0%**
OPERATING PROFIT	**28,091**	**11.6%**	**28,521**	**10.0%**	**430**	**1.5%**
Finance income	533	0.2%	562	0.2%	29	5.4%
Finance expenses	9,498	3.9%	6,228	2.2%	(3,270)	(34.4%)
Net finance expenses	**(8,965)**	**(3.7%)**	**(5,666)**	**(2.0%)**	**3,299**	**(36.8%)**
Profit before tax	**19,126**	**7.9%**	**22,855**	**8.0%**	**3,729**	**19.5%**
Income tax expense / (benefit)	7,323	3.0%	(42,497)	(14.8%)	(49,820)	>100.0%
Profit for the year	**11,803**	**4.9%**	**65,352**	**22.8%**	**53,549**	**>100.0%**

(1) Percentage of revenues refers to revenues from sales and services.

Revenues from sales and services

Revenues from sales and services amounted to €286.2 million for the financial year ended December 31, 2020, an increase of €43.4 million, or 17.9%, compared to €242.8 million for the financial year ended December 31, 2019. This increase was primarily driven by: (i) the inclusion of three acquisitions into our corporate structure in 2020, including Chaucer (€20.7 million), Vidiemme (€5.1 million), and Medley (€0.4 million); and (ii) growth of our business, in particular, by BIP and BIP Iberia, which saw significant rises in revenues compared to the financial year ended December 31, 2019, which was driven by our performance in the Energy & Utilities, Financial Services, and Public Sector & Healthcare industries.

The following table sets forth an analysis of our revenues from sales and services by industry for the periods indicated.

	Financial year ended December 31,				Change	
	2019	**% of total**	**2020**	**% of total**	**€**	**%**
	(€ in thousands, except percentages)					
Energy & Utilities	66,693	27.5%	80,657	28.2%	13,964	20.9%
Telecommunication, Media & Entertainment	68,781	28.3%	67,820	23.7%	(961)	(1.4%)
Financial Services	52,360	21.6%	62,840	22.0%	10,480	20.0%
Public Sector & Healthcare	25,561	10.5%	36,776	12.9%	11,215	43.9%
Manufacturing	14,420	5.9%	12,736	4.4%	(1,684)	(11.7%)
Retail	9,566	3.9%	14,584	5.1%	5,018	52.5%
Transportation	5,405	2.2%	5,466	1.9%	61	1.1%
Other	—	—	5,315	1.9%	5,315	n/a
Total	**242,786**	**100.0%**	**286,194**	**100.0%**	**43,408**	**17.9%**

Revenues from Energy & Utilities amounted to €80.7 million for the financial year ended December 31, 2020, an increase of €14.0 million, or 20.9%, compared to €66.7 million for the financial year ended December 31, 2019. This increase was primarily driven by: (i) the inclusion of Chaucer into our corporate structure on the consolidation date in July 2020, contributing approximately €3.9 million; and (ii) the growth of our business, which was primarily due to strategic, energy related projects focusing on the use of hydrogen for energy transportation led by BIP, resulting in an increase in revenues related to the Energy & Utilities industry from €53.3 million for the financial year ended December 31, 2019 to €59.9 million for the financial year ended December 31, 2020.

Revenues from TMT amounted to €67.8 million for the financial year ended December 31, 2020, a decrease of €1.0 million, or 1.4%, compared to €68.8 million for the financial year ended December 31, 2019. The TMT industry was impacted by the COVID-19 pandemic. For example, in 2020, revenues in the TMT industry in Italy, our primary geographic market, decreased by 5%. In addition, while telecommunication companies experienced a large increase in fixed and mobile traffic volumes, the impact on the media sector was mix and included: (i) a decrease in turnover of free-to-air TV by 11%, an slight increase in pay-TV (primarily driven by new streaming subscriptions), and an increase by 7% of revenues from digital advertising on the internet. We remained relatively resilient during the COVID-19 pandemic, with revenues substantially in line with the previous year. Our resilience was in part due to the acceleration of digital transformation across all industries, with a strong push towards cloud computing and e-commerce. As a result, the demand for cybersecurity services also increased due to the dramatic shift to remote working environments.

Revenues from Financial Services amounted to €62.8 million for the financial year ended December 31, 2020, an increase of €10.5 million, or 20.0%, compared to €52.4 million for the financial year ended December 31, 2019. This increase was primarily driven by: (i) clients in the Italian financial sector increasing their use of digital solutions, artificial intelligence, and cybersecurity; and (ii) the Chaucer acquisition.

Revenues from Public Sector & Healthcare amounted to €36.8 million for the financial year ended December 31, 2020, an increase of €11.2 million, or 43.9%, compared to €25.6 million for the financial year ended December 31, 2019. This increase was primarily driven by the acquisition of Chaucer, Vidiemme and Medley, which contributed revenues of €11.5 million, €1.1 million, and €0.2 million, respectively. In the national Public Sector, despite the impact of the COVID-19 pandemic, revenues were relatively stable compared to the previous year. In particular, BIP consolidated its service provider role for several public companies and for central and local authorities, to support clients with digital transformation and the implementation of artificial intelligence.

Revenues from Manufacturing amounted to €12.7 million for the financial year ended December 31, 2020, a decrease by €1.7 million, or 11.7%, compared to €14.4 million for the financial year ended December 31, 2019. This decrease was primarily a consequence of the COVID-19 pandemic as many manufacturing clients were adversely impacted by the COVID-19 pandemic, leading to the temporary closure of their sites and the postponement of several projects.

Revenues from Retail amounted to €14.6 million for the financial year ended December 31, 2020, an increase of €5.0 million, or 52.5%, compared to €9.6 million for the financial year ended December 31, 2019, primarily driven by: (i) the acquisition of Vidiemme, which contributed revenues of €1.9 million in 2020; and (ii) an increase in services provided to several retail clients, in particular, projects related to digitalization of central processes for store operations, such as visual merchandising and space management.

Revenues from Transportation amounted to €5.5 million for the financial year ended December 31, 2020, substantially unchanged compared to €5.4 million for the financial year ended December 31, 2019.

Revenues from Other amounted to €5.3 million for financial year ended December 31, 2020. This result was primarily due to the acquisition of Chaucer and Vidiemme, which contributed revenues of approximately €3.9 million, as well as revenues derived from services we provided to a legal advisory business client.

The following table sets forth an analysis of our revenues from sales and services by service area for the periods indicated.

	Financial year ended December 31,				Change	
	2019	% of total	2020	% of total	€	%
	(€ in thousands, except percentages)					
Strategy and Operation consulting[(1)]	104,413	43.0%	115,976	40.5%	11,562	11.1%
Technology consulting[(2)]	90,764	37.4%	98,812	34.5%	8,049	8.9%
Digital and Innovation consulting[(3)]	47,609	19.6%	71,406	25.0%	23,797	50.0%
Total	**242,786**	**100.0%**	**286,194**	**100.0%**	**43,408**	**17.9%**

(1) Consists of our business advisory service area as described in "*Business—Our Service Areas.*"

(2) Consists of our technology advisory service area. See "*Business—Our Service Areas.*"

(3) Consists of the following service areas: (i) advisory digital, (ii) strategy and innovation, (iii) x-tech (exponential technologies), (iv) cybersecurity, and (v) delivery digital. See "*Business—Our Service Areas.*"

Revenues from Strategy and Operation consulting amounted to €116.0 million for the financial year ended December 31, 2020, an increase of €11.6 million, or 11.1%, compared to €104.4 million for the financial year ended December 31, 2019. This increase was primarily driven by the acquisition of Chaucer and the growth in services provided to our clients operating in the Energy & Utilities industry, as described above in the revenues by industry section.

Revenues from Technology consulting amounted to €98.8 million for the financial year ended December 31, 2020, an increase of €8.0 million, or 8.9%, compared to €90.8 million for the financial year ended December 31, 2019. This increase was driven by: (i) the positive impact of the Chaucer acquisition, with its significant presence in the UK energy market; (ii) growth of our services for clients requiring implementation of data governance, data analytics, and artificial intelligence solutions; and (iii) client demand for data-driven and cloud services, which increased as a result of the acceleration in digital transformation processes due to the COVID-19 pandemic.

Revenues in Digital and Innovation consulting amounted to €71.4 million for the financial year ended December 31, 2020, an increase of €23.8 million, or 50.0%, compared to €47.6 million for the financial year ended December 31, 2019. This increase was primarily driven by the COVID-19 pandemic during which client demand for digital transformation programs increased in all industries, with a significant impact on the Energy & Utilities, TMT, and Financial Services industries, as well as e-commerce and cybersecurity services due to the dramatic shift to remote working environments.

The following table sets forth an analysis of our revenues from sales and services by geography related to client location for the periods indicated.

	Financial year ended December 31,				Change	
	2019	% of total	2020	% of total	€	%
	(€ in thousands, except percentages)					
Italy	192,905	79.5%	212,902	74.4%	19,997	10.4%
Other European countries	36,734	15.1%	56,281	19.7%	19,547	53.2%
South America	10,823	4.5%	11,268	3.9%	446	4.1%
North America	1,156	0.5%	4,892	1.7%	3,736	>100.0%
Rest of the world	1,168	0.5%	851	0.3%	(318)	(27.2%)
Total	**242,786**	**100.0%**	**286,194**	**100.0%**	**43,408**	**17.9%**

Italy

Revenues from Italy amounted to €212.9 million for the financial year ended December 31, 2020, an increase of €20 million, or 10.4%, compared to €192.9 million for the financial year ended December 31, 2019. The increase was primarily due to: (i) the organic growth of our business, in particular, our parent company, BIP strengthening its position with existing clients and an increase in demand for traditional and digital services; and (ii) the acquisition of Vidiemme, which contributed to an increase in our revenues of €5.1 million.

Other European countries

Revenues from other European countries amounted to €56.3 million for the financial year ended December 31, 2020, an increase of €19.6 million, or 53.2%, compared to €36.7 million for the financial year ended December 31, 2019. This increase was primarily driven by the acquisition of Chaucer, as well as the €4.0 million increase in BIP Iberia's revenues which was due to the recruiting in 2020 of skilled staff from a consulting firm with a strong expertise in the energy market, partially offset by the onset and spread of the COVID-19 pandemic.

South America

Revenues from South America amounted to €11.3 million for the financial year ended December 31, 2020, an increase of €0.5 million, or 4.1%, compared to €10.8 million for the financial year ended December 31, 2019. This increase, partially offset by the depreciation of the Brazilian currency by more than 40.0% in 2020, was driven by the synergies arising from the integration of our two Brazilian subsidiaries, FBM and BIP Consultoria, and the growth of FBM in the Financial Services industry.

North America

Revenues from North America amounted to €4.9 million for the financial year ended December 31, 2020, an increase of €3.7 million, compared to €1.2 million for the financial year ended December 31, 2019. This increase was primarily driven by Vitrium, a US subsidiary of Chaucer, which was acquired in 2020.

Rest of the world

Revenues from rest of the world amounted to €0.9 million for the financial year ended December 31, 2020, a decrease of €0.3 million, or 27.2%, compared to €1.2 million for the financial year ended December 31, 2019, which was driven by a decrease in revenue as a consequence of the COVID-19 pandemic.

Other revenues

Other revenues amounted to €2.1 million for the financial year ended December 31, 2020, an increase of €0.3 million, or 17.2%, compared to €1.8 million for the financial year ended December 31, 2019. This item primarily includes expense recoveries, capital gains, and other miscellaneous income.

Costs of services

	Financial year ended December 31,				Change	
	2019	% of revenues(1)	2020	% of revenues(1)	€	%
	(€ in thousands, except percentages)					
Consulting and technical assistance	27,201	11.2%	32,424	11.3%	5,223	19.2%
Travel expenses	5,743	2.4%	1,690	0.6%	(4,053)	(>100.0%)
Other	2,168	0.9%	2,216	0.8%	48	2.2%
Total	**35,112**	**14.5%**	**36,330**	**12.7%**	**1,218**	**3.5%**

(1) Percentage of revenues refers to revenues from sales and services.

Costs of services amounted to €36.3 million for the financial year ended December 31, 2020, an increase of €1.2 million, or 3.5%, compared to €35.1 million for the financial year ended December 31, 2019, which was due to the increase in consulting and technical assistance costs related to the need for subcontractors and technical specialists for certain Chaucer clients, partially offset by the decrease in employee travel expenses beginning in March 2020, due to the COVID-19 pandemic.

Consulting and technical assistance costs amounted to €32.4 million for the financial year ended December 31, 2020, an increase of €5.2 million, or 19.2%, compared to €27.2 million for the financial year ended December 31, 2019. This increase was primarily driven by advisory fees and other costs related to the acquisition of Chaucer, for an amount of €4.3 million. As a percentage of revenues, consulting and technical assistance costs was substantially unchanged, amounting to 11.2% in 2019 and 11.3% in 2020.

Travel expenses amounted to €1.7 million for the financial year ended December 31, 2020, a decrease of €4.1 million, compared to €5.6 million for the financial year ended December 31, 2019. This decrease was primarily due to the reduction of employee business trips during the year following the onset of the COVID-19 pandemic.

Other costs include costs incurred in connection with executing projects and for materials purchased for the purpose of selling the services offered.

General and administrative expenses

	Financial year ended December 31,				Change	
	2019	**% of revenues(1)**	**2020**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Communication and events	2,847	1.2%	623	0.2%	(2,224)	(>100.0%)
Canteen	2,420	1.0%	2,864	1.0%	444	18.3%
Legal and tax services	2,025	0.8%	5,881	2.1%	3,856	190.4%
Rentals of computers and printers	1,856	0.8%	2,474	0.9%	618	33.3%
Office rental	1,602	0.7%	1,110	0.4%	(492)	(30.7%)
Telephones	1,426	0.6%	1,452	0.5%	26	1.8%
Vehicle rental	1,054	0.4%	802	0.3%	(252)	(23.9%)
Sundry expenses	5,565	2.3%	5,118	1.8%	(447)	(8.0%)
Total	**18,795**	**7.7%**	**20,324**	**7.1%**	**1,529**	**8.1%**

(1) Percentage of revenues refers to revenues from sales and services.

General and administrative expenses amounted to €20.3 million for the financial year ended December 31, 2020, an increase of €1.5 million, or 8.1% compared to €18.8 million for the financial year ended December 31, 2019. As a percentage of revenues, costs for general and administrative expenses decreased from 7.7% for the financial year ended December 31, 2019 to 7.1% for the financial year ended December 31, 2020.

The increase in general and administrative expenses is primarily due to the combined effect of the following: an increase in legal and tax-related services costs of €3.9 million, from €2.0 million for the financial year ended December 31, 2019 to €5.9 million for the financial year ended December 31, 2020, primarily related to €3.3 million extraordinary costs incurred for the acquisition of Chaucer and other M&A-related costs, partially offset by a decrease in communication and events costs of €2.2 million, from €2.8 million for the financial year ended December 31, 2019 to €0.6 million for the financial year ended December 31, 2020. This decrease was primarily due to a one-off rebranding expense incurred in 2019 by BIP for €0.9 million; and the absence of events in 2020 due to the COVID-19 pandemic.

Personnel expenses

	Financial year ended December 31,				Change	
	2019	**% of revenues(1)**	**2020**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Wages and salaries	104,422	43.0%	126,913	44.3%	22,491	21.5%
Social security costs	25,309	10.4%	30,221	10.6%	4,912	19.4%
Severance indemnity	6,323	2.6%	7,340	2.6%	1,017	16.1%
Other personnel costs	13,939	5.7%	23,203	8.1%	9,264	66.5%
Total	**149,993**	**61.8%**	**187,677**	**65.6%**	**37,684**	**25.1%**

(1) Percentage of revenues refers to revenues from sales and services.

Personnel expenses amounted to €187.7 million for the financial year ended December 31, 2020, an increase of €37.7 million, or 25.1%, compared to €150.0 million for the financial year ended December 31, 2019. This increase was primarily due to: (i) the first-time consolidation of Chaucer and Medley, which recorded personnel expenses of €10.6 million, and Vidiemme, which recorded personnel expenses of €3.4 million; (ii) extraordinary provisions that we recorded for employee bonuses related to M&A activities; and (iii) an increase in the number of our employees due to the growth of our business.

The number of our permanent employees increased from 2,648 as at December 31, 2019 to 3,305 as at December 31, 2020, of which 282 and 92 were related to Chaucer and Vidiemme acquisitions, respectively.

Depreciation, amortization and impairment

	Financial year ended December 31,				Change	
	2019	**% of revenues(1)**	**2020**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Depreciation of property, plant and equipment	722	0.3%	938	0.3%	216	29.9%
Amortization of intangible assets	4,680	1.9%	6,440	2.3%	1,760	37.6%
Depreciation of right-of-use	6,357	2.6%	6,574	2.3%	217	3.4%
Impairment write-downs	572	0.2%	1,200	0.4%	628	>100.0%
Total	**12,331**	**5.1%**	**15,152**	**5.3%**	**2,821**	**22.9%**

(1) Percentage of revenues refers to revenues from sales and services.

Depreciation, amortization and impairment amounted to €15.2 million for the financial year ended December 31, 2020, an increase of €2.8 million, or 22.9%, compared to €12.3 million for the financial year ended December 31, 2019. The increase was primarily driven by the acquisition of Chaucer in 2020, with the preliminary purchase price allocation of Chaucer generating amortization expenses related to client relationships and brand, in the amount of €1.0 million and €0.4 million, respectively.

An increase in write-downs by €0.6 million also contributed to the increase in amortization and depreciation. This increase was primarily due to: (i) existing office rental contracts early, as well as not renewing certain office rental contracts, for which, in some cases, we had made on site office improvements to; and (ii) suspend an internal client relationship management solution as well as a project we developed for the sale of telemedicine services.

Operating profit

Operating profit amounted to €28.5 million for the financial year ended December 31, 2020, an increase of €0.4 million, or 1.5%, compared to €28.1 million for the financial year ended December 31, 2019 as a result of the factors described above.

Finance income and expenses

	Financial year ended December 31,				Change	
	2019	**% of revenues(1)**	**2020**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Finance income	533	0.2%	562	0.2%	29	5.4%
Finance expenses	(9,498)	(3.9%)	(6,228)	(2.2%)	(3,270)	(34.4%)
Total	**(8,965)**	**(3.7%)**	**(5,666)**	**(2.0%)**	**(3,299)**	**(36.8%)**

(1) Percentage of revenues refers to revenues from sales and services.

Net finance expenses amounted to €5.7 million for the financial year ended December 31, 2020, a decrease of €3.3 million, or 36.8%, compared to €9.0 million for the financial year ended December 31, 2019. This decrease was primarily due to a one-off cost in December 2019 in connection with the release in the income statement of the amortized cost (for €3.5 million) related to the existing bond, repaid through the facility agreement we signed with a pool of banks and also due to the better interest rate conditions related to the facility agreement. The positive effect due to the decrease of interest rates has been partially offset by finance expenses of €0.7 million related to a new loan obtained in 2020 (the "**Amendment and Restatement Agreement**") to finance the acquisition of Chaucer.

Income tax

	Financial year ended December 31,				Change	
	2019	**% of revenues(1)**	**2020**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Current taxes	8,317	3.4%	15,438	5.4%	7,121	85.6%
Deferred taxes	(994)	(0.4%)	(57,936)	(20.2%)	(56,942)	>100.0%
Total	**7,323**	**3.0%**	**(42,497)**	**(14.8%)**	**(49,820)**	**>100.0%**

(1) Percentage of revenues refers to revenues from sales and services.

Income tax benefit amounted to €42.5 million for the financial year ended December 31, 2020, a change of €49.8 million compared to tax expenses of €7.3 million for the financial year ended December 31, 2019. Income tax benefit in 2020 was primarily due to BIP's decision to realign tax and book value of certain assets by paying a substitute tax. In particular, we decided that BIP would realign the tax value of goodwill for €134.7 million, the client relationship for €40.5 million, and the BIP brand for €23.4 million by paying a substitute tax of 3.0%, equal to €6.0 million, which is to be paid in three annual installments beginning on June 30, 2021. The exercise of the option also involved the release of deferred tax liabilities in the amount of €17.8 million related to the BIP trademark and client relationship, since the statutory tax differences on these intangible assets no longer exist and a provision of deferred tax assets in the amount of €37.6 million related to the statutory tax differences on the value of goodwill.

The Financial Year Ended December 31, 2018 Compared to the Financial Year Ended December 31, 2019

The following is a discussion of the results of operations for the financial year ended December 31, 2019 as compared to the financial year ended December 31, 2018. The discussion includes a presentation of such line items as a percentage of revenues from sales and services for the respective periods presented, to facilitate period-over-period comparisons. As described in "—*Factors Affecting our Results of Operations*," on March 27, 2018 Apax Partners France Fund acquired control of BIP. The transaction was carried out through the incorporation of BEEP, which acquired the entire shareholding of BIP, and subsequently BEEP was merged with and into BIP. As of BEEP's incorporation on March 13, 2018 and since BEEP took control of the BIP S.p.A. on March 27, 2018, the income statement presented below for the financial year ended December 31, 2018 only includes results from March 13, 2018, the date of BEEP's incorporation, to December 31, 2018, and reflect the consolidated results of operations and cash flows of BIP for the period from March 27 to December 31, 2018. As such, the results of operations for the financial year ended December 31, 2018 are not directly comparable to those for the financial year ended December 31, 2019. To show the underlying trends of the business, additional information for 2018 has been provided which shows the results of operations of BIP for the financial year ended December 31, 2018.

The following tables set forth an analysis of our income statement for the periods indicated.

	Financial year ended December 31,				Change	
	2018	% of revenues(1)	2019	% of revenues(1)	€	%
	(*€ in thousands, except percentages*)					
Revenue from sales and services	157,017	100.0%	242,786	100.0%	85,769	54.6%
Other revenues	765	0.5%	1,798	0.7%	1,033	>100.0%
TOTAL VALUE OF PRODUCTION	**157,782**	**100.5%**	**244,584**	**100.7%**	**86,802**	**55.0%**
Cost of services	23,249	14.8%	35,112	14.5%	11,863	51.0%
General and administrative expenses	19,918	12.7%	18,795	7.7%	(1,123)	(5.6%)
Personnel expenses	96,280	61.3%	149,993	61.8%	53,713	55.8%
Other operating costs	235	0.1%	262	0.1%	27	11.5%
Depreciation, amortisation and impairment	4,519	2.9%	12,331	5.1%	7,812	>100.0%
Total operating costs	**144,201**	**91.8%**	**216,493**	**89.2%**	**72,292**	**50.1%**
OPERATING PROFIT	**13,581**	**8.6%**	**28,091**	**11.6%**	**14,510**	**>100.0%**
Finance income	349	0.2%	533	0.2%	184	52.7%
Finance expenses	7,843	5.0%	9,498	3.9%	1,655	21.1%
Net finance expenses	**(7,494)**	**(4.8%)**	**(8,965)**	**(3.7%)**	**(1,471)**	**19.6%**
Profit before tax	**6,087**	**3.9%**	**19,126**	**7.9%**	**13,039**	**>100.0%**
Income tax expense	3,680	2.3%	7,323	3.0%	3,643	99.0%
Profit for the year	**2,407**	**1.5%**	**11,803**	**4.9%**	**9,396**	**>100.0%**

(1) Percentage of revenues refers to revenues from sales and services.

Revenues from sales and services

Revenues from sales and services amounted to €242.8 million for the financial year ended December 31, 2019, increased by €85.8 million, or 54.6% compared to €157.0 million for the financial year ended December 31, 2018. Compared to the full twelve months of 2018, revenues would have increased by €36.8 million, or 17.9%. Such increase was primarily driven by business growth, notably relating to the parent company BIP, Openknowledge, BIP Iberia, BIP Brazil, and Anagram, in certain industries as further described below.

The following table sets forth an analysis of our revenues from sales and services by industry for the periods indicated.

	Financial year ended December 31,				Change	
	2018	% of total	2019	% of total	€	%
	(*€ in thousands, except percentages*)					
Energy & Utilities	40,288	25.7%	66,693	27.5%	26,405	65.5%
Telecommunication Media & Entertainment	50,617	32.2%	68,781	28.3%	18,164	35.9%
Financial Services	33,079	21.1%	52,360	21.6%	19,281	58.3%
Public Sector & Healthcare	13,874	8.8%	25,561	10.5%	11,687	84.2%
Manufacturing	6,634	4.2%	14,420	5.9%	7,786	117.4%
Retail	5,911	3.8%	9,566	3.9%	3,653	61.8%
Transportation	6,614	4.2%	5,405	2.2%	(1,208)	(18.3%)
Total	**157,017**	**100.0%**	**242,786**	**100.0%**	**85,769**	**54.6%**

Revenues from Energy & Utilities amounted to €66.7 million for the financial year ended December 31, 2019, an increase of €26.4 million, or 65.5% compared to €40.3 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €13.9 million, or 26.3%. The increase in revenues was primarily driven by (i) the demand for management, control, and redesign services related to the local distribution networks; (ii) greater demand for advisory support in relation to cybersecurity solutions and robotic process automation; (iii) an increase in our sales, marketing, and customer services efforts for services we offer to our clients involving the renewal of their processes, organization and information systems; and (iv) an improvement in our information communication and technology ("**ICT**") program management related activities.

Revenues from TMT amounted to €68.8 million for the financial year ended December 31, 2019, an increase of €18.2 million, or 35.9% compared to €50.6 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €2.4 million, or 3.7%. The increase in revenues from TMT was primarily due to the growing demand for technology consulting, client experience design, and enhancement of corporate IT assets.

Revenues from Financial Services amounted to €52.4 million for the financial year ended December 31, 2019, an increase of €19.3 million, or 58.3% compared to €33 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €9.0 million, or 20.8%. The increase in revenues from Financial Services was primarily driven by an increase in client demand for optimization solutions for front and back offices, improved ICT solutions as well as support with mergers and acquisitions and digital transformation and cybersecurity projects.

Revenues from the Public Sector & Healthcare amounted to €25.6 million for the financial year ended December 31, 2019, an increase of €11.7 million, or 84.2% compared to €13.9 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €7.4 million, or 40.6%. In the Public Sector in Italy, BIP consolidated its service provider role for several public companies and for central and local authorities, to support clients with digital transformation processes and numerous initiatives in the ICT strategy and governance and cloud areas. At an international level, BIP became an advisor to certain directorates general of the European Commission and to European agencies through new contract wins and renewals. Revenues from the Healthcare industry increased primarily as a result of the acquisition of several new clients in the Public and healthcare industry. Revenues from the healthcare industry increased primarily as a result of projects provided to several international pharmaceutical companies.

Revenues from Manufacturing amounted to €14.4 million for the financial year ended December 2019, an increase of €7.8 million, or 117.4% compared to €6.6 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €5.7 million, or 65.8%. This increase in Manufacturing revenues was driven by the tendency of key industry players pivoting from traditional manufacturing processes to technology based approaches, with an emphasis on sustainability.

Revenues from Retail amounted to €9.6 million for the financial year ended December 2019, an increase of €3.7 million or 61.8% compared to €5.9 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €1.8 million, or 23.4%. The increase in revenues from Retail was driven by a demand from clients in the fast fashion and luxury segment for the digital transformation of their services. We helped our clients implement cloud platforms and visual merchandising and optimize supply chain and logistics process.

Revenues from Transportation amounted to €5.4 million for the financial year ended December 31, 2019, a decrease of €1.2 million, or 18.3% compared to €6.6 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have decreased by €3.3 million, or 37.7%. This decrease in revenues from Transportation was primarily due to a decrease in revenues of BIP by €3.0 million from 2018 to 2019.

The following table sets forth an analysis of our revenues from sales and services by service area for the periods indicated.

	Financial year ended December 31,				Change	
	2018	% of total	2019	% of total	€	%
	(€ in thousands, except percentages)					
Strategy and Operation consulting(1)	72,497	46.2%	104,413	43.0%	31,916	44.0%
Technology consulting(2)	56,470	36.0%	90,764	37.4%	34,293	60.7%
Digital and Innovation consulting(3)	28,050	17.9%	47,609	19.6%	19,559	69.7%
Total	**157,017**	**100.0%**	**242,786**	**100.0%**	**85,769**	**54.6%**

(1) Consists of our business advisory service area as described in "*Business—Our Service Areas.*"

(2) Consists of our technology advisory service area. See "*Business—Our Service Areas.*"

(3) Consists of the following service areas: (i) advisory digital, (ii) strategy and innovation, (iii) x-tech (exponential technologies), (iv) cybersecurity, and (v) delivery digital. See "*Business—Our Service Areas.*"

Revenues from Strategy and Operation consulting amounted to €104.4 million for the financial year ended December 31, 2019, an increase of €31.9 million, or 44.0%, compared to €72.5 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €9.4 million, or 9.9%. The increase in revenues from Strategy and Operation consulting was primarily driven by an increase in client demand for optimization solutions for front and back offices, improved ICT solutions as well as support with mergers and acquisitions and digital transformation and cybersecurity projects, as described in the revenues by industry section above.

Revenues from Technology consulting amounted to €90.8 million for the financial year ended December 31, 2019 respectively, an increase of €34.3 million, or 60.7%, compared to €56.5 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €16.7 million, or 22.6%. The increase in revenues from Technology consulting was primarily due to the growth in revenues from services provided to our clients related to implementing robotic process automation and optimizing ICT processes, as described in the revenues by industry section above.

Revenues in Digital and Innovation consulting amounted to €47.6 million for the financial year ended December 31, 2019, an increase by €19.6 million, or 69.7%, compared to €28.0 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €10.8 million, or 29.5%. The increase in revenues from Revenues in Digital and Innovation consulting was primarily due to the growth in revenues from services provided related to implementing cybersecurity solutions and supporting digital transformation projects, as described in the revenues by industry section above.

The following table sets forth an analysis of our revenues from sales and services by geographic area related to clients' locations for the periods indicated.

	Financial year ended December 31,				Change	
	2018	% of total	2019	% of total	€	%
	(€ in thousands, except percentages)					
Italy	127,382	81.1%	192,905	79.5%	65,523	51.4%
Other European countries	21,399	13.6%	36,734	15.1%	15,335	71.7%
South America	6,798	4.3%	10,823	4.5%	4,025	59.2%
North America	229	0.1%	1,156	0.5%	927	>100.0%
Rest of the world	1,209	0.8%	1,168	0.5%	(40)	(3.3%)
Total	**157,017**	**100.0%**	**242,786**	**100.0%**	**85,769**	**54.6%**

Italy

Revenues from Italy amounted to €192.9 million for the financial year ended December 31, 2019, an increase of €65.5 million, or 51.4%, compared to €127.4 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €25.9 million, or 15.5%. The increase in revenues from Italy was primarily due to business growth, as well as the increase in the client portfolio of BIP.

Other European countries

Revenues from other European countries amounted to €36.7 million for the financial year ended December 31, 2019, an increase of €15.3 million, or 71.7%, compared to €21.4 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, revenues would have increased by €8.7 million, or 31%. The increase in revenues from other European countries was primarily due to revenue growth in Spain, the UK, and Switzerland primarily due to the investments we made in previous years as well as strengthening our position in these European countries.

South America

Revenues from South America amounted to €10.8 million for the financial year ended December 31, 2019, an increase of €4.0 million, or 59.2%, compared to €6.8 million for the financial year ended December 31, 2018. Compared to the 12 months of 2018, revenues would have increased by €1.9 million, or 21.5%. The increase in revenues from South America was driven by the acquisition of FBM in 2019, which recorded revenues of €1.8 million for the financial year ended December 31, 2019 while depreciation of the Brazilian currency in 2019 did not significantly impact our revenues in South America.

North America

Revenues from North America amounted to €1.2 million for the financial year ended December 31, 2019, increasing by €1.0 million, compared to €0.2 million for the financial year ended December 31, 2018. This increase was primarily due to the Group's increase in business in the US and partially attributable to BIP UAE which had €0.3 million increase in revenues. Compared to the twelve months of 2018, revenues would have increased by €0.9 million.

Rest of the world

Revenues from the rest of the world amounted to €1.2 million for the financial year ended December 31, 2019 and 2018.

Other revenues

Other revenues amounted to €1.8 million for the financial year ended December 31, 2019, an increase of €1.0 million compared to €0.8 million for the financial year ended December 31, 2018.

Cost of services

	Financial year ended December 31,				Change	
	2018	**% of revenues(1)**	**2019**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Consulting and technical assistance	17,632	11.2%	27,201	11.2%	9,569	54.3%
Travel expenses	4,295	2.7%	5,743	2.4%	1,448	33.7%
Other	1,322	0.8%	2,168	0.9%	846	64.0%
Total	**23,249**	**14.8%**	**35,112**	**14.5%**	**11,863**	**51.0%**

(1) Percentage of revenues refers to revenues from sales and services.

Costs of services amounted to €35.1 million for the financial year ended December 31, 2019, an increase of €11.9 million, or 51.0%, compared to €23.3 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, costs of services would have increased by €4.3 million, or 13.9%. The increase in costs of services was primarily driven by our business growth and the involvement of subcontractors and technical specialists for client orders.

General and administrative expenses

	Financial year ended December 31,				Change	
	2018	% of revenues(1)	2019	% of revenues(1)	€	%
	(€ *in thousands, except percentages*)					
Legal and tax services	6,320	4.0%	2,025	0.8%	(4,295)	(>100.0%)
Office rental	3,085	2.0%	1,602	0.7%	(1,483)	(48.1%)
Vehicle rental	2,439	1.6%	1,054	0.4%	(1,385)	(>100.0%)
Communication and events	1,670	1.1%	2,847	1.2%	1,177	70.5%
Canteen	1,193	0.8%	2,420	1.0%	1,227	>100.0%
Rentals of computers and printers	989	0.6%	1,856	0.8%	867	87.7%
Telephones	857	0.5%	1,426	0.6%	569	66.4%
Sundry expenses	3,365	2.1%	5,565	2.3%	2,200	65.4%
Total	**19,918**	**12.7%**	**18,795**	**7.7%**	**(1,123)**	**(5.6%)**

(1) Percentage of revenues refers to revenues from sales and services.

General and administrative expenses amounted to €18.8 million for financial year ended December 31, 2019, a decrease of €1.1 million, or 5.6% compared to €19.9 million for the financial year ended December 31, 2018. As a percentage of revenues, general and administrative expenses decreased from 12.7% in 2018 to 7.7% in 2019. Compared to the twelve months of 2018, general and administrative expenses would have decreased by €5.6 million, or 22.9%.

The decrease in general and administrative expenses was due to the combined effect of the following: (i) legal and tax services expenses amounted to €2.0 million for the financial year ended December 31, 2019, a decrease of €4.3 million, compared to €6.3 million for the financial year ended December 31, 2018, which was primarily due to the extraordinary costs incurred in the financial year ended December 31, 2018 in relation to the acquisition of BIP by BEEP; (ii) office rental expenses amounted to €1.6 million for the financial year ended December 31, 2019, a decrease of €1.5 million, compared to €3.1 million for the financial year ended December 31, 2018, which was primarily due to the application of IFRS 16 as from January 1, 2019; (iii) vehicle rental expenses amounted to €1.1 million for the financial year ended December 31, 2019, a decrease of €1.3 million, compared to €2.4 million for the financial year ended December 31, 2018, which was primarily due to the first-time application of IFRS 16; (iv) canteen expenses amounted to €2.4 million for the financial year ended December 31, 2019, an increase of €1.2 million, compared to €1.2 million for the financial year ended December 31, 2018, which was primarily due to an increase in personnel as a result of our business growing; (v) communication and events expenses amounted to €2.8 million for the financial year ended December 31, 2019, an increase of €1.2 million, compared to €1.7 million for the financial year ended December 31, 2018, which was primarily due costs related to BIP for trademark rebranding activities, amounting to €0.9 million; and (vi) Sundry expenses amounted to €5.6 million for the financial year ended December 31, 2019, an increase of €2.2 million, compared to €3.4 million for the financial year ended December 31, 2018, which was primarily due to the increase of general expenses related to office rentals in Milan, Rome and London, employee vehicle rentals, communication and events for business development activities, recruiting employees, providing training sessions, computers, printers, telephones, payroll management, and the board of auditors. In addition, general and administrative expenses included minor operating costs primarily related to our canteen and sundry which includes costs such as rentals to provide housing for employees working on projects at a client's location, company vehicles, and improvements to assets that we rent that are not capitalized, among others.

Personnel expenses

	Financial year ended December 31,				Change	
	2018	% of revenues(1)	2019	% of revenues(1)	€	%
	(€ *in thousands, except percentages*)					
Wages and salaries	65,525	41.7%	104,422	43.0%	38,897	59.4%
Social security costs	16,169	10.3%	25,309	10.4%	9,140	56.5%
Severance indemnity	3,950	2.5%	6,323	2.6%	2,373	60.1%
Other personnel costs	10,636	6.8%	13,939	5.7%	3,303	31.1%
Total	**96,280**	**61.3%**	**149,993**	**61.8%**	**53,713**	**55.8%**

(1) Percentage of revenues refers to revenues from sales and services.

Personnel expenses amounted to €150.0 million for the financial year ended December 31, 2019, an increase of €53.7 million, or 55.8% compared to €96.3 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, personnel expenses would have increased by €23.7 million, or 18.8%. The increase in personnel expenses is primarily due to the increase in the number of our employees from 2,208 as at December 31, 2018 to 2,648 as at December 31, 2019, in line with the growth in revenues for the year, as well as our acquisition of FBM and MeA Consulting, which in total employed more than 140 people as of December 31, 2019.

Depreciation, amortization and impairment

	Financial year ended December 31,				Change	
	2018	**% of revenues(1)**	**2019**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Depreciation of property, plant and equipment	417	0.3%	722	0.3%	305	73.1%
Amortization of intangible assets	3,457	2.2%	4,680	1.9%	1,223	35.4%
Depreciation of right-of-use assets	—	—	6,357	2.6%	6,357	n/a
Impairment write-downs	645	0.4%	572	0.2%	(73)	(11.3%)
Total	**4,519**	**2.9%**	**12,331**	**5.1%**	**7,812**	**>100.0%**

(1) Percentage of revenues refers to revenues from sales and services.

Depreciation, amortization and impairment amounted to €12.3 million for the financial year ended December 31, 2019, an increase of €7.8 million, compared to €4.5 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, depreciation, amortization and impairment would have increased by €7.4 million. The increase in depreciation, amortization and impairment was primarily due to the application of IFRS 16 as from January 1, 2019 which resulted in depreciation for right-of-use assets in an amount of €6.4 million during the financial year ended December 31, 2019.

Finance income and expenses

	Financial year ended December 31,				Change	
	2018	**% of revenues(1)**	**2019**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Finance income	349	0.2%	533	0.2%	184	52.7%
Finance expenses	(7,843)	(5.0%)	(9,498)	(3.9%)	(1,655)	21.1%
Total	**(7,494)**	**(4.8%)**	**(8,965)**	**(3.7%)**	**(1,471)**	**19.6%**

(1) Percentage of revenues refers to revenues from sales and services.

Finance expenses net of finance income amounted to €9.0 million for the financial year ended December 31, 2019, an increase of €1.5 million, or 19.6% compared to €7.5 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, finance expenses net of finance income would have increased by €0.9 million, or 11.2%. Finance expenses in 2019 consisted of: (i) €2.8 million of interest expense accrued on our existing bond loan for the period from January 1, 2019 to December 17, 2019 and the effects of redeeming the existing bond loan for €3.5 million, which was recorded in our financial statements for the financial year ended December 2018 by using the amortized cost method, and following redemption of this existing bond loan in December 2019, the amount of costs incurred, net of those recorded, was released entirely from the income statement; (ii) interest expense paid on short-term loans to banks and factoring costs; and (iii) interest expenses related to the application of IFRS 16 of €0.3 million.

Income Tax

	Financial year ended December 31,				Change	
	2018	**% of revenues(1)**	**2019**	**% of revenues(1)**	**€**	**%**
	(€ in thousands, except percentages)					
Current taxes	4,811	3.1%	8,317	3.4%	3,506	72.9%
Deferred taxes	(1,131)	(0.7%)	(994)	(0.4%)	137	(12.1%)
Total	**3,680**	**(2.3%)**	**7,323**	**(3.0%)**	**3,643**	**99.0%**

(1) Percentage of revenues refers to revenues from sales and services.

Income taxes amounted to €7.3 million for the financial year ended December 31, 2019, an increase of €3.6 million, compared to €3.7 million for the financial year ended December 31, 2018. Compared to the twelve months of 2018, taxes would have increased by €1.2 million, or 18.6%. The increase was primarily due to the increase in taxable income.

Liquidity and Capital Resources

Following the completion of the Transactions, we expect that the Group's principal sources of liquidity will be cash flows from operating activities and drawings under the Revolving Credit Facility. It is expected that, as of the Issue Date, the Revolving Credit Facility will be undrawn.

The Group's liquidity requirements arise primarily from its need to meet debt service requirements for working capital purposes and to fund its capital expenditure, including acquisitions. The Group's management believes that its cash flow from operating activities, cash on hand and the availability of borrowings will be sufficient to fund its working capital requirements and debt service for at least the next twelve months. Furthermore, the Group's management believes that its current liability position will be sufficient to meet its needs, subject to a variety of factors, including (i) its future ability to generate cash flows from its operations, (ii) the level of its outstanding indebtedness and prevailing interest rates, which affects its debt service requirements with respect to such indebtedness, (iii) its ability to continue to borrow funds from financial institutions, (iv) its capital expenditure requirements, and (v) general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond its control, as well as other factors discussed in the section entitled "*Risk Factors*."

Movements in Trade Working Capital

The table below sets forth a summary of movements in our trade working capital, as derived from our consolidated statement of cash flows for the periods indicated.

	Financial year ended December 31,			Six months ended June 30,	
	2018[(1)]	2019	2020	2020	2021
				(Unaudited)	(Unaudited)
			(*€ in thousands*)		
(Increase)/decrease in trade receivables	(20,225)	(16,739)	25,996	(2,940)	(11,834)
Increase/(decrease) in trade payables	(3,375)	2,981	(527)	787	2,693
Movements in Trade Working Capital	**(23,600)**	**(13,758)**	**25,469**	**(2,153)**	**(9,141)**

(1) For the period from March 13, 2018 until December 31, 2018 (reflecting BIP's cash flows for the period from March 27 until December 31, 2018).

Movements in trade working capital absorbed cash of €23.6 million and €13.8 million for the financial year ended December 31, 2018 and 2019, respectively and generated cash of €25.5 million for financial year ended December 31, 2020. For the six months ended June 30, 2021 and 2020, movements in trade working capital absorbed cash of €9.1 million and €2.2 million, respectively; the increase in movements in trade receivables for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 was driven primarily by the Group's business growth and the resulting increase in revenues from sales and services, from €137.3 million to €181.8 million.

Movements in trade working capital is not significantly affected by seasonality. We have undertaken management initiatives with the aim of optimizing trade working capital and, in particular, reducing the days sales outstanding ("**DSO**"). In addition, we realigned cash outflows and inflows and we improved our cash collection period. As at December 31, 2018 our cash collection period was 175 days, as at December 31, 2019 it was 173 days, as at December 31, 2020 it was 139 days and as at June 30, 2021 it was 134 days.

During the periods under review, we have implemented a series of activities aimed at improving credit management and cash collection. For example, we have focused on increasing assignment of receivables via non-recourse factoring which increased in terms of the number of clients assigned and in terms of the credit institutions involved. As at December 31, 2020, the assignment of receivables in connection with non-recourse factoring was €26.9 million compared to €10.5 million as at December 31, 2019 and €9.7 million as at December 31, 2018.

Trade payables includes invoices that we have received or that we will receive for our services primarily provided by external consultants whom we have hired. Trade payables absorbed cash of €3.4 million and €0.5 million for the financial year ended December 31, 2018 and 2020, respectively, while trade payables generated cash of €3.0 million for the financial year ended December 31, 2019, of €0.8 million and €2.7 million for the six month ended June 30, 2020 and 2021 respectively.

Cash Flows

The table below sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	Financial year ended December 31,			For the six Months Ended June 30,	
	2018[1]	2019	2020	2020	2021
				(Unaudited)	(Unaudited)
			(€ in thousands)		
Profit for the year	2,408	11,803	65,352	10,477	11,207
Current taxes	4,811	8,317	9,481	5,354	4,615
Deferred taxes	—	—	—	(653)	666
Tax realignment of goodwill	—	—	(55,408)	—	—
Depreciation and amortisation	3,874	11,759	13,952	6,162	8,506
Doubtful debt provision and other write-downs	646	572	1,200	431	254
Interest expense	7,843	8,965	5,666	2,479	4,241
Other non-monetary costs	—	—	—	—	2,804
Provision for employee severance indemnity	3,949	6,323	7,340	3,624	3,626
Operating cash flow before movements in working capital	**23,531**	**47,739**	**47,583**	**27,874**	**35,919**
Movements in working capital					
Trade receivables	(20,225)	(16,739)	25,996	(2,940)	(11,834)
Other current assets	(234)	(244)	389	(314)	(638)
Trade payables	(3,375)	2,981	(527)	787	2,693
Payments for provisions for risks and charges	(66)	(60)	(111)	(114)	43
Taxes paid	(5,551)	(8,272)	(9,816)	(1,378)	(3,976)
Other current liabilities	797	2,804	17,904	5,077	(2,138)
Total movements in working capital	**(28,654)**	**(19,530)**	**33,835**	**1,118**	**(15,850)**
Total cash flow from operating activities	**(5,123)**	**28,209**	**81,418**	**28,992**	**20,069**
Cash flow from investing activities					
Changes in property, plant and equipment	(1,844)	(1,360)	(635)	(156)	(1,496)
Changes in intangible assets	(475)	(968)	(2,247)	(1,120)	(1,374)
Changes in other non-current assets/liabilities	2,386	(4,884)	(5,358)	(442)	777
Acquisition/disposal of non-controlling interests	(668)	(6,956)	—	—	(14,424)
Acquisition of subsidiaries net of cash acquired	—	(3,019)	(36,643)	(777)	(1,234)
Purchase value of BIP Group, net of cash acquired	(206,448)	—	—	—	—
Total cash flow used in investing activities	**(207,049)**	**(17,187)**	**(44,883)**	**(2,495)**	**(17,751)**
Cash flow from financing activities					
Net movements in long-term loans	1,907	770	33,845	(3,533)	5,074
Net movements in short-term loans	—	—	(11,378)	(66)	—
Lease payments (IFRS 16)	—	(6,150)	(6,736)	(2,624)	(4,658)
Net interest (paid and received)	(4,397)	(6,611)	(6,759)	(2,479)	(2,128)
Dividends paid	—	(1,254)	(6,800)	—	(7,600)
Proceeds on share issue	—	5,245	584	584	—
Other capital movements	(6,435)	2,942	(1,316)	(1,767)	(2,283)
Payment of severance indemnity (to funds or employees)	(3,791)	(5,847)	(6,632)	(3,128)	(3,434)
Total cash flow used in financing activities	**(12,716)**	**(10,905)**	**(5,192)**	**(13,013)**	**(15,029)**

(1) For the period from March 13, 2018 until December 31, 2018 (reflecting BIP's cash flows for the period from March 27 until December 31, 2018). *See "Presentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018."*

Total Cash Flow from Operating Activities

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

Total cash flow from operating activities amounted to €20.1 million for the six months ended June 30, 2021 compared to total cash flow from operating activities of €29.0 million for the six months ended June 30, 2020, with a decrease of €8.9 million.

Operating cash flow before movements in working capital generated cash of €35.9 million for the six months ended June 30, 2021, compared to €27.9 million for the six months ended June 30, 2020, with an increase of €8.0 million. This increase was primarily due to the combined effect of the increase in Adjusted EBITDA of €9.8 million, from €25.7 million for the six months ended June 30, 2020 to €35.5 million for the six months ended June 30, 2021 partially offset by an increase in non-recurring costs, amounting to €3.5 million for the six months ended June 30, 2021 compared to €1.7 million for the six months ended June 30, 2020.

Cash flow absorbed from working capital amounted to €15.9 million for the six months ended June 30, 2021, compared to cash generated of €1.1 million for the six months ended June 30, 2020, with a decrease of €17.0 million. The decrease was primarily due to: (i) an increase in trade receivables absorbed cash of €11.8 million for the six months ended June 30, 2021 compared to €2.9 million for the six months ended June 30, 2020; the increase in cash absorbed compared to the previous year was mainly due to the increase in revenues due to Group's business growth, partially offset by the decrease in DSO related to the initiatives aimed at optimizing trade working capital, in particular with greater use of factoring; (ii) an increase in trade payables generated cash of €2.7 million for the six months ended June 30, 2021, compared to cash generated of €0.8 million for the six months ended June 30, 2020; (iii) an increase in taxes paid from €1.4 million for the six months ended June 30, 2020 to €4.0 million for the six months ended June 30, 2021 mainly related to the payment of substitutive tax related to BIP trademark, customer relationship and goodwill for a total amount of €2.0 million and the payment of taxes suspended in 2020 for COVID-19; and (iv) cash absorbed from a decrease in other current liabilities of €2.1 million for the six months ended June 30, 2021, compared to cash generated of €5.1 million for the six months ended June 30, 2020. The decrease in other current liabilities for the six months ended June 30, 2021 was mainly related to a decrease in deferred income, in payables to employees for the payment of variable compensation and in VAT payables.

Financial Year Ended December 31, 2020 Compared to the Financial Year Ended December 31, 2019

Total cash flow from operating activities amounted to €81.4 million for the financial year ended December 31, 2020 compared to €28.2 million for the financial year ended December 31, 2019, with an increase of €53.2 million.

Operating cash flow before movements in working capital remained substantially stable, amounting to €47.7 million for the financial year ended December 31, 2019 compared to €47.6 million for the financial year ended December 31, 2020. This change was primarily related to an increase in Adjusted EBITDA of €9.7 million, from €42.0 million for the financial year ended December 31, 2019 to €51.7 million for the financial year ended December 31, 2020, offset by higher non-recurring costs which amounted to €8.7 million for the financial year ended December 31, 2020 compared to €2.1 million for the financial year ended December 31, 2019.

Cash flow from working capital increased from cash absorbed of €19.5 million for the financial year ended December 31, 2019 to cash generated of €33.8 million for the financial year ended December 31, 2020, which was primarily due to the following: (i) a decrease in trade receivables generated cash of €26 million for the financial year ended December 31, 2020, compared to cash absorbed of €16.7 million for the financial year ended December 31, 2019, was primarily due to initiatives we undertook in 2020 aimed at optimizing trade working capital, in particular greater use of factoring, that determined a significant decrease in DSO compared to the previous year; (ii) an increase in other current liabilities of €17.9 million for the financial year ended December 31, 2020, compared to an increase of €2.8 million for the financial year ended December 31, 2019, and was primarily due to the increase in bonuses to employees of €14.0 million and in VAT payables; and (iii) a decrease in trade payables absorbed cash of €0.5 million for the financial year ended December 31, 2020, compared to cash generated of €3.0 million for the financial year ended December 31, 2019.

Financial Year Ended December 31, 2019 Compared to the Financial Year Ended December 31, 2018

Total cash flow from operating activities amounted to €28.2 million for the financial year ended December 31, 2019 compared to cash absorbed by operating activities amounting to €5.1 million for the financial year ended December 31, 2018, with an increase of €33.3 million.

Operating cash flow before movements in working capital increased by €24.2 million, from €23.5 million for the financial year ended December 31, 2018 to €47.7 million for the financial year ended December 31, 2019. This increase was primarily due to: (ii) the increase in Adjusted EBITDA of €18.3 million, from €23.7 million for the financial year ended December 31, 2018 to €42.0 million for the financial year ended December 31, 2019; and (ii) lower non-recurring costs amounting to €2.1 million for the financial year ended December 31, 2019 compared to €5.7 million for the financial year ended December 31, 2018.

The cash flow from working capital improved from cash absorbed of €28.7 million for the financial year ended December 31, 2018 to cash absorbed of €19.5 million in 2019. The change was primarily due to the following: (i) an increase in trade receivables absorbed cash of €16.7 million for the financial year ended December 31, 2019, compared to cash absorbed of €20.2 million for the financial year ended December 31, 2018, which was primarily due to initiatives undertaken during the period with the aim of optimizing trade working capital, such as the recourse to factoring; (ii) an increase in trade payables generated cash of €3.0 million for the financial year ended December 31, 2019, compared to cash absorbed of €3.4 million for the financial year ended December 31, 2018; (iii) taxes paid decreased by €2.7 million from €5.5 million for the financial year ended December 31, 2018 compared to €8.3 million for the financial year ended December 31, 2019; and (iv) an increase in other current liabilities generated cash of €2.8 million for the financial year ended December 31, 2019, compared to cash generated of €0.8 million for the financial year ended December 31, 2018.

Total Cash Flow used in Investing Activities

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

Total cash flow used in investing activities amounted to €17.8 million for the six months ended June 30, 2021, an increase of €15.3 million compared to €2.5 million for the six months ended June 30, 2020.

Investing activities for the six months ended June 30, 2021 are primarily related to the purchases of minority interests in Chaucer and Anagram for a total amount of €14.4 million, and to investments in tangible and intangible assets for €1.5 million and €1.4 million respectively. Investing activities for the six months ended June 30, 2020 are primarily related to the cash paid for the acquisition of Vidiemme and to investments in intangible assets for €1.1 million.

Financial Year Ended December 31, 2020 Compared to the Financial Year Ended December 31, 2019

Total cash flow used in investing activities amounted to €44.9 million for the financial year ended December 31, 2020, an increase of €27.7 million compared to €17.2 million for the financial year ended December 31, 2019.

Investing activities for the financial year ended December 31, 2020 are primarily related to the investments of €36.6 million primarily related to the acquisition of Chaucer and Vidiemme. Investing activities for the financial year ended December 31, 2019 are primarily related to acquisitions including FBM and MeA, as well as acquiring minority interests in BIP Holding Do Brasil S.A., Openknowledge, and BIP Yonetim Danismanligi Anonim Sirketi.

Financial Year Ended December 31, 2019 Compared to the Financial Year Ended December 31, 2018

Total cash flow used in investing activities amounted to €17.2 million for the financial year ended December 31, 2019, a decrease of €189.9 million compared to €207.1 million for the financial year ended December 31, 2018. Investing activities for the financial year ended December 31, 2018 primarily consisted of consideration paid for the acquisition, primarily BEEP merging with and into BIP S.p.A. on March 13, 2018, which amounted to €206.5 million.

Total Cash Flow used in Financing Activities

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

Total cash flow used in financing activities amounted to €15.0 million for the six months ended June 30, 2021 compared to €13.0 million used for the six months ended June 30, 2020.

Financing activities for the six months ended June 30, 2021 are primarily related to (i) dividend distributions amounting to €7.6 million; (ii) payments related to lease liabilities amounting to €4.7 million; (iii) net interest paid amounting to €2.1 million partially offset by proceeds of a new loan obtained from an Italian financial institution for a total amount of €5.1 million; and (iv) payment of severance indemnity amounting to €3.4 million.

Financing activities for the six months ended June 30, 2020 are primarily related to: (i) net interest paid amounting to €3.6 million; (ii) payments related to lease liability amounting to €3.5 million; (iii) a payment of severance payments amounting to €3.1 million; and (iv) cash absorbed for reimbursement of loans for a total amount of €3.6 million.

Financial Year Ended December 31, 2020 Compared to the Financial Year Ended December 31, 2019

Total cash flow used in financing activities amounted to €5.2 million for the financial year ended December 31, 2020, compared to €10.9 million used for the financial year ended December 31, 2019.

Financing activities for the financial year ended December 31, 2020 are primarily related to: (i) net repayments of €11.4 million for the short-term portion of financial liability primarily related to payments for the deferred consideration in connection with the acquisition of Chaucer (€9.3 million) and Medley Business Solutions (€2.1 million); (ii) dividend distributions amounting to €6.8 million; (iii) payments related to lease liabilities amounting to €6.7 million and net interest paid amounting to €6.8 million; and (iv) payment of severance indemnity amounting to €6.6 million; partially offset by an increase of €33.8 million in medium-long term portion financing, primarily in connection with the acquisition of Chaucer.

Financing activities for the financial year ended December 31, 2019 are primarily related to: (i) net interest paid amounting to €6.6 million; (ii) payments related to lease liability amounting to €6.2 million; (iii) a payment of severance payments amounting to €5.8 million; and (iv) dividend distributions amounting to €1.3 million, partially offset by proceeds from a capital increase amounting to €5.2 million,

Financial Year Ended December 31, 2019 as Compared to the Financial Year Ended December 31, 2018

Total cash flow used in financing activities amounted to €10.9 million for the financial year ended December 31, 2019, compared to €12.7 million for the financial year ended December 31, 2018.

Cash flow for financing activities for the financial year ended December 31, 2018 were primarily related to: (i) changes in capital for €6.4 million primarily attributable to the recognition of put options granted to minority shareholders in Chaucer, Medley and Anagram (ii) net interest paid amounting to €4.4 million; and (iii) severance payments amounting to €3.8 million.

Capital Expenditures (excluding M&A)

Our capital expenditures, excluding M&A, have primarily consisted of the maintenance and modernization of our facilities. The table below sets forth our capital expenditures for the periods indicated as derived from our consolidated statements of cash flows for the periods indicated.

	For years ended December 31,						For the six months ended June 30,			
	2018[(1)]	% of total	2019	% of total	2020	% of total	2020	% of total	2021	% of total
	(€ in thousands, except percentages)									
Investment in property, plant and equipment	(1,844)	79.5%	(1,360)	58.4%	(635)	22.0%	(156)	12.2%	(1,496)	52.1%
Investment in intangible assets	(475)	20.5%	(968)	41.6%	(2,247)	78.0%	(1,120)	87.8%	(1,374)	47.9%
Capital Expenditures	**(2,319)**	**100.0%**	**(2,328)**	**100.0%**	**(2,882)**	**100.0%**	**(1,276)**	**100.0%**	**(2,870)**	**100.0%**

(1) For the period from March 13, 2018 until December 31, 2018 (reflecting BIP's cash flows for the period from March 27 until December 31, 2018). See "*Presentation of Financial and Other Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018.*"

Capital expenditures absorbed cash of €2.9 million and €1.3 million for the six months ended June 30, 2021 and 2020, respectively.

Property, plant and equipment investments were primarily related to assets in progress related to the improvements on the new building located in Milan, Piazza while investments in intangible assets were primarily related to in-house developed projects by BIP as well as to investments to purchase and renew software licenses.

Capital expenditures absorbed cash of €2.3 million, €2.3 million, and €2.9 million for the financial years ended December 31, 2018, 2019, and 2020, respectively.

Property, plant, and equipment investments were primarily related to improvements of communication and telecommunication facilities and to make improvements to our offices located in Milan, Rome, Madrid, and

Manno, as well as costs related to furniture and fittings in connection with the purchase of Chaucer and Vidiemme for the financial year ended December 31, 2020.

Investments in intangible assets increased primarily because of costs incurred by BIP in relation to purchasing a Microsoft license as well as for the renewal of obsolete operating systems.

Contractual Obligations

The following table summarizes, as of June 30, 2021, the commitments and principal payments that the Issuer and its subsidiaries will be obligated to make, including under its debt instruments on a *pro forma* basis after giving effect to the Transactions (assuming the Revolving Credit Facility is undrawn on the Issue Date), but excludes bilateral bank loans granted by several financial institutions, participative financial instruments as described under "*Principal Shareholders—The Management Equity Plan & Participative Financial Instruments*," and a shareholder loan incurred by Advantis from its minority shareholder, all of which remain outstanding following completion of the Transactions. See "*Capitalization.*"

		Expected cash payments falling due in the year ending December 31,				
	Total	**2022**	**2023**	**2024**	**2025**	**2026 and thereafter**
			(€ in millions)			
Notes offered hereby	**275.0**	—	—	—	—	275.0
IFRS 16 leases (non-current portion)(1)	**18.3**	3.1	5.0	3.5	2.3	4.4
Total	**293.3**	**3.1**	**5.0**	**3.5**	**2.3**	**279.4**

(1) Excludes lease liabilities becoming due within a year from June 30, 2021.

In addition to the financial and lease liability payment schedule above, as of June 30, 2021, BIP recorded certain other non-current liabilities, the payment of which is subject to certain contingencies or the satisfaction of certain conditions as follows:

- €0.2 million relating to the earn-out of FBM in the periods 2020-2022 based on the achievement of certain EBIT levels for the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 agreed at the time of acquisition. The amount recorded as non-current liabilities is related to the earn-out estimated based on six months ended June 30, 2022 expected results;
- €0.5 million relating to the earn-out on the acquisition of Vidiemme in the periods 2021-2023 based on the achievement of certain EBIT levels for the years ended December 31, 2020, 2021 and 2022 agreed at the time of acquisition. The amount recorded as non-current liabilities is related to the earn-out estimated based on the year ended December 31, 2022 expected results;
- €19.0 million representing the present value of the put option granted for the years ended December 31, 2022 and 2023 to the minority shareholders of Chaucer if certain conditions are met;
- €3.3 million representing the present value of the put option granted for the year ended December 31, 2022 to the minority shareholder of BIP Iberia if certain conditions are met; and
- €2.0 million relating to the present value of the put option granted for the years ended December 31, 2022 and 2023 to the minority shareholder of Advantis if certain conditions are met.

See Note 16 to our Unaudited Interim Consolidated Financial Statements for more information.

Off-Balance Sheet Arrangements

As of June 30, 2021, BIP did not have any material off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to a variety of financial risks including exchange rate risks, interest rate risks, credit risks, and liquidity risks. We monitor and manage these risks as an integral part of our overall risk management program, which aims to reduce the potential adverse impact of such risks on our results of operations and financial position. Our risk management is performed centrally within a pre-defined framework. We do not use derivative financial instruments for speculative purposes.

Exchange Rate Risk

Exchange rate risk is defined as the risk that the value of a financial instrument may change as a result of exchange rate fluctuations. In relation to our business, the exchange rate risk is considered to be limited as the majority of group revenues is generated in the home country of the relevant individual group company. The impact of such risk could increase in future years, in particular in South America, but it is expected to remain of marginal significance. In any event, management monitors currency movements and evaluates the need to make use of hedging instruments.

Interest Rate Risk

Interest rate risk is defined as the risk that the value of a financial instrument may change due to fluctuations in market interest rates. Fluctuations in market interest rates may have a negative or a positive impact on our financial results by indirectly influencing the repayment of loans and investments. Following the Transactions, our indebtedness and other debt arrangements will be primarily composed of the Notes (which will have an interest rate based on EURIBOR, reset periodically) and the Revolving Credit Facility (which borrowings will have an interest rate based on EURIBOR/LIBOR, reset periodically). EURIBOR/LIBOR may increase significantly in the future, resulting in additional interest expense, reducing the free cash flow for investments and limiting our ability to service our indebtedness. We do not currently intend to hedge the interest rate payments on Notes; however, we may decide to do so in the future.

Credit Risk

Credit risk is defined as the financial loss generated by the non-fulfilment by counterparties of payment obligations towards the Group. The Group's financial counterparties are mainly represented by top-tier clients with elevated levels of solvency. In conducting its business relationships, the Group adopts policies to ensure the solvency of its clients and limit the exposure to credit risk associated with individual clients involving client evaluation procedures. Periodically, all receivables are reviewed by individual client and steps taken to write-down such receivables in the event impairment is considered likely.

Liquidity Risk

Liquidity risk is defined as the risk that the Group encounters difficulties in obtaining the funds necessary to meet its financial obligations. The Group adopts a prudent approach to the management of liquidity risk involving ongoing monitoring of its cash flows, funding requirements and liquidity levels aimed at ensuring sound management of financial resources through the maintenance of adequate cash and cash equivalent or readily converted to cash and cash equivalent resources and appropriate access to credit lines. In order to manage potential liquidity issues related to the COVID-19 pandemic, we made greater use of non-recourse factoring and also entered into short to medium-term unsecured loans. The credit lines currently in place are sufficient for the group to meet its business development and operating cash requirements, as well as to manage periods involving greater cash requirements.

Critical Accounting Estimates

The preparation of the Group's consolidated financial statements requires making estimates that could affect the carrying value of some assets, liabilities, income and expenses, and disclosures concerning contingent assets and liabilities at the reporting date.

Actual results may differ from those estimated due to the uncertainty surrounding the assumptions and conditions on which the estimates are based. Changes in the conditions underlying the judgments, assumptions and estimates made may have a significant impact on subsequent results.

The most significant items subject to estimate are allowances for doubtful accounts, goodwill, valuations used in the impairment process, deferred tax assets, provisions for risks and charges, onerous contracts and valuations related to the business combination, put options and earn-out values.

Allowance for doubtful receivables

The recoverability of receivables is estimated by taking into account the risk of non-collection and applying different expected loss rates to groups of receivables with similar risk profiles and ageing or based on the stage of the process being followed to recover such doubtful receivables.

Goodwill

Goodwill is measured as the excess of the sum of the acquisition cost, the acquirer's previously held equity interest in the acquiree (measured at fair value or proportionate share of the current value of the identifiable net assets of the acquiree) and the amount of any non-controlling interests in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill arising at the acquisition date is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies generated by the business combination.

Goodwill is not amortized but is tested for impairment at least annually and in any event whenever events indicate that goodwill may be impaired.

The impairment test is carried out at the level of the smallest unit on the basis of which management directly or indirectly assesses the return on the investment that includes the goodwill itself. If the carrying amount of the cash-generating unit is greater than the recoverable amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not subsequently reversed.

The recoverable amount of a CGU (or group of CGUs) is the higher of its fair value less costs of disposal and its value in use. An asset's value in use is the present value of its estimated future cash flows calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Future cash flows refer to those expected over a five-year time horizon, as well as those extrapolated from the final year of such time horizon for the purpose of estimating the terminal value. The long-term growth rate used to estimate the terminal value of the cash-generating unit (or group of units) is assumed to be no higher than the average long-term growth rate for the market sector in which the cash-generating unit (or group of units) operates.

Future cash flows are estimated with reference to the current conditions of the cash-generating unit (or group of units) and, therefore, neither the benefits resulting from future restructuring to which the entity is not yet committed nor future investments to improve or optimize the unit are considered. For the purpose of impairment testing, the carrying amount of a cash-generating unit is determined in accordance with the method used to determine the recoverable amount of the cash-generating unit, excluding surplus assets (i.e. financial assets, deferred tax assets and net non-current assets held for sale) and including the portion of goodwill attributable to non-controlling interests.

Deferred tax assets

Deferred tax assets are recognized on deductible temporary differences between the carrying amount of an asset or liability in the consolidated financial statements and its tax base and on unused tax losses carried forward, to the extent it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Judgement is required on the part of management, involving estimates regarding the timing and level of future taxable profits, to determine the level of deferred tax assets that should be recognized.

Provisions for risks and charges

Provisions for risks and charges are recognized when: (i) there is a current (legal or constructive) obligation for a future outflow of resources deriving from a past event; (ii) it is likely that the outflow of resources required to satisfy the obligation is significant; and (iii) the amount of the obligation can be estimated reliably. Provisions are based on best estimates at the reporting date of the present value of the expenditure required to extinguish the obligation or transfer it to third parties; provisions for onerous contracts are recognized at the lower of the cost of fulfilling the obligation, net of expected economic benefits arising from the contract, and the cost of terminating the contract. If the time value of money is material and the payment date of the obligations can be reasonably estimated, provisions are calculated, using the company's average cost of debt, as the present value of the expected cash flows, taking into account the risks associated with the obligation. Increases in the amount of the provision due to changes in the time value of money are recognized as "Finance expenses" in the income statement.

Business combinations

Business combinations are accounted for using the acquisition method described in IFRS 3 as revised in 2008. In accordance with this method, the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair values of the assets transferred and liabilities assumed by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognized in the statement of comprehensive income as incurred.

Contingent consideration, which is considered part of the transfer price, is measured at fair value at the acquisition date. Any subsequent changes in fair value are recognized in the statement of comprehensive income.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the equity attributable to non-controlling interests and the fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed at the acquisition date. If the amount of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the equity attributable to non-controlling interests and the fair value of the acquirer's previously held equity interest, if any, in the acquiree, such excess is recognized immediately in other comprehensive income as income resulting from the completed transaction.

The equity attributable to non-controlling interests at the acquisition date may be measured either at fair value or in proportion to the non-controlling interests' interest in the acquiree's identifiable assets. The choice of valuation method is made on a transaction by transaction basis.

Business combinations achieved in stages

When a business combination is achieved in stages, the Group's previously held equity interest in the acquired entity is measured at its acquisition date fair value and any resulting gain or loss is recognized in the statement of comprehensive income. The previously held equity interest is then treated as if it were sold and reacquired at the date control is obtained.

Transactions involving non-controlling interests

Changes in the ownership interest of a subsidiary that do not constitute a loss of control are treated as equity transactions. Accordingly, for acquisitions subsequent to gaining control, any positive or negative difference between the acquisition cost and the corresponding share of book equity is recognized directly in the Group's equity; in the case of partial disposals of subsidiaries without loss of control, any gain is recognized directly in the Group's equity.

In the event that partial sales of subsidiaries result in the loss of control, the investment retained is adjusted to its fair value and the revaluation is included in the formation of the gain (loss) arising from the transaction.

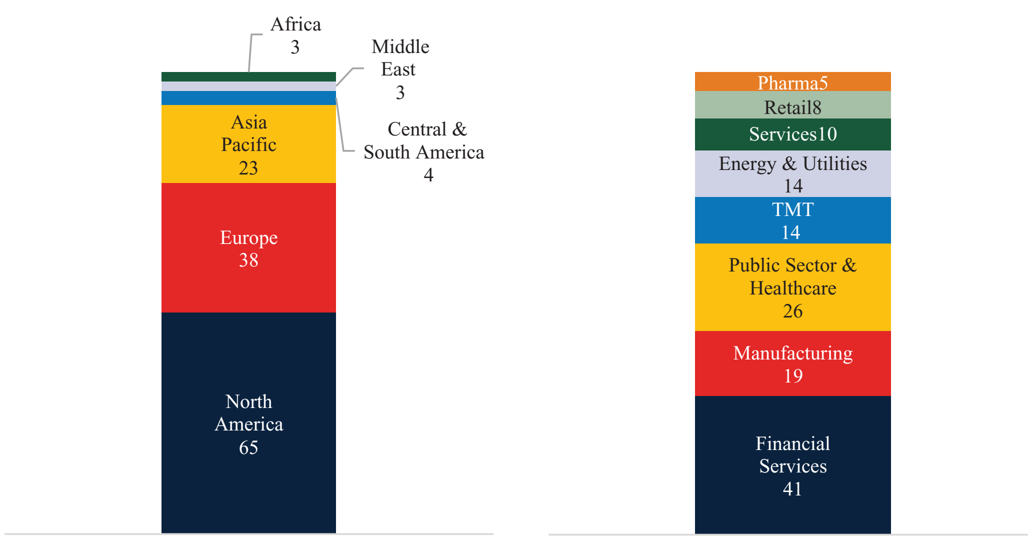
Certain of the information set forth in this section has been derived from external sources, including information from reputable international firms, including Assoconsult, Source Global Research and the Market Report. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but some of the information may have been derived from estimates or subjective judgments or may have been subject to limited audit or validation and there is no guarantee, representation or warranty (either expressly or implied) of the accuracy or completeness of such data or changes to such data following publication thereof. Third party sources explicitly disclaim any liability for any loss or damage, howsoever caused, arising from any errors, omissions or reliance on any information or views contained in their reports. While we believe these market data and other information are accurate and correct, we have not independently verified them. Furthermore, such estimates or judgments, particularly as they relate to expectations about our market and industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors," "Forward-Looking Statements," "Presentation of Financial and Other Information—Industry and Market Data" and elsewhere in this Offering Memorandum. These projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Presentation of Financial and Other Information—Market and Industry Data," "Risk Factors" and "Forward-Looking Statements."

Overview of the Global Consulting Market

Management consulting services (also known as business consulting services) is an umbrella term given to those business services where typically highly qualified resources ("**consultants**") work with external clients, usually on limited-term, project-based assignments across a variety of business-related matters. Such assignments may vary involve strategy consulting, design thinking consulting, process consulting and execution services, financial and business plan consulting, IT systems consulting and IT implementation services.

As shown by the graph below, the global consulting market is a large and attractive market which, in 2020, was valued at approximately $136.0 billion in annual global sales, according to Source Global Research, with North America and Europe being the largest regions, accounting for roughly $65.0 billion and $38.0 billion of annual global sales respectively. In 2020, financial services (banking and payment providers and insurers), manufacturing, and energy & utilities accounted for roughly $41.0 billion, $19.0 billion and $14.0 billion of annual global sales respectively, according to the Market Report.

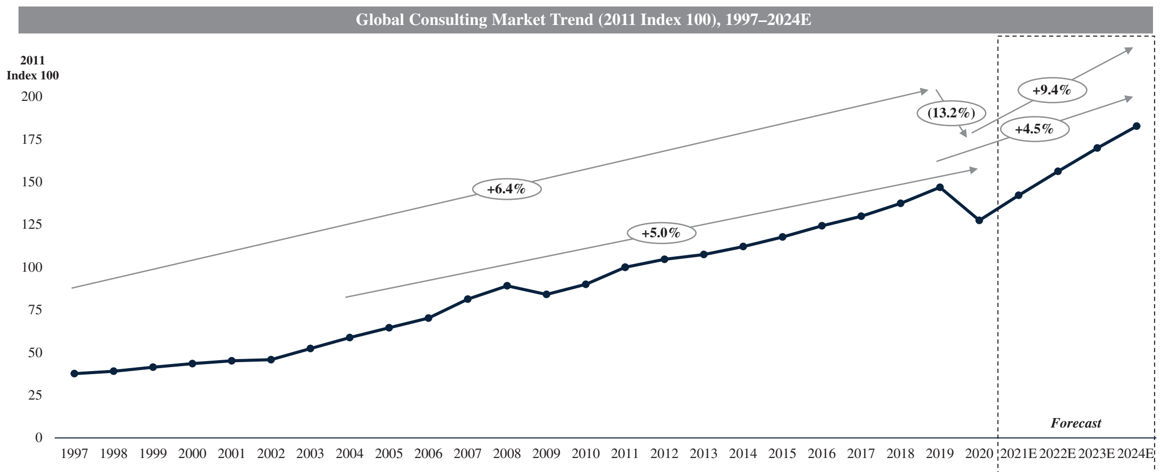
2020 Global Consulting Revenue by Geography and Industry (in $ billion)



Source: The Market Report

As shown by the graph below, the global consulting market grew at a CAGR of approximately 6% between 1997 and 2019, which was driven by companies increasing the amount spent on external consulting services. In 2020, global consulting revenues decreased by 13%, which was driven by the COVID-19 pandemic as many companies aimed to conserve their cash position and as result paused consulting projects or cut back on their use of consulting services. The decrease in spending on consulting services was most heavily concentrated during the second quarter of 2020, following the first round of lockdowns and when businesses worldwide started to conserve cash. However, a sharp recovery is expected from 2021 onwards according to Source Global Research.

Global Consulting Market Trend (2011 Index 100), 1997-2024E



Source: The Market Report

Consulting services can be categorized into seven categories, (together, the "***Consulting Services***"):

- **Strategy & Operations**: includes strategy services (business planning, business and vendor due diligence, corporate strategy) ("***Strategy Consulting***") and operations (target operating model, category and channel management) ("***Operations Consulting***");
- **Digital**: includes services mainly related to data strategy, visualization and analytics, cloud computing, cybersecurity and artificial intelligence ("***Digital Consulting***");
- **Technology**: includes traditional technology services such as IT strategy and architecture, enterprise resource planning ("***ERP***") implementation and maintenance and software selection ("***Technology Consulting***");
- **Process Improvement**: involves supporting clients on process improvement (cost cutting, sales and distribution planning, supply chain management) and implementation (program management office, process re-engineering) ("***Process Improvement Consulting***");
- **Human Resources ("*HR*") & Change Management**: involves helping clients with workforce management including benefits, compensation and pensions, change, performance and talent management. It also involves providing companies assistance with governance, organization, HR strategy effectiveness and culture development ("***HR & Change Consulting***");
- **Financial Management**: involves budgeting/financial planning processes while also providing debt and financial advisory as well as financial restructuring and insolvency services ("***Financial Management Consulting***"); and
- **Risk & Regulation**: involves providing support for operational risk and program risk allowing companies to do business while managing risks (risk management) as well as helping clients respond to regulation ("***Risk Consulting***").

The business model in the global consulting market has evolved over time, with clear stratification of players: Strategy Consulting is dominated by players such as Bain & Company, Boston Consulting Group and McKinsey & Company, while Technology Consulting services are offered by local champions and the large IT players in India such as Accenture, Infosys Limited, and Wipro Limited. Depending on the type of consulting assignments and geography of the consultants, a pricing model has evolved wherein the global strategy consulting firms command a high fee per consultant.

Key Trends

Demand for consulting services significantly exceeded gross domestic product ("**GDP**") growth from 1997 to 2019, driven by key megatrends and a growing range of consulting services. This creates demand from organizations for continuous improvement and evolution at a faster pace. Megatrends encompass new technologies and changes in behavior and processes that are creating industry disruption and opportunities, including:

- Fast-changing client needs and behaviors;
- Growing importance of environmental, social and governance ("**ESG**") factors;
- Disruptive, digitally native startups that are challenging market incumbents;
- Increased focus on execution and implementation as well as results-oriented consulting versus strategic advisory;
- Increased adoption of digital technology; and
- Increased cybersecurity risks, artificial intelligence and machine learning.

Clients need external consultants with specialist expertise to help them navigate complex, changing businesses as well as the technological environment. It is more effective to hire external consultants to focus on project work than to develop those capabilities in house. Leveraging the deep know-how and experience of external consultants significantly allows for companies to react more quickly. Oftentimes, the duration of consultancy work is longer than short-term contracts because competences evolve over time and companies require continued support.

Megatrends are changing the type of consulting work clients are demanding. For example, there is an increase in demand for multi-capability projects and innovation capabilities from consultants, which command higher fees. Consulting companies are able to offer a growing range of consulting services and opportunities for value creation, especially due to multi-capability projects requiring end-to-end, tailored solutions, leading to complex, longer-term projects. Clients view consulting as an opportunity for value creation, which drives demand.

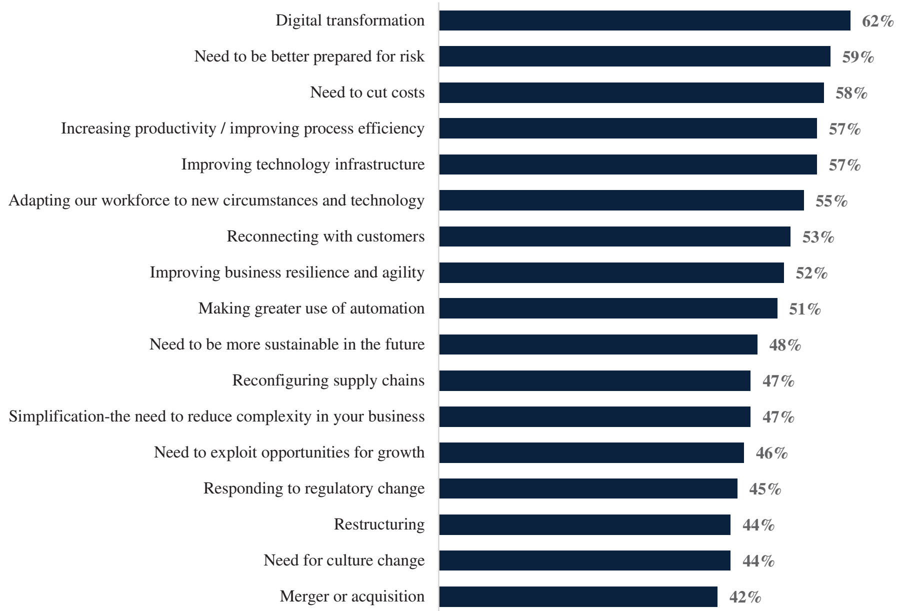
Consulting Services Growth is Being Driven by Digital Transformation

Growth in the business consulting market has been driven by digital business in the recent years, with digital transformation being one of the main concerns for business leaders. The disruption caused by the COVID-19 pandemic caused businesses worldwide to hasten their plans for digital transformation. There has been an acceleration of the adoption of digital technologies and digital processes in the face of this unforeseen event. Businesses are now getting used to working in the new normal of "work from home/work from anywhere" as well as an increase in digital touchpoints—both with end customers as well as employees.

The lockdowns forced businesses to rapidly reach their customers and adapt, as broad parts of the global economy went through a shock, forcing businesses to embrace digital methods (including 100% video conferencing, remote desktops and cloud solutions) almost overnight—something that they may not have otherwise envisioned. Consulting services were well placed to help businesses navigate their way through the complex and time-sensitive post-lockdown reality, in addition to providing assistance with digital strategy, business transformation consulting and operations process transformation.

As shown by the chart below, these are high priorities for businesses: 62% of organizations named digital transformation as more important than prior to the COVID-19 pandemic, while 57% and 55% named improving technology infrastructure and adapting the workforce to new circumstances and technology as more important than prior to the COVID-19 pandemic, respectively. With significant digital acceleration in place over the last year, the focus of businesses is now expected to shift to growth in the post-COVID-19 world, using the new digital prowess to further upgrade business processes and have a deeper, client-focused digital business model.

How have your organizations priorities' changed in each of the following areas as a result of the COVID-19 pandemic? (% "more important than before")



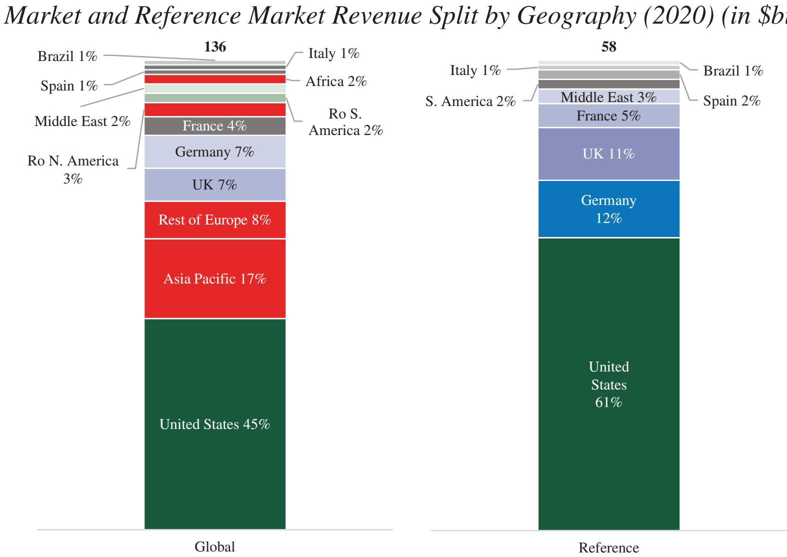
Source: Source Global Research, September 2020

Overview of the Reference Market

The key geographic markets we operate in include Italy, the UK, Spain, France, Germany, Brazil, other South American countries, the USA and the Middle East ("***Reference Geographic Market***"). The main industry verticals within the consulting services industry include energy and utilities, technology, media and telecommunications ("***TMT***"), financial services, public sector and healthcare, manufacturing, and pharma (the "***Reference Industries***," together with the Reference Geographic Market, the "***Reference Market***").

As shown in the graphs below, the Reference Market combined was estimated to have $58.0 billion in annual global sales in 2020, which accounted for 43% of the $136.0 billion overall global consulting market. The graph below shows the $58.0 billion in annual global sales in 2020 in the Reference Market as well as the $136.0 billion overall global consulting market split by geography.

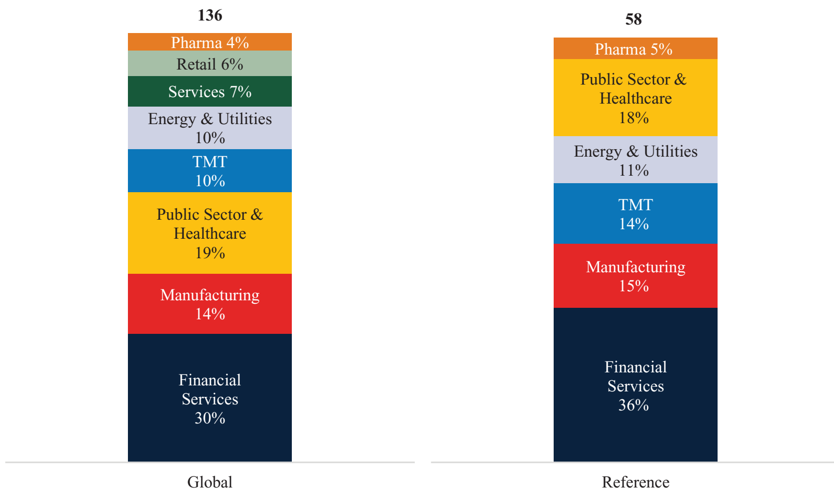
Global Consulting Market and Reference Market Revenue Split by Geography (2020) (in $billion)



Source: The Market Report

The graph below shows the $58.0 billion in annual global sales in 2020 in the Reference Market, as well as the $136.0 billion overall global consulting market split by industry. In the Reference Market, the financial services consulting market is estimated to constitute 36% of sales, the manufacturing consulting market 15%, and the energy and resources consulting market 11%.

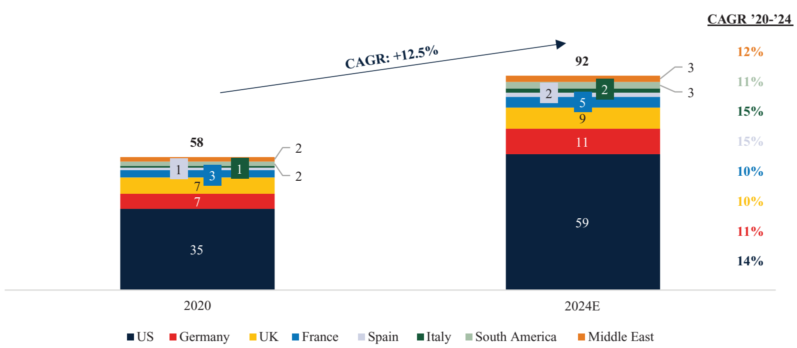
Global Consulting Market and Reference Market Revenue Split by Industry (2020) (in $billion)



Source: The Market Report

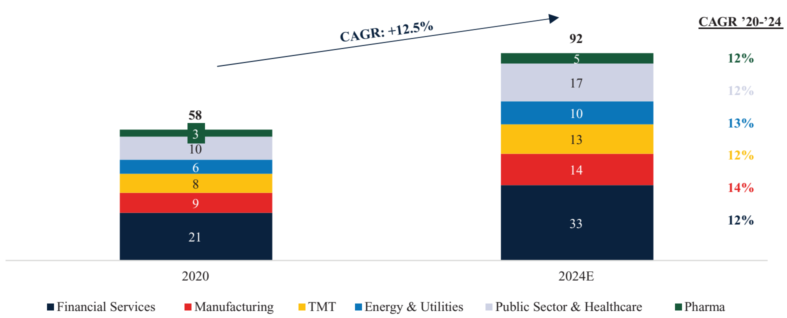
The Reference Market is expected to grow at a CAGR of 12.5% for the period from 2020 to 2024, as shown in the graphs below with splits by geography, industry and consulting service.

Expected Growth in the Reference Market from 2020 to 2024 Split by Geography (in $billion)



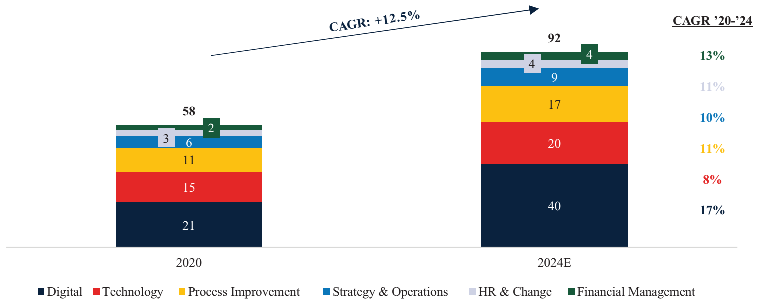
Source: The Market Report

Expected Growth in the Reference Market from 2020 to 2024 Split by Industry (in $billion)



Source: The Market Report

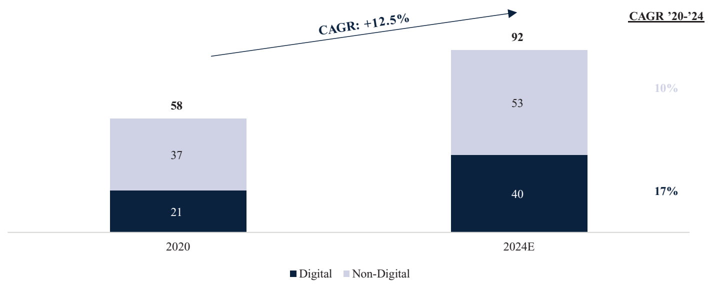
Expected Growth in the Reference Market from 2020 to 2024 Split by Consulting Service (in $billion)



Source: The Market Report

Notably, the digital-led consulting market in the Reference Geographic Market is expected to grow at a CAGR of 17% from 2020 to 2024, as shown by the graph below, as a result of the increased adoption of digital technologies, further accelerated by the COVID-19 pandemic.

Expected Growth in Digital Consulting in the Reference Market (in $billion)



Source: The Market Report

Key Trends in the Reference Market

We believe that the Reference Market is highly attractive with strong secular tailwinds and specific dynamics that will provide consulting firms growth opportunities. Companies often struggle to find the right resources to internally manage the adoption of the new technologies, which are shown in the chart below. As a result, companies will search for support to choose, integrate and implement these solutions. Consulting firms can provide companies with such support through their proprietary solutions as well as their expertise and know-how in such technologies, some of which are shown below:

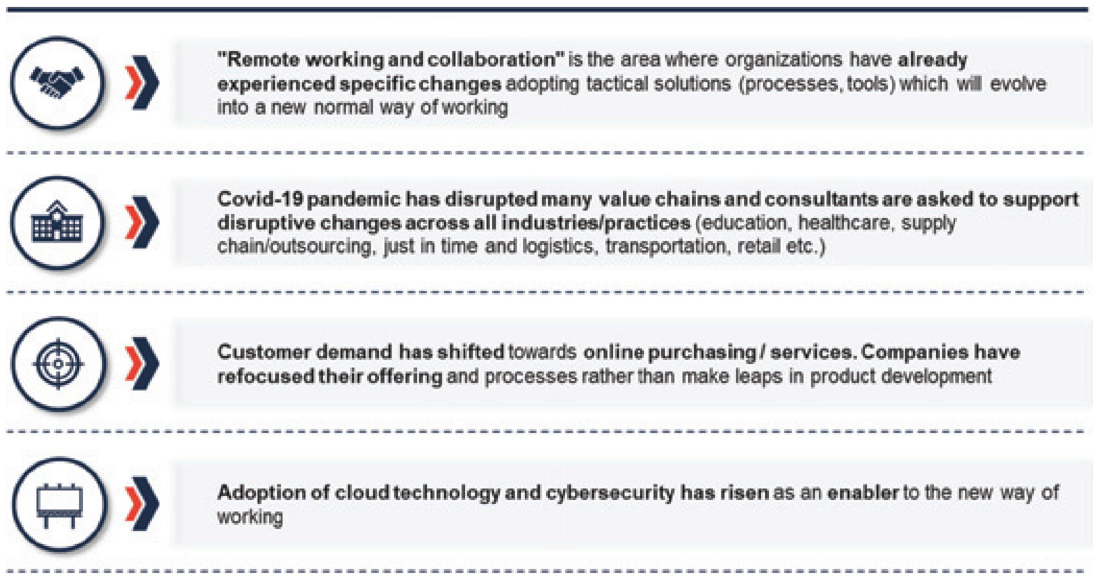
1. Digital technology adoption is expected to continue to grow at double-digit rates with BIP well positioned in all key areas of growth.

	Key trends	BIP presence
Cloud	▪ Many enterprise workloads will be deployed in cloud infrastructure/platforms ▪ Many organizations will use a distributed cloud option ▪ Multi-cloud approaches will lead to a breakdown of barriers between providers	✓
Data & Analytics	▪ Data stories, automatically generated, will become the most widespread way of consuming analytics ▪ Large organizations will have analysts practicing decision intelligence	✓
Platforms (PaaS)	▪ Companies shifting from legacy systems to new platform-based architecture ▪ Big data analytics software by various organizations, rise in demand for cloud-based big data analytics software among SMEs	✓
Low coding	▪ The majority of developments will be done with low coding, reducing the need of skilled developer ▪ Low-coding will reduce TCO on large projects and enable development of multi-platform products	✓
Cybersecurity	▪ Cyber attacks will grow exponentially due to new way of working, digitalization and the increasing number of connected devices ▪ Regulatory standards are increasing attention on cybersecurity	✓
Artificial intelligence (AI)	▪ Many enterprises will shift from piloting to operationalizing AI ▪ Most applications are adding AI functions without monetizing them	✓
Process automation	▪ Operational cost will be lowered using hyperautomation technologies ▪ Process discovery & task mining practice diffusion will address opportunities for further automation	✓

Source: The Market Report

2. The COVID-19 pandemic has brought an unexpected disruption accelerating companies' digitalization.

The COVID-19 pandemic has acted as an accelerator of already developing trends rather than a short-term disruption and many of the major changes that were introduced during the COVID-19 pandemic are expected to remain in place long term. Such changes are listed below:



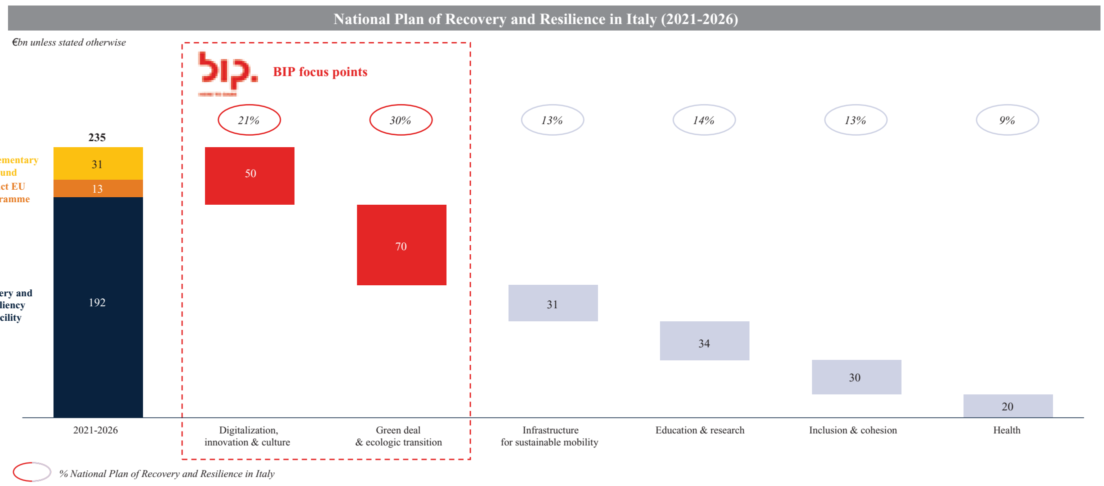
In 2020, most companies focused on short-term tactical projects or contingency plans, but are now leveraging such projects and plans to reshape their organizations and business models to allow them to gain longer-term competitive advantages.

3. Digitalization is further driven by government initiatives such as the "Piano Nazionale Innovazione" 2025 / Italian Recovery Fund.

In July 2021, the Italian Government adopted the National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*) (the "**RRP**") in line with the EU Country Specific Recommendations, and based on the draft approved by the Italian Parliament and endorsed by the EU Council, on a proposal from the EU Commission, in July 2021. The RRP defines actions and interventions to mitigate the economic and social impact of the COVID-19 pandemic, reinforcing Italy's core structural system while addressing the current environmental, technological and social challenges.

As illustrated by the graph below, the RRP is expected to allocate resources totaling approximately €235.0 billion between 2021 and 2026 for a reform agenda and investment program encompassing six policy areas or "missions" in Italy, of which approximately €191.5 billion in resources are being allocated by the EU's Recovery and Resilience Facility, approximately €30.6 billion are being funded through the Complementary Fund established by Italian Decree No. 59 of May 6, 2021, and approximately €13.0 billion are being made available by the EU's Recovery Assistance for Cohesion and the Territories of Europe programme ("**REACT-EU**"). RRP investments are focused on three strategic channels: (i) digitalization and innovation, (ii) ecological transition, and (iii) social inclusion, underpinning three overarching priorities: (a) gender equality, (b) youth inclusion and (c) development of the south of Italy.

EU recovery plans in Italy (2021 to 2026)



Source: mef.gov.it

The National Plan of Recovery and Resilience is expected to generate additional need for digital and technology capabilities, accelerating growth prospects of the industry and the ecologic transition, with BIP strongly positioned to exploit the upside potential.

The €70.0 billion made available under the RRP for the allocation of resources to the green deal and ecologic transition represents the largest item of expenditure of the RRP, accounting for more than 30% of total resources available.

Within the funds allocated to the green deal and ecologic transition:

- Approximately €25.0 billion is allocated for energy transition and sustainable local mobility to increase the share of energy produced from renewable sources, in line with European objectives; to stimulate the industrial value chain, including that of hydrogen; and to enhance and digitalize network infrastructures.
- Approximately €15.0 billion is allocated for the protection and enhancement of the territory and water resources, a component that includes significant interventions on hydrogeological instability, forestation and forest protection, reservoirs and sustainable management of water resources.
- Approximately €7.0 billion is allocated for the green business and circular economy component, which has as its objectives, on the one hand, the promotion of environmental sustainability in the agricultural supply chain and the improvement of the competitiveness of farms and, on the other, the construction of new plants for the enhancement of waste and the modernization of existing plants.

The €49.9 billion made available under the RRP for the allocation of resources for digitalization, innovation, competitiveness and culture, represents the second largest item of expenditure of the RRP, accounting for more than 20% of total resources available.

Within the funds allocated to the digitalization, innovation, competitiveness and culture mission:

- Approximately €30.0 billion is allocated for the digitalization, innovation and competitiveness component of the productive system, with the aim of encouraging the digital transition of businesses, especially small-and-medium-sized enterprises ("***SMEs***"). Initiatives include the strengthening of the Transizione 4.0 programme with multi-year measures to promote investments in capital goods and the updating of machinery (businesses can claim a tax benefit), completion of broadband projects, construction of ultra-fast fiber optic networks, 5G and investments in satellite monitoring. A strong focus is also on the internationalization of the Italian economy and promoting innovation in fields such as the publishing industry.

- Approximately €11.0 billion is for the digitalization, innovation and security component of the public administration. Specifically, the goal is to establish a national cloud and the interoperability of public administration databases. A "PA Strategic Innovation Programme" based on organizational innovation is expected to be developed as well, to enhance and strengthen human capital and administrative procedures, and to disseminate platforms to achieve a more reliable, user-friendly and interconnected public administration infrastructure.
- Approximately €8.0 billion is for tourism and culture, two of the sectors most affected by the pandemic. The aim is to increase the level of attractiveness of the country's tourism and cultural system through the modernization of tangible and intangible infrastructure.

4. The emergence and growth of ESG as a key element that is valued by communities and investors.

The increasing adoption of sustainable practices will require the adoption of new business/operative models, enabled by digital capabilities. Many companies are now reporting ESG metrics and understand that being recognized as a sustainable and responsible company has become an important factor in attracting new talent and retaining employees. Sustainability has become a priority for many organizations, and is now factored into management initiatives, decisions and business models.

5. A focus on revenue growth initiatives is a #1 priority for CEOs in post COVID-19 recovery.

Customer needs and habits are undergoing permanent changes, pushing companies to reshape their market approach. As business cycles continue to shorten, strategic areas focused on revenue generation, such as innovation, strategy, experience design and marketing, are increasing in importance in order to keep pace with the shift in customer habits and market trends. Companies do not yet adequately cover these areas of business internally. Their revenue-enhancing services represent an opportunity for consulting firms to fill a gap in a fast-moving environment. Marketing agencies are gaining the attention of consulting firms to integrate their offerings, with capabilities ranging from go-to-market optimization to website and app/software development.

Key Trends in the End Markets:

We believe that the end markets reflected below are highly attractive with strong secular tailwinds and specific dynamics that provide us with significant growth opportunities.

End Markets Evolution

BIP underlying markets	Size 2019 ($ Bn)	CAGR '15-'19	YoY '19-'20	CAGR '20-'24E
TMT	7,759	5.2%	(3.1%)	6.6%
Financial Services	58,685	5.7%	7.0%	4.3%
Public Sector	10,306	4.1%	(0.9%)	4.9%
Energy & Utilities	584 exajoules	1.8%	(5.9%)	2.8%
Healthcare & Pharma	7,513	3.6%	2.0%	5.7%

Source: The Market Report

Technology, Media and Telecommunications

Notwithstanding the 2020 downturn related to COVID-19 pandemic, in the upcoming years, technology, media and telecommunications market ("**TMT**") is expected to grow in line with the historical trend, leveraging on the increasing relevance of platform services and digitalization, according to The Market Report.

Financial Services

In 2020, the financial services market recorded a solid performance, and this trend is expected to continue in the next years, driven by the release of new digital products, customized services and innovative business models.

Public Sector

After a slight decline in 2020 as a result of the COVID-19 pandemic, the public sector is expected to increase at a CAGR of 4.9% between 2020 and 2024 as a result of digital transformation and new mobility waves sustained by different countries, recovery programs.

Energy & Utilities

Following a sharp decline in 2020, primarily driven by the COVID-19 pandemic, the energy & utilities market is expected to grow at a 2.8% CAGR between 2020 and 2024, as a result of the energy transition and renewable and circular economy trend, as well as the ramp up of new technologies and digitalization.

Pharma

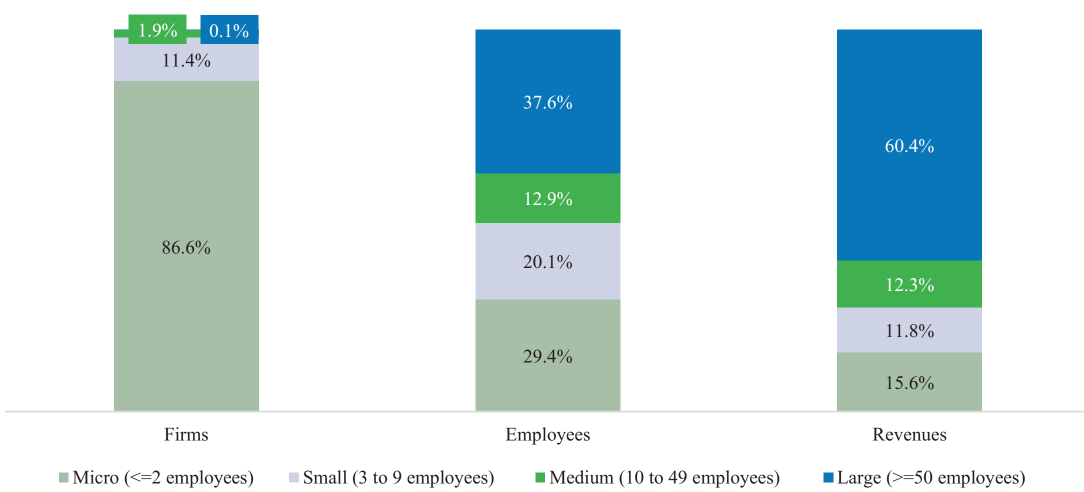
The pharma industry is expected to outperform its historical trend, with growth of a 5.7% CAGR between 2020 and 2024, as a result of an increase in R&D investments following the COVID-19 pandemic.

Focus on Italian Consulting Market

According to Assoconsult, the Italian consulting market generated approximately €4.6 billion in revenues in 2020, representing a 4.2% decrease compared to 2019. Despite the decrease in 2020, the market value is forecasted to recover in 2021 and to exceed pre-COVID-19 values, to reach approximately €5.0 billion in revenues (representing an increase of 8.5% compared to 2020 and an increase of 3.9% compared to 2019). The Italian market is composed of nearly 24,000 consulting firms employing almost 48,000 resources and is concentrated. As shown in the graph below, the firms with more than 50 employees (0.1% of all consulting firms in Italy), accounted for 60.4% of total revenues and 37.6% of total employees in 2020. There are almost 21,000 micro consulting firms, which consist of up to two employees (86.6% of all consulting firms in Italy), and such firms accounted for 15.6% of total revenues and 29.4% of total employees in 2020, according to Assoconsult.

The graph below shows the percentage of firms, employees, and revenues, respectively, for large to micro firms in the Italian consulting market in 2020.

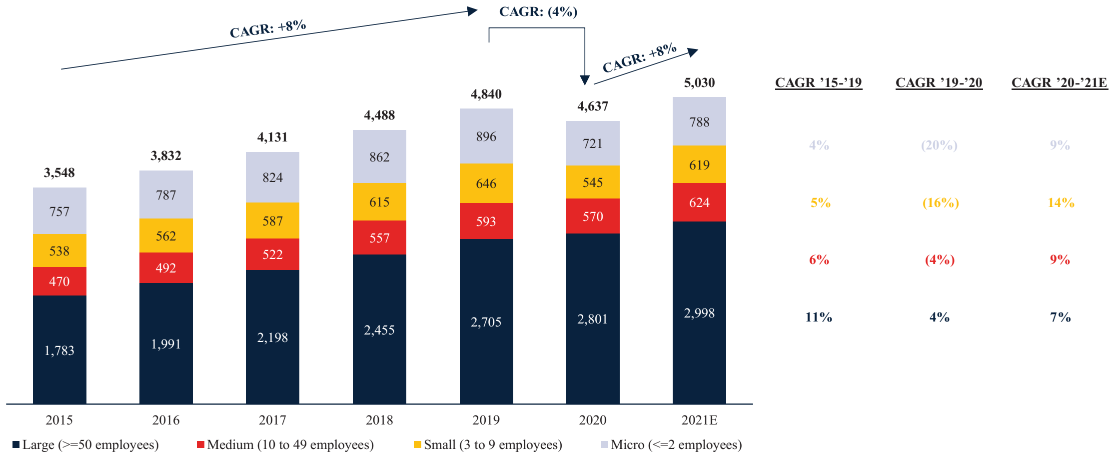
Italian Consulting Market by Size of the Firm (%) in 2020



Source: Assoconsult

Overall revenues in the Italian consulting market have grown steadily since 2015. From 2015 to 2019, revenues grew at a CAGR of 8%. The Italian consulting market maintained that same moment from 2020 to 2021, and grew at a CAGR of 8%. However, size of the firm in the Italian consulting market proved to be an important factor, in particular, when assessing the impact of the COVID-19 pandemic in 2020. The largest firms proved to be the most resilient and grew at a CAGR of 4% 2019 to 2020 and are expect to grow at a CAGR of 7% from 2020 to 2021. Medium, small and micro firms declined in revenue at a CAGR of 4%, 16% and 20%, respectively, according to *Assoconsult*. All firm sizes are expected to experience an increase in revenues in 2021, as shown by the chart below.

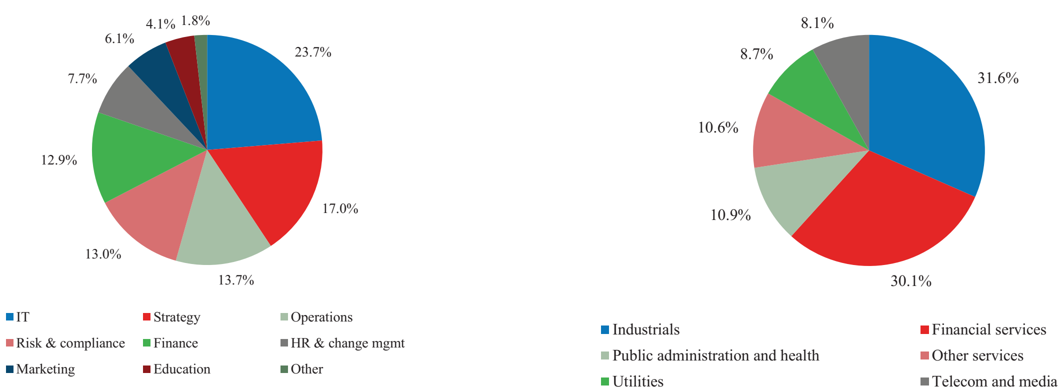
Italian Consulting Market Revenues by Size of the Firm (€ in millions) (2015 to 2021)



Source: Assoconsult

As shown in graph below, in terms of products offered in the Italian consulting market, IT represents the most important segment and accounted for 23.7% of 2020 sales, followed by strategy, which accounted for 17.0% and operations which accounted for 13.7%. In terms of industry verticals, industrials is the largest and accounted for 31.6% of the market in 2020, followed by financial services, which accounted for 30.1% and public sector and healthcare, which accounted for 10.9%, according to Assoconsult. Revenues from the industrials vertical declined by 3.1% in 2020 compared to 2019, while financial services and public sector and healthcare improved by 2.3% and 4.3%, respectively, according to Assoconsult.

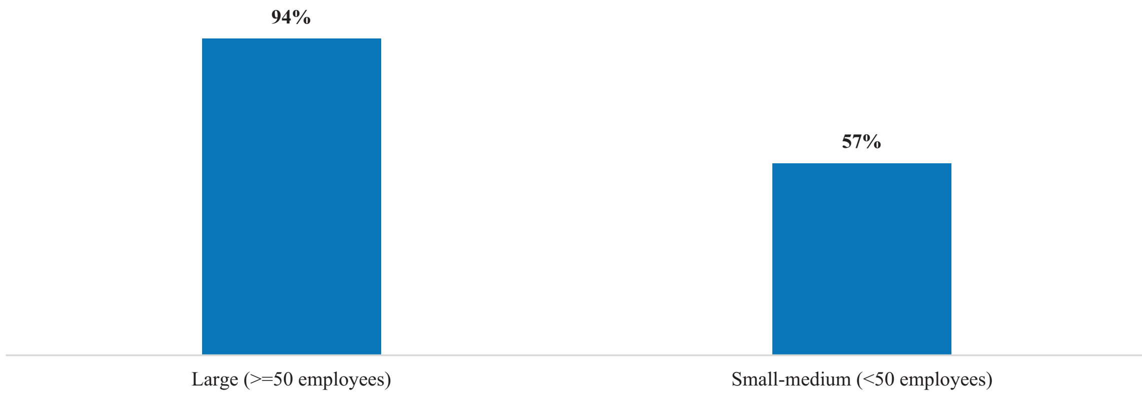
Italian Consulting Market by Service and Industry (%)



Source: Assoconsult

Large consulting firms (those with more than 50 employees) are more likely to be involved in digital transformation projects than smaller consulting firms (those with less than 50 employees), according to Assoconsult. The percentage of consulting firms where digital projects account for more than 10% of sales is 94% for large firms and 57% for smaller ones, as highlighted in the graph below.

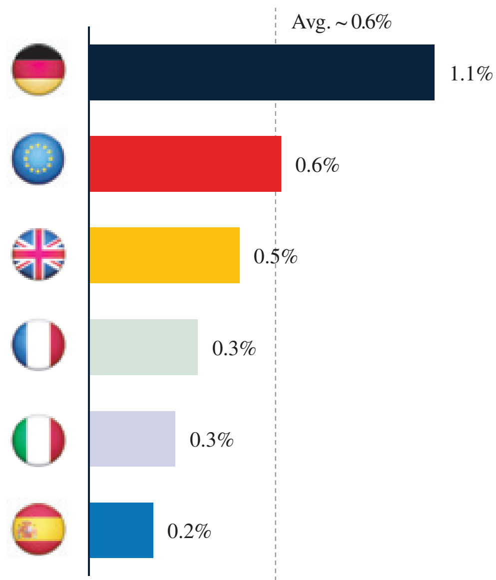
Percentage of Italian Consulting Companies with More Than 10% of Digital Focused Projects



Source: Assoconsult

The Italian consulting market remains underpenetrated compared to the rest of Europe. As shown by the chart below, in 2019 the consulting turnover amounted to 0.3% of Italy's GDP versus an average of 0.6% of Europe's GDP and a high of 1.1% of Germany's GDP.

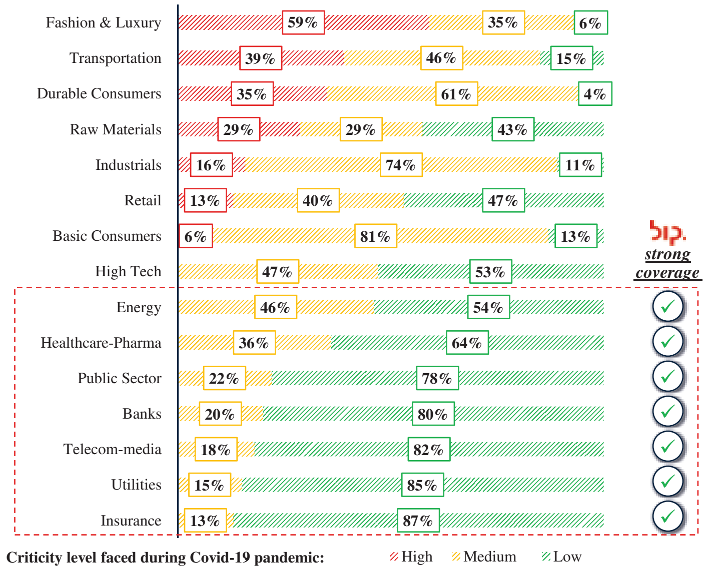
Consulting Turnover Ratio to National GDP in % (2019)



Source: Assoconsult

Based on Assoconsult's survey of the main consulting firms in Italy (graph below), certain verticals performed well during the COVID-19 pandemic in 2020. Within the financial services (banking and payment providers and insurers) industry, 80% of respondents reported that the COVID-19 pandemic had a minimal impact on their business. Of the utilities, telecom, and public sector clients, 85% of respondents, 82% of respondents and 78% of respondents, respectively, reported that the impact on their business was minimal.

Resilience by Industry and Criticality Level (December 2020)



Source: Assoconsult ("Rilevazione n. 13. Periodo 1 31 dicembre 2020")

BUSINESS

Overview

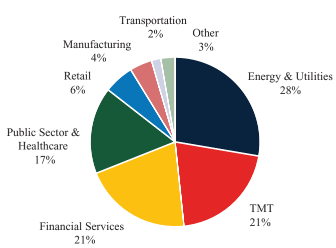
We are a leading European consulting firm, providing management consulting, business integration and digital transformation services to more than 600 clients. We were established in 2003 as a result of a spin-off from Deloitte Consulting Italia. As of June 30, 2021, we had 3,641 employees. Our professional team includes 36 equity partners (the "**Equity Partners**") and 111 partners, directors, associate partners, client partners and competence partners. Since we were established, we have expanded our geographic reach to 12 countries with 16 offices through our strong organic growth of approximately 16.7% per annum from 2004 to 2020 (in particular, we maintained organic growth during the financial crisis from 2008 to 2012 and the COVID-19 pandemic in 2020) and selective accretive acquisitions. We provide a wide range of advisory solutions and services to enterprise clients, including business advisory, strategy and innovation, technological advisory, digital advisory, cybersecurity, artificial intelligence, digital twin, blockchain, data and analytics and digital delivery. Recognizing the importance of technological advances and digital transformation for clients and businesses, we were early to establish our innovation practice in 2009 and digital practice in 2013. The growing importance of technological advances and digital transformation to our clients combined with our in-depth industry specific knowledge and technological and digital competencies, have resulted in approximately 64% of our revenues for the year ended December 31, 2020 being related to digital transformation projects.

We generated approximately 68.4% of our revenues in Italy for the twelve months ended June 30, 2021. Our other principal geographies include Brazil, the UK, Spain, Switzerland, the USA, and Colombia. In addition, we operate in other countries including Chile, Turkey, Austria, Belgium, and the UAE. We operate across several sectors of the economy with industry-specific knowledge supported by our technology and digital innovation competencies. Our key industries include (i) Energy & Utilities, (ii) Telecommunication, Media & Entertainment ("**TMT**"), (iii) Financial Services, (iv) Public Sector & Healthcare, (v) Manufacturing, (vi) Retail, (the "**Reference Industries**") as well as (vii) Transportation.

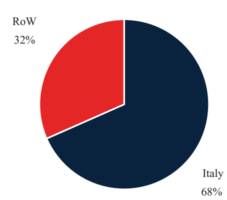
For the twelve months ended June 30, 2021, we generated revenues of €330.7 million, Adjusted EBITDA of €61.5 million (representing an Adjusted EBITDA Margin of 18.6%) and *Pro Forma* Adjusted EBITDA of €62.3 million. We also have a strong pipeline of ongoing projects, with a total Backlog as of June 30, 2021 of €134.8 million (compared to €81.8 million as of June 30, 2020), of which we expect €117.0 million to be converted into revenue in 2021. Our cash conversion rate (calculated as Adjusted EBITDA *less* capital expenditures divided by Adjusted EBITDA) was 93% over the same period.

The charts below set forth our revenue by industry and geography for the twelve months ended June 30, 2021 and by service area for the year ended December 31, 2020:

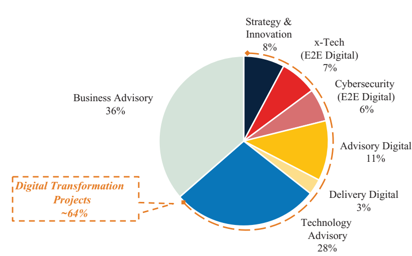
Revenues by industry



Revenues by geography(1)



Revenues by service area(2)



(1) Revenues by geographical area are recorded based on the location of the client for which we have provided services. Rest of the World includes the UK, Spain, France, Germany, the US, Middle East and Latin America.

(2) *Pro forma* revenues for service areas for the financial year ended December 31, 2020 reflect our revenues for the year, as adjusted as if the acquisition of Chaucer, Medley and Vidiemme had occurred as of January 1, 2020. For more information, see "*Presentation of Financial and Other Information—Comparability of Financial Information—Pro forma revenues for service area.*

We operate in the attractive and growing global consulting market estimated to be valued at approximately $136.0 billion in annual global sales in 2020 by Source Global Research. According to Source Global Research, our addressable market, which includes the Reference Industries in Italy, the UK, Spain, France, Germany, Brazil, other South America, the USA and the Middle East ("**Reference Geographic Market**," together with the Reference Industries, the "**Reference Market**") was estimated to be valued at approximately $58.0 billion in annual global sales in 2020, having grown at a CAGR of approximately 6% between 2018 and 2019. The market has been temporarily impacted by the COVID-19 pandemic in 2020, and is expected to rebound from 2021 and grow at a CAGR of 12.5% between 2020 and 2024. We have consistently out-performed the Reference Market, including during the COVID-19 pandemic reporting 7% organic growth in terms of revenues between 2019 and 2020. Our

Reference Market benefits from strong ongoing digitalization trends across the public and private sectors and changes in operating models of companies and clients, further accelerated by the COVID-19 pandemic, driving the need of specialized external consulting resources and increasing spending on transformation projects. Our wide range of end to end solutions, with distinctive digital capabilities, coupled with in-depth specific industry know-how and long-lasting relationships with our clients and partners, position us effectively to capitalize on the strong growth in demand for consulting services across our main industry verticals.

Our clients include more than 600 private and blue chip companies, as well as public sector organizations, comprising Energy & Utilities companies (including Gruppo Enel, BP (British Petroleum), Gruppo Eni, Gruppo ACEA, Gruppo A2A, Enagas, Naturgy, Petrobras, Repsol and Snam), TMT companies (including Sky, Telecom Italia, Fastweb, and Teamsystem), Italian and European Financial Services institutions (including Allianz, UniCredit, Gruppo Generali, Gruppo BNP Paribas, ICCREA, AGOS, Nexi, Santander, UBS, and Visa), Public Sector organizations (including Poste Italiane, Banca d'Italia, the Istituto Nazionale Previdenza Sociale (INPS), the Italian Ministry of Justice (*Ministero della Giustizia*), and the Home Office (UK)), Healthcare companies (including Pfizer, GE healthcare, Novartis, Astrazeneca, Roche and Sanofi), Manufacturing companies (including Amplifon, Barilla, Leonardo and Daimler), Retail business (including Esselunga, Kering, and Luxottica), and Transportation companies (including ENAV).

We aim to create long-term, strategic relationships with our clients, and to be an integral part of our clients' business development and strategy implementation, focusing on value added projects that are normally related to recurring capital expenditures with lower renewal risk. Historically, we have been able to achieve long-lasting client relationships by providing a broad services offering covering our clients' needs, including significantly customized and highly specialized services, as well as delivering consistent high-quality services. As of June 30, 2021, we had an average client relationship tenure of approximately 18 years for our top 10 clients and approximately nine years for our top 11 to top 20 clients. We have a low client concentration across all of our industry verticals, with no client accounting for more than 7.5% of our revenues and no industry vertical accounting for more than 27.7% of our revenues for the twelve months ended June 30, 2021. For the twelve months ended June 30, 2021, our top 10 clients generated approximately 33.3% of our revenues.

Our ability to deliver value to our clients is a result of the character and expertise of our people. We rely on an entrepreneurial and committed leadership team of 36 Equity Partners, 111 partners, directors, associate partners, client partners and competence partners, and an experienced team of 257 senior managers and principals, who are supported by a talented pool of 3,237 other employees as of June 30, 2021. We combine core consulting skills and industry know-how with digital expertise in areas such as data and analytics, cybersecurity, customer relationship management ("**CRM**") and digital delivery, cloud and artificial intelligence and automation, all fostered by a culture of innovation that extends to all reaches of our company. Historically, we have devoted significant resources to attract, train, develop, and retain our people. As a result, our workforce has grown from approximately 2,200 employees as of December 31, 2018 to 3,641 as of June 30, 2021, of which approximately 28% is based outside of Italy, driven by the increase of our digital practice as well as our internationalization, coupled with what we believe is best in class talent retention policies.

We believe our business model has allowed us to quickly respond to our clients' needs and continue to efficiently operate our business during the COVID-19 pandemic. In particular, during the periods of lockdown in Italy, Spain, Brazil and the UK, we were able to continue to ensure business continuity and service our clients, while safeguarding the health and safety of our employees. We successfully transitioned substantially all of our employees to remote working over a short period of time, maintaining high levels of service and assisting our clients with their responses to the outbreak of the COVID-19 pandemic. For the year ended December 31, 2020, we generated revenues of €286.2 million, compared to €242.8 million for the year ended December 31, 2019 representing an increase in revenues of 17.9%, of which approximately 7% was organic compared to an estimated approximately 13% decrease for the overall global consulting market. See "*Summary—Recent Developments—COVID-19 Pandemic*" and "*Risk Factors—Risks Related to the COVID-19 Pandemic and Other Unforeseen Circumstances*."

Our Strengths

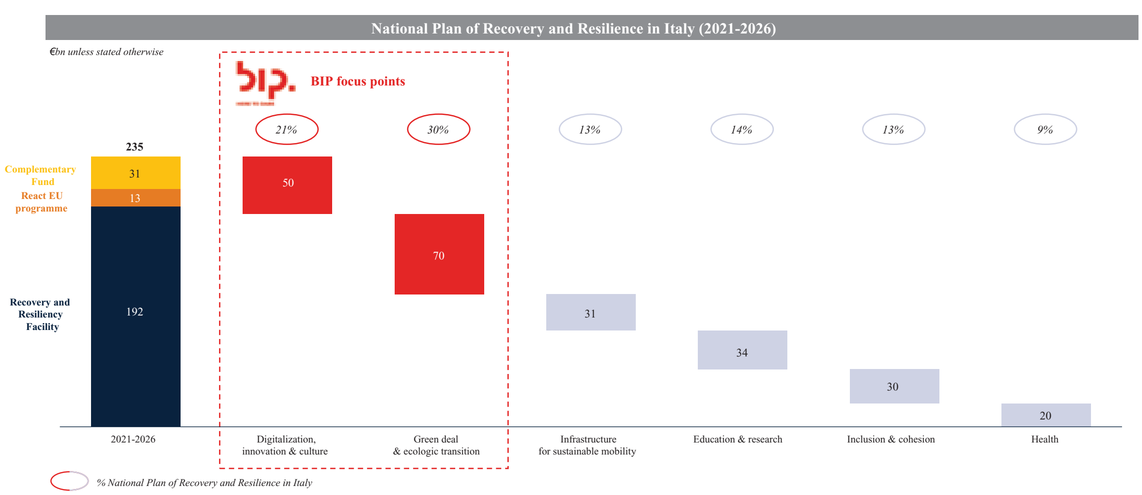
Large and growing consulting market with BIP exposed to the most attractive trends shaping the management consulting space

The global consulting market, which was estimated to be valued at approximately $136.0 billion in annual global sales in 2020 by Source Global Research, is a large and attractive market, having grown at a CAGR of approximately 6% between 1997 and 2019, with a continuous positive trend as companies have historically increased spend on external consulting services. Our Reference Market grew at a CAGR of approximately 6% between 2018 and 2019 and was only temporarily impacted by the COVID-19 pandemic in 2020. While the overall global consulting market experienced a 13% decrease, for the year ended December 31, 2020, we generated revenues of €286.2 million, compared to €242.8 million for the year ended December 31, 2019 representing an increase in revenues of 17.9%, of which approximately 7% was organic. We have consistently out-performed the Reference Market, including during the COVID-19 pandemic. Our Reference Market is forecast to grow at a CAGR of approximately 12.5% from 2020 until 2024 principally driven by (i) ongoing digitalization trends across the public and private sectors accompanied by an increase in spending on digital transformation projects, (ii) changes in operating models of companies and clients, accelerated by the COVID-19 pandemic, which has focused businesses on the need for specialized external consulting resources, and (iii) shifting demand from traditional IT outsourcing and system integration to value-added technology advisory and delivery.

We believe that our wide range of services, with distinctive digital capabilities, coupled with in-depth specific industry know-how underpinned by long-lasting client relationships, position us favorably to capitalize on the strong growth in demand for consulting services across our main markets. We have an extensive track record innovating, designing and implementing digital transformation projects that rethink our clients' service delivery and sales functions, and these projects will continue to be central to the strategy of the major organizations of our Reference Industries.

The consulting market in Italy, our primary geographic market, was estimated to be valued at approximately €4.6 billion in 2020 according to Assoconsult. The Italian consulting market grew at a CAGR of approximately 8.0% between 2015 and 2019, and experienced a temporary decrease of approximately 4.2% in 2020 due to the COVID-19 pandemic, according to Assoconsult. Despite this decrease, our revenues in Italy were €212.9 million for the financial year ended December 31, 2020, an increase of €20.0 million, or 10.4%, compared to €192.9 million for the financial year ended December 31, 2019 due to the organic growth of our business, an increase in demand for traditional and digital services, and the minor acquisition of Vidiemme. In 2021, the Italian consulting market is estimated to increase by approximately 8.5%, driven by demand for: (i) digital projects including artificial intelligence, CRM, cloud services, internet of things ("**IoT**"), cybersecurity, digital twin and blockchain; and (ii) green projects such as developing and implementing sustainability strategies and plans to achieve greater corporate social responsibility. In addition, growth of the Italian consulting market is expected to further benefit from the structural under penetration of consulting spend in Italy, according to Assoconsult.

Additionally, the Italian government and regulators are implementing policies that favor digitalization through IT investments, such as the Industry 4.0 plan and the National Plan for Innovation 2025. In addition, in July 2021, the Italian Government adopted the National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*) (the "**RRP**") which is expected to allocate resources totaling €235.0 billion between 2021 and 2026 for a reform agenda and investment program encompassing six policy areas or "missions" in Italy, of which approximately €50.0 billion is expected to be invested in the "digitalization, innovation, competitiveness, and culture" mission in Italy, and approximately €70.0 billion is expected to be invested in the "green revolution and ecologic transition" mission in Italy. We are at the intersection of these megatrends with an innovative and digital-focused practice, deep industry experience, and proven capabilities in the energy transition. We aim to capture part of the budget allocated to these initiatives to be spent by corporate and public sector organizations, which we believe will provide us with further opportunity to grow and boost our track record in next-generation advisory.



Source: mef.gov.it

Differentiated positioning, sector vertical expertise and capabilities combined to deliver a wide range of end-to-end solutions

We have a differentiated market position allowing us to compete with both management consulting firms and IT services providers. In addition, we offer a wide range of services from strategy development to strategy implementation, with a strong focus on digital transformation and innovation.

Our clients choose us, because we offer a unique value proposition which is underpinned by a number of distinguishing factors that include:

- Rigorous execution capabilities with solid analysis and diagnosis skills, attention to client needs, and the ability to provide a hands-on, pragmatic approach;
- Flexible to technology market demands and restrictions because we are vendor agnostic as opposed to other industry players;
- Expertise in key business areas such as strategy, human resources, finance, compliance, CRM, supply chain, procurement, and IT, as well as in-depth industry experience and an understanding of operating models and related technologies, in particular, in Energy & Utilities, TMT, Financial Services, and Public Sector & Healthcare;
- Strong innovation and digital transformation capabilities, which are built on a strong foundation that dates back to 2009, when we were one of the first players in the industry to begin building digital innovation management capabilities, as well as in 2013 for digital competencies such as big data, cybersecurity, cloud and artificial intelligence. For the year ended December 31, 2020, approximately 64% of our revenues was generated from digital transformation projects; and
- High-quality performance for our clients which we are able to offer at fair prices.

We believe that we are able to further distinguish ourselves in the market, as we operate independently and are free from technological and professional legacies. As a result, we very rarely face conflicts of interest.

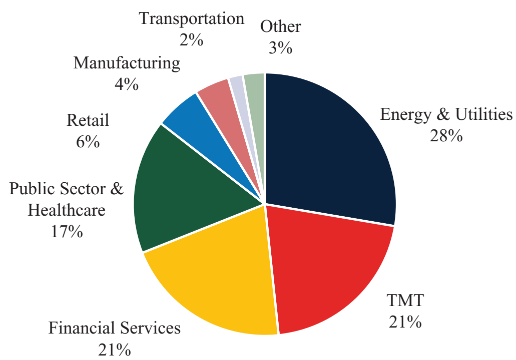
Large, diversified and loyal client base featuring long-established relationships with key clients and highly repeating revenues

Our clients operate across several sectors of the economy, including (i) Energy & Utilities, (ii) Telecommunication, Media & Entertainment ("**TMT**"), (iii) Financial Services, (iv) Public Sector & Healthcare, (v) Manufacturing, (vi) Retail, and (vii) Transportation. Our clients include more than 600 private and blue chip companies, as well as public sector organizations, comprising Energy & Utilities companies (including Gruppo Enel, BP (British Petroleum), Gruppo Eni, Gruppo ACEA, Gruppo A2A, Enagas, Naturgy, Petrobras, Repsol, Snam), TMT companies (including Sky, Telecom Italia, Fastweb, and Teamsystem), Italian and European Financial Services institutions (including Allianz, UniCredit, Gruppo Generali, Gruppo BNP Paribas, ICCREA, AGOS, Nexi, Santander, UBS, and Visa), Public Sector organizations (including Poste Italiane, Banca d'Italia, the Istituto Nazionale Previdenza Sociale (INPS), the Italian Ministry of Justice (*Ministero della Giustizia*) and the Home Office (UK)), Healthcare companies (including Pfizer, GE healthcare, Novartis, Astrazeneca, Roche and Sanofi), Manufacturing companies (including Amplifon, Barilla, Leonardo and Daimler), Retail businesses (including Esselunga, Kering and Luxottica), and Transportation companies (including ENAV). As of June 30, 2021, we had an average relationship tenure of approximately 18 years for our top 10 clients and approximately nine years for our top 11 to top 20 clients.

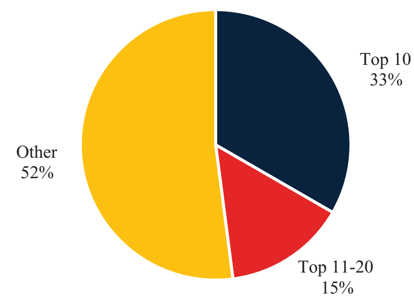
We have a track-record of new client additions, having increased our client base from approximately 280 clients as of December 31, 2017 to approximately 600 clients as of December 31, 2020 as a result of a combination of organic growth in our key markets and selective merger and acquisition ("**M&A**") activity in existing and new markets. We believe that our increased client base and enhanced geographic diversification, also following our recent acquisition of Chaucer in the UK, will offer us significant cross-selling opportunities and new avenues of growth outside of Italy.

Our ability to increase our client base has allowed us also to consistently enhance our client diversification across all of our industry verticals. For the twelve months ended June 30, 2021, no client accounted for more than 7.5% of our revenues and no industry vertical accounted for more than 27.7% of our revenues. For the twelve months ended June 30, 2021, our top three clients generated 16.8% of our revenues, our top 10 clients generated 33.3% of our revenues, and our top twenty clients generated 48% of our revenues. For the twelve months ended June 30, 2020, our revenue concentration by industry and by top clients was as shown below:

Revenues concentration by industry



Revenues concentration by top clients



Our clients value the breadth of our services offering, our results oriented proposition, with a high quality delivery track record, and our in-depth industry knowledge combined with technological and digital capabilities, which we believe has contributed to our consistently high client retention rates. For example, for the year ended December 31, 2020, approximately 87% of our revenues were generated from existing clients as of December 31, 2019, approximately 76% were existing clients as of December 31, 2017, and approximately 48% were existing clients as of December 31, 2011.

A large share of our revenues is highly repeating underpinned by our high quality of delivery, proactive account management, a network of relationships distributed across many partners, senior managers and principals and our focus on long-term and value-added projects that are normally related to our clients' recurring capital expenditures with lower renewal risk. For the twelve months ended June 30, 2021, approximately 92% of our total revenues were from existing clients with us as of December 31, 2020. The relatively high share of our repeating revenues has allowed us to maintain stable revenue performance and gives us, together with our Backlog, good visibility on our top line evolution year-on-year. For example, as of June 30, 2021, we had a total Backlog of €134.8 million, of which we expect €117.0 million will be converted into revenue during 2021, demonstrating our strong pipeline of ongoing projects which provides us good visibility.

Resilient business model through economic cycles and the COVID-19 pandemic, with strong track record of profitable organic growth

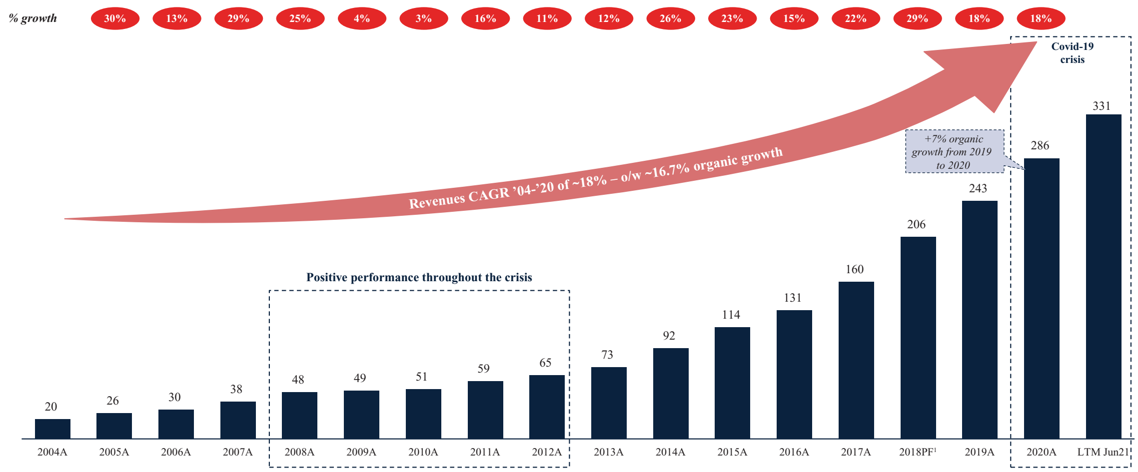
Our revenues have been driven by strong organic growth of approximately 16.7% per annum from 2004 to 2020 supported by the success of our business model in delivering value-added consulting services, adding new clients as well as growth from value accretive acquisitions of attractive assets, including, among others, our acquisitions of Openknowledge in 2015, Sketchin Italia S.r.l. ("**Sketchin**") in 2016, a controlling stake in FBM Group ("**FBM**") in 2019, the hiring of 24 employees from KPMG Spain to support our office in Madrid in 2019 and the acquisition of a controlling share in Chaucer in 2020.

Additionally, our revenue has remained resilient throughout volatile macroeconomic cycles, including through the period following the 2008 financial crisis, with our revenues' organic growth continuously outperforming the overall consulting market as well as Italian GDP growth on a year-over-year basis.

Leveraging our resilient and flexible business model, the impact of the COVID-19 pandemic on our operating performance and our ability to deliver our services to clients during the government imposed lockdowns was minimal. For the year ended December 31, 2020, we generated revenues of €286.2 million, compared to €242.8 million for the year ended December 31, 2019, representing an 17.9% increase in revenues, of which approximately 7% was organic increase, versus an approximately 13% decrease for the overall global consulting market.

Our solid business model has been further demonstrated by our performance during the first half of 2021. For the six months ended June 30, 2021, we generated revenues of €181.8 million, an increase of 32.4% compared to €137.3 million for the six months ended June 30, 2020, of which 10.0% was related to organic growth.

The following chart provides an overview of our business evolution, including organic growth in terms of revenues from 2004 through the twelve months ended June 30, 2021:



(1) Revenues for the year ended December 31, 2018 are presented on a *pro forma* basis. For more information, see "*Presentation of Financial and Other Information—Comparability of Financial Information—Changes to our shareholders and pro forma information for the year ended December 31, 2018.*"

Solid financial profile underpinned by strong cash generation

Our business has delivered consistent profitability and cash flow generation in recent years. Our Adjusted EBITDA margin has improved (with our Adjusted EBITDA margin being 15.3%, 17.3%, 18.1% and 18.6% for the years ended December 31, 2018 (on a *pro forma* basis), 2019 and 2020 and for the twelve months ended June 30, 2021 respectively), driven by solid revenue performance and cost discipline (despite the impact of the COVID-19 pandemic in the year ended December 31, 2020).

We have a flexible cost structure, mainly driven by the large proportion of variable compensation within our professionals' compensation packages, which is linked to revenues and profitability goals, and recourse to external personnel. The flexibility of our cost structure allows us to rapidly adapt to changes in client demand and to optimize capacity utilization and protect our profitability.

Further, our flexible business model requires limited capital expenditures, which has contributed to strong and consistent cash conversion over the past years. Our capital expenditures amount to approximately 1% of our revenue on average per annum between December 31, 2018 and the twelve months ended June 30, 2021. As a result, our cash conversion rate (calculated as Adjusted EBITDA *less* capital expenditures divided by Adjusted EBITDA) has been on average approximately 93% during the same period.

Our flexible and cash generative business model has allowed us to consistently reduce our net financial position and financial leverage as demonstrated in the period between March 27, 2018, when we were acquired by Apax France, and December 31, 2020, during which we reduced our net leverage from approximately 2.8x to 1.3x.

Attractive consolidation platform, with a track-record of creating value through integration of bolt-on acquisitions

We constantly evaluate opportunities for prudent, highly targeted and strategic bolt-on acquisitions. We have a strong track record of successfully integrating the entities we acquire, allowing us to expand our service offering and geographic reach, generate significant cross-selling opportunities into our existing client base and realize synergies. Since 2009, we have completed 12 acquisitions with approximately €6.7 million of average annual revenue of the target companies at acquisition (see the table under "*—History*" for information on revenues at acquisition).

Our acquisition strategy has been focused on growing our business in high growth areas, boosting our presence in digital technologies and accelerating our international expansion in selected countries, while consolidating our consulting offering and our position across our industry verticals. Our previous bolt-on acquisitions include, among others: (i) Ars et Inventio in 2009, which allowed us to enter the innovation management practice and launch our digital transformation plan ahead of our competition; (ii) Openknowledge S.r.l. in 2015, which allowed us to gain competencies in the social and digital transformation segment; (iii) Sketchin Italia S.r.l. in 2016, which allowed us to enter the innovation and design segment and to cross-sell Sketchin Italia S.r.l.'s innovative solutions to our clients; (iv) FBM in 2019 which allowed us to enter the financial services industry in Brazil, (v) Vidiemme Consulting S.r.l. in 2020, which allowed us to reinforce our competencies in the digital environment and enrich our offering of integrated end-to-end digital solutions; (vi) Chaucer in 2020, which allowed us to expand our presence in the UK and unlock relevant cross-selling and synergy opportunities; and (vii) Medley Business Solutions in 2020 which allowed us to extend our presence in public sector digital expertise in the UK.

We have a dedicated M&A team supported by a specialized governance unit and four country integration managers to execute the integration of acquired companies. We believe that we have successfully developed a disciplined and structured approach to plan and perform all activities required to successfully integrate and extract revenue and cost synergies from acquired companies. In particular, the integration process involves all aspects of the acquired businesses, including integrating finance, reporting, personnel, ICT, marketing and sales, communication, audit, legal functions, as well as defining the value proposition and go-to-market approach for the newly acquired and integrated business and products and developing and brand integration plan.

Entrepreneurial and committed partnership backed by a longstanding senior leadership team and supported by a talented pool of professionals

Our business is supported by our highly experienced management team, which has been with the business since its foundation in 2003, being widely recognized in the consulting industry, and which has grown our business from a local Italian player to what we believe is one of the leading European providers of consulting services.

Our leadership team relies on an entrepreneurial, highly experienced and committed partnership of 36 Equity Partners and 111 partners, directors, associate partners, client partners and competence partners consisting of technical and industry experts, as well as 257 principals and senior managers responsible for managing and guaranteeing the continuity of the current business. These leaders are supported by a talented pool of 3,237 other employees which deliver value and results to our clients by combining core consulting skills with digital expertise in areas such as data and analytics, cybersecurity, CRM and digital delivery, cloud and artificial intelligence and automation.

We have historically devoted significant resources to attract, train, develop and retain our people, having grown our workforce from approximately 2,200 employees as of December 31, 2018 to approximately 3,641 as of June 30, 2021 while maintaining high utilization rates (88%, 87%, 88% and 89%, respectively for the years ended December 31, 2018, December 31, 2019, December 31, 2020, and the twelve months ended June 30, 2021) and what we believe is best in class employee retention with lower attrition rates compared to other consulting firms.

A strong commitment of our Equity Partners (who indirectly own approximately 25% of Issuer's share capital) to our future is evidenced by their co-investment in our business alongside CVC in connection with the Acquisition, representing a significant incentive to deliver the medium-term business plan that has been developed in collaboration with our new shareholders.

Our Strategy

Consolidate BIP positioning in core activities and capture selected opportunities in vertical industries and geographies

Since our founding in 2003, we have transformed from a local Italian player into what we believe is one of the leading European providers of consulting services, through a combination of organic growth and acquisitions under the leadership of our senior management. As of June 30, 2021, we offer a broad offering of advisory solutions and services, underpinned by strong technological and digital transformation service competencies.

We aim to maintain and consolidate our leadership position in our core activities of management consulting, business integration, and digital transformation as well as in our main industry verticals, such as Energy & Utilities and TMT. While consolidating our position in our core activities and verticals, we intend to enhance our sector expertise in industries where we are currently underrepresented, in particular outside Italy, such as healthcare and life sciences, financial services, and the public sector, which are expected to experience high market growth supported by positive sector evolutions. We have launched several initiatives to upskill, retain, and attract talent, diffuse best practices developed in Italy and other core countries across our global network, and further invest in the institutionalization of our marketing and business development departments. With these levers, management has geared for growth and expects to pilot our organization towards expansion and consolidation of our leading market position.

We also aim to continue to remain top-of-mind for our core clients, expanding and cross-selling services to existing clients. We have increased our revenues generated from our top 10 clients at a CAGR of 17.3% between December 31, 2017 and December 31, 2020. In addition we believe that the increase of our client base and geographic diversification following, our acquisition in 2020 of the UK company, Chaucer, will offer us significant opportunities and new avenues of growth outside of Italy.

We also aim to enter new markets and consolidate our presence in high growth potential geographies such as the USA and France, through a combination of organic growth initiatives and functional acquisitions, with the aim to become one of the top twenty consulting firms at a global level.

Strengthen our digital leadership to further accelerate business growth

Clients trust us to lead data-centric cloud transformations of their businesses, define a data strategy, monetize data, rethink the client experience interface from end-to-end, and help them to defend against cyber attacks. Our mission is to help our clients embrace digital solutions and products, big data, cloud based services, artificial intelligence and cybersecurity. We were one of the first movers in our Reference Market to build digital and technological competencies, and we intend to maintain our position at the forefront of digital and technological competencies. We have had a dedicated innovation practice since 2009 and a digital practice since 2013. In addition, we have historically devoted significant resources and investments to strengthen our leadership, with an aim to increase revenue through digital transformation projects. For example, for the year ended December 31, 2020, we generated 64% of our revenues from digital transformation projects. We believe that our wide digital offering, including data and analytics, cybersecurity, CRM and digital delivery, cloud and artificial intelligence, industry 4.0, and automation support our strong reputation as a leading consulting provider in each of our industry verticals, which positions us to effectively benefit from disruptive technological innovation trends and capitalize on the various initiatives and related resources allocated by local and European governments and regulators in favor of digitalization and green transition, including the recent RRP.

We intend to continue strengthening, widening, and evolving our service offering with cutting-edge technologies, such as cloud data and migration, cybersecurity, artificial intelligence engineering, digital twin and blockchain. We believe that these services will position us to have a strong, positive impact on clients businesses, and will contribute strong growth, profitability, and highly repeating revenues.

In addition, as part of our digital delivery practice, we aim to exploit the progressive obsolescence of traditional sales systems. In particular, we will support clients through the sales transformation processes, by scaling-up and integrating our platform based services and leveraging our micro-service integration capabilities with low-code applications, including consulting, software technologies and platform services, to maximize return on investment.

Pursue growth opportunities in sustainability as the energy transition accelerates via cross-selling of our platform and building greater stickiness

We have consistently advised and prepared our clients to successfully meet the challenges of today and tomorrow, as evidenced by our strong focus on digitalization. A number of new megatrends are reshaping the economy and society with mobility, electrification, energy transition, connectivity, automation, smart environments, resource scarcity, urban density, and environmental and social consciousness which has a direct impact on the industrial and technological organizations of business and industry. We intend to remain, at the forefront of advising companies responding to these challenges. BIP Sustainable Services supports organizations determined to achieve the Sustainable Development Goals through a process of consistent innovation. Consumers, shareholders and other stakeholders are demanding that the businesses they patronize implement Environmental, Social and Governance ("**ESG**") best practices. Our sustainability offering provides a number of value-added competencies such as the design and implementation of transformation programs, value optimization for asset-intensive industries and carbon offsetting advisory, each of which we expect to benefit from increased need by our clients. Our management believes that in time ESG will form an additional pillar of our business along with digital.

Continue to pursue targeted and opportunistic acquisitions to expand capabilities, geographical presence and grow the business

We believe that our Reference Markets, including those in Europe, the USA, and South America, remain highly fragmented, and we intend to further strengthen our position and broaden our service offering by continuing to consolidate smaller players, building up a One Global Company, with a unique position in our segment, distinguished by the Big Four who operate a federated organization model and therefore must typically provide services to multinational clients using multiple members of their network that are legally distinct separate profit centers.

We have a strong track record of successfully acquiring and integrating target companies, having completed 12 acquisitions since 2009. We have developed a disciplined and systematic approach to M&A activity, through a dedicated and experienced in-house M&A team, targeting best-in-class specialized consulting players with a focus on increasing our capabilities in high growth areas, consolidating our positions across our industry verticals and expanding into new attractive geographies.

Our future acquisition strategy will focus on attractive and accretive add-ons to complement our envisaged solid organic growth and it will be based on three fundamental pillars: (i) complementary offerings that widen our proposition and digital capabilities; (ii) expansion of our geographical footprint; and (iii) enlarge our industry coverage to allow significant achievable synergies and cross-selling opportunities. We intend to apply vigorous payoff criteria in evaluating any such acquisitions and will leverage our track record of profitability integrating and cross-selling practices acquired and organically developed in the past, such as Chaucer in England and FBM in Brazil. In this respect, we will continue evaluating opportunities for highly targeted, strategic bolt-on acquisitions of easy to integrate players, with a view to fill-up various white spaces across industries and capabilities in our major target geographies.

In addition, we will benefit from the sector expertise, business relationships, knowledge, and experience of our sponsor, CVC, who is one of the world's most experienced sponsors in consulting and business services with several deals completed such as Alix Partners, Teneo and TMF Group as well as in the digital space including deals such as Iron Source, ConvergeOne, Webpros and Avast.

Retain best in class profitability and further improve cash conversion

We intend to continue leveraging our diversified service offering and our optimized cost structure to retain what we believe is best in class profitability. We also intend to further improve our revenue mix to include a greater share of digital transformation projects, which typically generate higher margins.

Our business has historically benefitted from high cash conversion, which averaged approximately 93% annually between the year ended December 31, 2018 and the twelve months ended June 30, 2021 as a result of limited capital expenditures (which averaged approximately 1% of our revenue annually between the year ended December 31, 2018 and the twelve months ended June 30, 2021). To increase our cash generation, we intend to continue implementing a disciplined approach to capital expenditures and working capital management, including the roll-out of specific key performance indicators for partners and employees in our main international countries, impacting their variable remuneration, related to days sales outstanding management and that were already introduced in Italy at the beginning of 2020.

History

We were established in Milan in 2003 following a spin-off from Deloitte Consulting. We have expanded our international footprint, industry, and digital competencies and acquired three companies, including: (i) Openknowledge, an Italian-based consulting service with expertise in digital transformation, change management, design, and communication; (ii) Anagram Consulting Partners, a UK-based management consulting firm with a focus on financial services and healthcare industries; and (iii) Sketchin Italia S.r.l., a design studio with competencies in design thinking and digital transformation. In March 2018, Apax France, a private equity firm, acquired a controlling stake in our company with significant reinvestment by our management and founder team. From 2019 to 2020, with the support of Apax France, we further expanded our footprint, industry, and digital competencies through five acquisitions, including: (i) a controlling stake in FBM, to expand our reach in the Brazilian Financial Services market; (ii) MeA Consulting S.r.l., to gain know-how in strategic analyses of the Manufacturing sector; (iii) Vidiemme, a Milan-based consulting company to improve our offerings in digital delivery; (iv) Chaucer, a consulting company that is focused on delivering sustainable change for clients through digital transformation, to grow in the UK Energy & Utilities, and Public Sector & Healthcare industries; and (v) Medley, an information and technology consultancy service that operates primarily in the Public Sector & Healthcare industry which has allowed us to grow our existing public sector expertize. In addition, in May 2019, we hired 24 employees from KPMG Spain to support our office in Madrid and in particular to better serve our clients in the Energy & Utilities industry. At the beginning of 2020, our Madrid office hired five additional employees to serve our clients in the Financial Services industry in Spain. In 2021, we acquired Advantis, a small Colombia-based consulting firm to expand our reach in South America. The following table details the acquisitions we have completed since 2009, along with revenue of the respective target for the financial year ended prior to the respective acquisition closing date:

Acquisition Asset or Company	Acquisition date	Country	Revenues at Acquisition (€ in millions)[1]
Ars et Inventio	2009	Italy	0.7
O'Think[2]	2013	Brazil	7.6[3]
Openknowledge S.r.l.	2015	Italy	4.5
Anagram Consulting Partners	2016	UK	n/a
Sketchin Italia S.r.l.	2016	Switzerland/Italy	1.6[4]
KPMG[5]	2019	Spain	4.4
FBM	2019	Brazil	4.5[6]
MeA Consulting S.r.l.	2019	Italy	0.8
Vidiemme	2020	Italy	6.2
Chaucer	2020	UK	42.1[7]
Medley	2020	UK	5.9[8]
Advantis	2021	Colombia	3.2[9]

(1) Unless otherwise indicated in the following footnotes, revenues at acquisition reflect the revenues of the respective target in the financial year preceding the date on which the respective acquisition closing date occurred, as taken or derived from the respective targets' pre-acquisitions financial statements or management accounts.

(2) Revenues at acquisition for O'Think are based on O'Think's 2011 financial statements, the latest pre-acquisition financials available to us.

(3) Based on the exchange rate BRL/USD (1 USD = 1.8627 BRL) and USD/EUR (1 EUR = 1.2973 USD) at December 30, 2011.

(4) Based on the exchange rate CHF/USD (1 USD = 1.0017 CHF) and USD/EUR (1 EUR = 1.0859 USD) at December 31, 2015.

(5) KPMG refers to the 24 employees we hired from KPMG Spain to support our office in Madrid. Revenues at acquisition for KPMG reflect the revenues that the team contributed to our revenues during the six months ended December 31, 2019 (the first half year period subsequent to the acquisition), multiplied by two.

(6) Based on the exchange rate BRL/USD (1 USD = 3.8804 BRL) and USD/EUR (1 EUR = 1.1456 USD) at December 31, 2018, and derived from FBM's 2019 financial statements.

(7) Based on the exchange rate GBP/USD (1 GBP = 1.3269 USD) and USD/EUR (1 EUR = 1.1227 USD) at December 31, 2019.

(8) Based on the exchange rate GBP/USD (1 GBP = 1.3269 USD) and USD/EUR (1 EUR = 1.1227 USD) at December 31, 2019, and derived from Medley's 2020 financial statements.

(9) Based on the exchange rate COP/USD (1 COP = 0.2721 USD) and USD/EUR (1 EUR = 1.1227 USD) at December 31, 2019, and derived from Advantis's 2019 financial statements.

In June 2021, CVC, through Bach Bidco S.p.A., signed an agreement to purchase a majority stake in our business, with the management and founder team to reinvest in the new structure. The CVC Acquisition closed on September 10, 2021 following the receipt of all regulatory and other approvals.

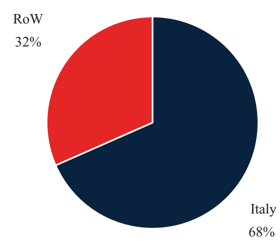
We believe that we are one of the fastest growing consultancies in the world, and as of June 30, 2021 we have increased the size of our team by 116% over the last four years. As of June 30, 2021, we had a team of approximately 3,641 professionals globally and 16 offices across 12 countries including: Brazil, Chile, Colombia, Italy, Spain, Switzerland, Turkey, Austria, Belgium, the UAE, the UK, and the USA. We work together as one firm to serve our clients wherever they need us, by making our collective knowledge, experience, and global network available to them.

Our business model has allowed us to not only respond quickly to and continue to efficiently operate through the COVID-19 pandemic, but also, to grow through it. In particular, during the lockdown in Italy in March, April and May 2020, we were able to ensure business continuity and service our clients while safeguarding the health and safety of our employees in Italy, Spain, the UK and Brazil. We successfully transitioned substantially all of our employees to working remotely over a short period of time, maintaining high levels of service, and assisting our clients with their responses to the outbreak of the COVID-19 pandemic, including in connection with digital transformation projects, digital workplace solutions, cybersecurity, cloud-based solutions and business continuity solutions that have all seen increased demand as a result of the outbreak of the COVID-19 pandemic, and we expect that we will continue to see increased demand going forward. We believe that for many industries, the lockdown and resulting surge in digitalization of business models was a watershed moment that will accelerate many of the trends that we have been witnessing in recent years, including disruptive changes in product and service delivery and fulfillment, logistics, and transitioning to a new cloud-based IT infrastructure with mobile, big data, IoT, and artificial intelligence capabilities. See "*Summary—Recent Developments—COVID-19 Pandemic*."

Our Geographic Split

Throughout our history, we have expanded our geographic reach through organic growth and M&A, and we aim to continue to enter high potential geographies to acquire greater market share. As of June 30, 2021 we serve clients in over 30 countries, but our revenue is primarily derived from our services provided in Brazil, Italy, Spain, and the UK, and a number of other European countries, as well as in other South American countries and the USA. The following images set forth our total revenue by geography for the twelve months ended June 30, 2021:

Our revenues by geography for the twelve months ended June 30, 2021(1)



(1) Revenues by geographical area are recorded based on the location of the client for which we have provided services. Rest of the World includes the UK, Spain, France, Germany, the US, Middle East and Latin America.

Our Service Areas

Our business model is centered on seven service areas including: (i) business advisory, (ii) technology advisory, (iii) advisory digital, (iv) strategy and innovation, (v) x-tech, (vi) cybersecurity, and (vii) delivery digital, and we believe the last three are expected to have the greatest growth trajectory over the next five years. Our service areas fall into three categories, for which we track our revenues and include: (1) Strategy and Operation Consulting, which consists of business advisory; (2) Technology Consulting, which consists of technology consulting; and (3) Digital and Innovation Consulting which consists of: (i) advisory digital, (ii) strategy and innovation, (iii) x-tech (exponential technologies), (iv) cybersecurity, and (v) delivery digital. For more information, see "*Management's Discussion and Analysis—The Financial Year Ended December 31, 2019 Compared to the Financial Year Ended December 31, 2020—Revenues from sales and services,*" *"—The Financial Year Ended December 31, 2018 Compared to the Financial Year Ended December 31, 2019—Revenues from sales and services*," and *"—Six Months Ended June 30, 2020 Compared to the Six Months Ended June 30, 2021—Revenues from sales and services.*" Each service area is described in detail below.

Business Advisory

Our business advisory service area is focused on helping clients evolve their businesses, shaping and managing the overall transformation roadmap, answering key business questions, optimizing organizational structure and processes, and leveraging agile methodologies through design and execution. Our business advisory capabilities include, for example, CFO advisory services, organization redesign, operational excellence programs, ESG review, supply chain and procurement optimization, and vertical industry advisory services. For the year ended December 31, 2020, we generated approximately 36.4% of our revenues from our business advisory service area.

Technology Advisory

Our technology advisory service area is focused on helping clients make the right technological decisions. Our technology advisory capabilities include, for example, program management, information communications technology services, CIO advisory services, and project and contract management. For the year ended December 31, 2020, we generated approximately 28.0% of our revenues from our technology advisory service area.

Advisory Digital

Our advisory digital service area is focused on helping clients deliver digital transformation programs and build the right technological and organizational business to drive innovation at scale. Our advisory digital capabilities include, for example, project management of digital initiatives, digital transformation, and digital and cloud architecture. For the year ended December 31, 2020, we generated approximately 11.4% of our revenues from our advisory digital service area.

Strategy and Innovation

Our strategy and innovation service area is focused on supporting clients with M&A and related project management activities. Our strategy and innovation capabilities include, for example, innovation plans and digital roadmaps, innovation management, and services related to industry 4.0. Our talent base has a wide range of skills and expertise in different industries which allows them to meet the needs of our clients quickly. Our employees' skills are diverse and include, for example: (i) strategic, operational, and creative services; (ii) support with idea generation and co-operative design to build operations that are smarter and more efficient via analytics-driven decisions; (iii) assistance with monetizing intellectual property; and (iv) developing innovative corporate strategy and business models. For the year ended December 31, 2020, we generated approximately 7.8% of our revenues from our strategy and innovation service area.

X-Tech (Exponential Technologies)

Our exponential technologies service area is focused on powering end-to-end digital solutions, supporting data-driven transformation, and scaling up responsiveness to the evolution of our clients' businesses. Our X-Tech capabilities include:

- **Data**: our experts build next generation analytics solutions, set up data-driven organizations, and enhance data management capabilities to enable our clients to use data-driven analytics to respond to business challenges.
- **Cloud**: our cloud architects and engineers deliver efficient multi-cloud governance, optimized applications and data architectures, and effective cloud migration approaches that we utilize to guide our clients through cloud transition, helping them get the best value out of large transformation projects.
- **Platforms**: our experts experiment with, evaluate, and manage innovative technologies, such as network automation, 5G, IoT, digital twin, blockchain, augmented reality/virtual reality, and other emerging technologies. Our IT architects, network engineers, blockchain and augmented reality/virtual reality experts help define strategy and design and implement those solutions to augment our clients' digital foundation.
- **Solutions**: we build tailored software solutions to speed up our clients' internal processes, we improve our clients' legacy applications with cloud-based infrastructure, and offer automated solutions to improve our clients' businesses processes, such as the use of robotic process automated bots.

For the year ended December 31, 2020, we generated approximately 7.0% of our revenues from our x-tech service area.

Cybersecurity

Our cybersecurity service area is focused on supporting our clients by ensuring their organizational models and processes comply with the regulations issued by governments to mitigate cyber threats and risks associated with the digital transformation. Our cybersecurity capabilities include, for example, defense services, project management for implementation, and governance, risk and compliance consulting services. As of June 31, 2021, our cybersecurity team consisted of over 192 experts with diverse backgrounds ranging from law, economics, consulting, and national security to best adapt to the needs of our clients. Our services go beyond standard security and we provide our clients with complete assistance: from process design to technological support for their grounding. Our evolutionary approach moves from a traditional security model to a model based on proactivity, intelligence, predictive data analysis, and threat prevention. For the year ended December 31, 2020, we generated approximately 6.3% of our revenues from our cybersecurity service area.

Delivery Digital

Our delivery digital service area is focused on digital transformation and strategy planning to empower the digital maturity of organizations. Our delivery capabilities include, for example, e-commerce or digital marketing campaigns, smart integration services and assistance with low code implementation. For the year ended December 31, 2020, we generated approximately 3.0% of our revenues from our delivery digital service area.

Our Industries

We operate each of our service areas across six distinct industries: (i) Energy & Utilities, (ii) Telecommunication, Media & Entertainment ("**TMT**"), (iii) Financial Services, (iv) Public Sector & Healthcare (v) Manufacturing (vi) Retail, and (vii) Transportation. The diverse set of industries coupled with our wide range of service areas, provides us with cross-selling opportunities. Our six service areas are described below.

Energy & Utilities

The Energy & Utilities industry quite literally power the societies in which we are a part. This industry faces a number of structural trends that require companies to respond, including the energy transition reshaping the energy value chain, a sharper awareness of environmental issues, new digitalization and cloudification, electrical mobility and infrastructure development necessitating more power for smart and connected devices, new business models and optimization of business models to put clients at the heart of service delivery. Our projects for clients in this industry include traditional areas of intervention (M&A, post-merger integration, organizational transformation, performance improvement, operational excellence, optimization models management and operation, trading and risk management, client strategy) as well as the transformation driven by new approaches, technologies and our digital future (data science, artificial intelligence, digital twin, blockchain, agile transformation, human-machine interface). Our offering for Energy & Utilities clients includes, among other services, deal strategy, digital strategy and innovation, chief executive officer services, client strategy and performance improvement, chief financial officer services, and energy management. In the Energy & Utilities industry, we are strongly positioned across Italy, Spain, and the UK and we plan to further penetrate the market in Brazil. We believe that we are well-positioned to support clients with key trends such as energy transition towards hydrogen and valuation of the impacts of decarbonization through electrification. For the twelve months ended June 30, 2021, we generated approximately 27.7% of our revenues from clients in the Energy & Utilities industry.

Telecommunication, Media & Entertainment

The Technology, Media and Entertainment ("**TMT**") industry is where one of the most intense battles of the global economy is being fought. A number of trends are converging and are reshaping the TMT, including telecommunications as a strategic asset, 5G networks and the development of integrated ecosystems, the emergence of cloud, artificial intelligence, and cybersecurity platforms, new patterns of remote working, the transition to digital telecommunications, and the proliferation of new entertainment models. Our offering in the TMT space includes a strong digital orientation through transformative technology projects, marketing and sales redesign, human capital optimization and client operation consulting and enterprise control advisory. In the TMT industry, we are strongly positioned in Brazil and Italy and we work with clients such as Sky. We are able to leverage our competencies in x-tech and cybersecurity coupled with our know-how of smart integration of 5G to support our clients' transformation of their networks and operating processes. We believe that we are well positioned for the infrastructural component of our clients' business such as towers and data centers and edge technologies, such as IoT and edge computing. For the twelve months ended June 30, 2021, we generated approximately 20.7% of our revenues from clients in the TMT industry.

Financial Services

Within the Financial Services industry, we work with banking and payment providers as well as insurers. Since 2013, financial services have been undergoing an important phase of renewal and technological development, based on three directives of change: open innovation, data economy, and full 24/7 omni-channelling. For our clients in the Financial Services industry, we create business value by acting on two levels: (i) increase in revenues and reduction of operating costs (profit and loss ("**P&L**") value initiatives) and (ii) strategic positioning within the market (enterprise value/share value). In the P&L field, we indicate both how to exploit digital innovation to increase revenue (digital business), and how to reduce operating costs and make IT infrastructure more efficient (digital operations and IT). We support strategic operations (strategic transformation), creating new business opportunities (open innovation) and implementing more effective working methods (cultural change and digital acumen). In the Financial Services industry we are strongly positioned in Italy and have sizeable coverage in Brazil and the UK, and we plan to further expand in Spain. We believe that we are well-positioned to support financial institutions, in particular, with their digitalization processes and to assist them with cybersecurity, development of CRM systems and adoption of emerging technologies, such as IoT, digital twin and blockchain. For the twelve months ended June 30, 2021, we generated approximately 20.6% of our revenues from clients in the Financial Services industry.

Public Sector & Healthcare

The Public Sector & Healthcare industries are changing as society transforms with digitalization. The key industry trends affecting the Public Sector include digitization, new mobility patterns and the mobilization of funds related to the EU Green Deal and the COVID-19 pandemic recovery plan. Our offering for Public Sector clients is based on the themes of strategies and policymaking, organization and operations, public human capital, compliance, structural funds and EU programs, public finance, digital transformation, and ICT. In the Public Sector, we are currently underrepresented on a global level, but we have sizeable coverage in Italy and the UK. We believe that we are well-positioned to leverage our ability to manage public auctions combined with the envisaged need for external support required by the Public Sector, and believe that given our know-how and expertise we will be fundamental in supporting clients with emerging trends such as space 4.0.

Healthcare has been radically reshaped with the COVID-19 pandemic, and it is also being affected by other industry trends, including a need for a client centric approach, the creation of healthcare ecosystems, a shift to digital, business model evolution, and virtual health delivery. Our offering in the Healthcare sector comprises engagements based on healthcare client experience, access and disease landscape, digital health scouting, strategic transformation, future organization, portfolio evolution, health analytics and disease management optimization, and digital health deployment. In the Healthcare industry, we are currently underrepresented on a global level, but we have sizeable coverage in Italy and the UK, and plan to further penetrate the market in Brazil. We believe we are well positioned to support industry players on deploying resources allocated to the Healthcare sector to accelerate ongoing digital transformation. As we expand in the Healthcare industry, we are confident that our best practices, and in particular our technological expertise, will allow us to assist our clients in the Healthcare industry. For the twelve months ended June 30, 2021, we generated approximately 16.6% of our revenues from clients in the Public Sector & Healthcare industry.

Manufacturing

In the Manufacturing industry, factories are turning towards different processing systems based on new technologies. World manufacturing is emerging from a long phase of development, which occurred as a result of globalization. The pressure to change is intense as there is an increasingly closer link between the external environment and the company, distributed IT and advanced robotics, there is business assistance, with processes that may be equated with scheduled maintenance for products or services that are offered and sold, and knowledge products, or products with an intensity of knowledge which can be self-configured through physical hardware, accompanied by cognitive software which is essential for use. All of these have certain consequences including for example, the reduction in the number of controllable levers, review of mandatory processes, and the need to find value attributes for the client, among others. We help our clients remain equipped with new competencies to cope with the changes within the Manufacturing industry. Our offering in the Manufacturing industry includes:

- Strategy and Operational Excellence: assisting our clients in translating business strategy into operational strategy to support business plans.
- Procurement: supporting our customers in this task, we use the supplier value management approach which is capable of obtaining the best quality, price, and service;
- Maintenance: helping our customers develop a maintenance strategy that maximizes reliability and availability to improve performance and cost containment;
- Supply Chain Management: supporting our customers in today’s challenges, which call for a review of processes to ensure governance of an increasingly complex networked system; and
- Continuous Improvement: focusing on people’s conduct and developing tools and processes that root them in the organization, to form a new culture of change and continuous improvement.

We believe that our advanced technological capabilities position us to help our clients reinvent the operating, production, and value chain models of the Manufacturing industry. For the twelve months ended June 30, 2021, we generated approximately 4.3% of our revenues from clients in the Manufacturing industry.

Retail

Retail has been impacted by the convergence of digital and physical marketplaces, which has had implications across the whole value chain from logistics to distribution and payments. This has directly impacted the decisions retail companies make as well as who makes those decisions. For example, chief digital officers have a wide remit to use small and big data across the whole organization, chief innovation officers are tasked with inventing a new business while keeping the old one running, chief growth officers are expected to design internal operating systems to accelerate speed to market and better compete with start-ups, and chief sustainability officers must find a way to ensure that a focus on quarterly revenues does not compromise everyone's future.

To support this transformation, we deploy cross-disciplinary teams with expertise in data, design, marketing, and technology. This enables us to create more effective omni-channel strategies, develop shopper-friendly artificial intelligence and virtual assistants, improve E-Commerce performance and optimize geo-marketing activities based on rigorous sales forecasting. Our offering in the retail space is vast and includes, for example, developing: (i) employer branding; (ii) brand strategy and design; (iii) go-to-market strategies; (iv) bespoke customer programs that combine technology; (v) marketing and communication to help our clients manage their customers efficiently and effectively; (vi) predictive models to forecast sales and optimize demand and material planning; (vii) KPI-driven programs to drive the effectiveness of distribution channels; and (viii) roles, systems and processes to drive digital transformation and optimize processes through, for example, AI applications and advanced algorithms. We believe that, given the diverse skill sets of our employees, we are well positioned to help our clients in an industry that has been challenged by disruptive forces to reinvent itself to thrive in the digital age. For the twelve months ended June 30, 2021, we generated approximately 5.7% of our revenues from clients in the Retail industry.

Transportation

Unprecedented challenges in the Transportation industry require major changes. Those in the Transportation industry must not only keep up with the technological changes to remain competitive, but must also ensure that they are in compliance with the changing regulations, as well as the push towards increased sustainability. We provide our clients with the tools to embrace digital innovation. For example, our offering in the Transportation sector includes:

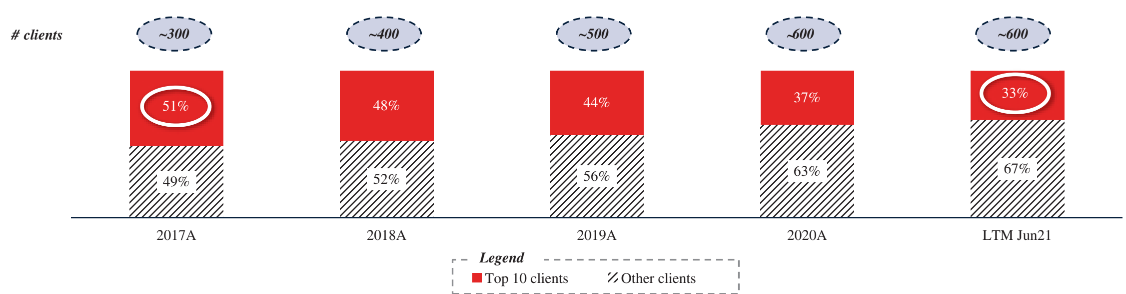
- Digitalize airport management to reduce costs and improve quality of service;
- Reorganize airport handling operations, with the use of Mobile technologies;
- Improve air traffic control through technology innovation (for example, digital towers);
- Develop smart roads and intelligent transport systems models;
- Increase automation of road management (for example, platooning and autonomous vehicles);
- Improve transportation routes through big data information; and
- Support clients with the use of public transport innovations and synergies (for example, ride-sharing, car-sharing, and bike and scooter sharing).

We believe that our technological capabilities combined with our industry know-how, allows us to help our clients remain competitive. For the twelve months ended June 30, 2021, we generated approximately 1.8% of our revenues from clients in the Transportation industry.

Our Clients

Through our successful and well-established track-record in management consulting and technology and digital advisory services, we have fostered strong client relationships in 30 countries with approximately 600 diverse clients as of June 30, 2021, including large private and blue-chip companies, public sector bodies, as well as small-and-medium sized enterprises and other micro-businesses.

We aim to create long-term, strategic relationships with our clients and to become an integral part of their businesses. We benefit from long-lasting client relationships and a significant degree of client loyalty, built on our track-record of cost-effective service delivery and customized solutions, local regulatory, market and industry knowledge, and advanced technological capabilities. The below table shows our client concentration evolution from December 31, 2017 to the twelve months ended June 30, 2021:



As of June 30, 2021, our top 10 clients have an average tenure of more 18 years and approximately nine years for our top 11 to top 20 clients. For the twelve months ended June 30, 2021, the top 10 clients generated approximately 33.3% of our revenues. For the years ended December 31, 2020, 2019, 2018, and 2017 our top 10 clients accounted for approximately 36.6%, 43.7%, 47.6%, and 51.2% of our revenues, respectively, demonstrating our long-lasting relationships with our clients primarily as a result of the highly specialized, and customized services we provide.

The below chart provides an overview of our top 10 clients including the length of relationship, number of services offered, and revenues derived from each client for the twelve months ended June 30, 2021:

Client	Industry	Relationship Length (Years)(1)	Number of Services Offered	Revenues (€ million)	% of our Total Revenues
Client 1	TMT	19	7	25	7.5%
Client 2	Energy & Utilities	19	7	20	6.0%
Client 3	TMT	15	7	11	3.4%
Client 4	TMT	19	6	11	3.2%
Client 5	Energy & Utilities	19	5	9	2.7%
Client 6	Energy & Utilities	19	6	7	2.2%
Client 7	Financial Services	14	7	7	2.2%
Client 8	Energy & Utilities	14	7	7	2.1%
Client 9	Financial Services	19	6	7	2.0%
Client 10	Energy & Utilities	19	6	7	2.0%

(1) Tenure includes June 30, 2021 client relationships.

In the Energy & Utilities industry, we serve Energy & Utilities providers such as Gruppo Enel, BP (British Petroleum), Gruppo Eni, Gruppo ACEA, Gruppo A2A, Enagas, Naturgy, Petrobras, Repsol, Snam. Our average relationship tenure with top 10 clients (over a period of 10 years) in this industry is approximately 7.2 years.

In the TMT industry, we serve major telecommunications and media providers such as Sky, Telecom Italia, Fastweb, and Teamsystem. Our average relationship tenure with top 10 clients (over a period of 10 years) in this industry is approximately 6.5 years.

In the Financial Services industry, we primarily serve banking, insurance, capital markets, and other financial institutions, including financial institutions such as Allianz, UniCredit, Gruppo Generali, Gruppo BNP Paribas, ICCREA, AGOS, Nexi, Santander, UBS, and Visa. Our average relationship tenure with top 10 clients (over a period of 10 years) in this industry is approximately 7.4 years.

In the Public Sector & Healthcare industry, we primarily serve municipalities and local public administrations. Our Public Sector clients include Poste Italiane, Banca d'Italia, the Istituto Nazionale Previdenza Sociale (INPS), the Italian Ministry of Justice (*Ministero della Giustizia*), and the Home Office (UK). Some of the Healthcare clients we provide services to include Pfizer, GE Healthcare, Novartis, AstraZeneca, Roche and Sanofi. Our average relationship tenure with top 10 clients (over a period of 10 years) in this industry is approximately 5.2 years.

In the Manufacturing industry, we serve companies such as Amplifon, Barilla, Leonardo and Daimler. Our average relationship tenure with top 10 clients (over a period of 10 years) in this industry is approximately 5.0 years.

In the Retail industry, we serve companies such as Esselunga, Kering, SISAL Group, Bravonext, and Luxottica. Our average relationship tenure with top 10 clients (over a period of 10 years) in this industry is approximately 4.8 years.

In the Transportation industry, we serve companies such as ENAV, Aeroporti di Roma, Itabus, Italo, and Silversea. Our average relationship tenure with top 10 clients (over a period of 10 years) in this industry is approximately 5.1 years.

Client Contracts

Our client engagements are memorialized through written contracts. We typically manage our commercial relationships with clients through three types of arrangements:

- service or consulting agreements with a fixed short-to-medium term (one to three years);
- purchase orders issued in the context of framework agreements having a short-to-medium term (one to three years); and
- purchase orders issued in the context of a long-term framework agreement.

Scope of work. Framework agreements are concluded on broad terms with general terms and conditions, and then specific orders (engagements) are submitted by the client to us.

Payment terms. Prior to beginning client projects*,* we agree the timing of and terms of billing which are tailored to the details of each project (for example, the timeline and key milestones). Framework agreements may include volume discounts.

Subcontracting. Certain contracts prohibit the use of subcontractors while others require the consent of the client to use subcontractors.

Termination. Clients generally have termination rights with respect to the engagement; however, upon early termination, fees for work performed must be paid.

Other terms. We usually agree to non-solicitation undertakings in our contracts by which we agree not to hire employees of our clients.

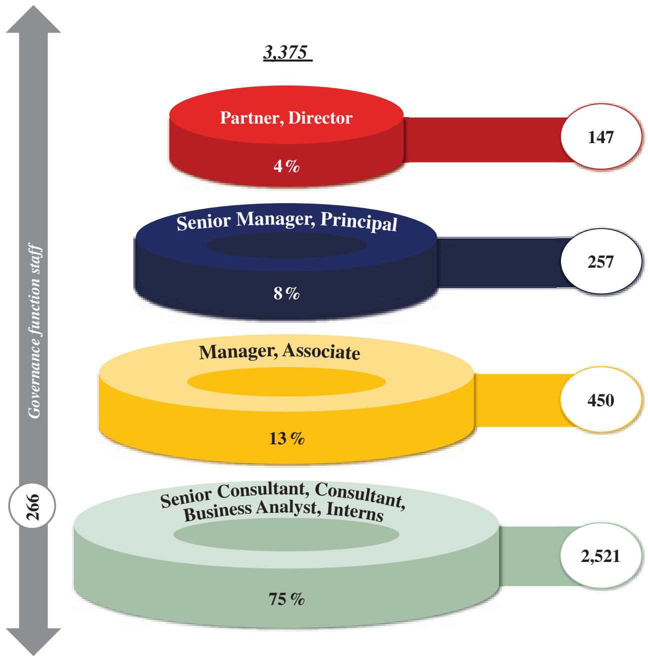
Our People

We believe that our culture is a strength and a key differentiator for our business. We recognize that our people are fundamental to our continued success, as their skills and dedication enable us to meet the needs of our clients. We have created and aim to maintain an ethical and inclusive working environment that is collaborative and outcome focused. As of December 31, 2020, approximately 38% of our work force was women employees. In addition, we foster an environment where our people can grow together. We do this by: (i) offering clear career paths for different practices to set our employees up to excel within our organization; (ii) using a feed-forward program to ensure our employees receive continuous, real-team performance related conversations to encourage progression and development; and (iii) rewarding employees fairly, equitably, and competitively through our merit-based management process and a blended compensation scheme.

We will continue to invest in the development of our employees and encourage the sharing of feedback and ideas, as we believe in the importance of listening to our employees. Nurturing employee excellence is one of the keys to our success, and we continue to prioritize the ongoing learning, training, coaching, and development of skills and competencies of our employees. For example, we offer our BIP education platform and talent evolution programs, which include classes across a range of areas such as advisory, business, life skills, and digital awareness, among others. In addition, we offer our employees access to wellbeing and parenting programs, as well as flexible benefits. The importance we place on our people has received internal and external recognition. For example, in 2019, Business People magazine awarded us the “Best performance in direct hires of young people,” category based on our track record of directly hiring young people in 2018 without requiring an internship.

As of June 30, 2021, we had 3,641 employees and our: (i) partners and directors; (ii) senior management and principals; (iii) managers and associates; and (iv) senior consultants, consultants, business analysts, and interns accounted for 4%, 8%, 13% and 75% of our total number of employees, respectively (excluding our 266 governance function staff). As of June 30, 2021, 72% of our employees were based in Italy and 28% in our international offices, with the largest concentrations in Brazil, the UK, and Spain.

As shown below, we have a career ladder with four levels through which our employees can progress from intern to partner.



Moving from one position to the next typically takes one to three years, and as our employees progress, they are given more responsibility and have the opportunity to develop different skills. Partners are the decision makers and are responsible for leveraging networks to develop new markets and business opportunities. Directors manage client relations, ensure growth and development of more junior colleagues, and are well positioned to identify new business development targets. Senior managers are responsible for overseeing large and complex client engagements, risk management, and project scheduling. Principals are the subject matter experts in more than one area and are responsible for identifying opportunities for change or methodology innovation. Managers oversee and manage proposals, projects, delivery, and teams throughout the entire client engagement life cycle. Associates demonstrate certain subject matter expertise and help train junior colleagues. Senior consultants, consultants, business analysts, and interns gather and organize data, conduct detailed analyses, and prepare presentations that synthesize and distill information to support recommendations we deliver to clients.

We believe in the progression and development of our employees. We have in place an annual performance review and a feedback program and through these encourage goal setting to support employee progression and development. Employee remuneration is tied to their performance review process and they have the opportunity to earn bonuses based on a management by objectives performance-based reward scheme (the "**MBO scheme**"). According to this scheme, if an employee meets certain goals stated in the MBO, the employee may be able to earn a bonus. Such goals may be tied to key performance indicators related to revenues, margins and utilization rates or qualitative indicators such as collaboration with other units and countries and managerial capabilities.

We cooperate with certain works councils related to health and safety in Italy. We believe we have good relationships with our employees, and open and constructive working relationships with such employee representation bodies in Italy.

Sales and Marketing

Engagement origination and proliferation are key to our success. To be our clients' first choice, we must be tuned to our clients' personal achievements and success in order to win new and retain existing client mandates. We have developed a structured and systematic approach in order to create opportunities, win tenders, and be able to negotiate and improve offered services as further described below.

The backbone of our sales function is our partners, experts, and consultants who are working on behalf of clients, accompanying them in executing their digital transformation strategy and providing advice on the most salient business and technical matters. They are supported by our sales and business development team that provides business intelligence, pitch support, pricing analysis, and market research. The identification of new business prospects typically results from our understanding of industry evolution and cross-fertilization strategies between markets and services, in particular through transversal experience in digital solutions.

Once a new opportunity is identified, we prepare for the tender. We have developed a structured and standardized approach to prepare requests for proposal documents and tenders, in particular, for specific industries such as the public sector. Additionally, in order to share our point of views, market research and new methodologies, we regularly organize workshops with clients so that BIP can be front-of-mind when they have advisory and digital needs.

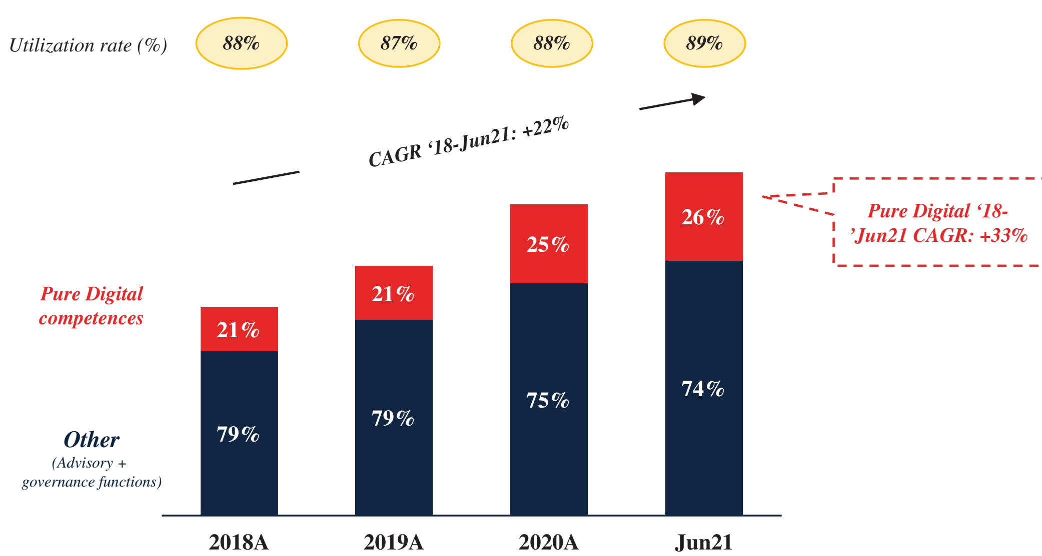
We prepare and conduct contract negotiation in order to set terms and conditions for our service delivery that comport with our technical and economic requirements. Large framework contracts which we sign with public and private bodies require legal and commercial expertise, which we have developed over the years.

Client relationship management and account management is conferred upon our partners. We count on the constant interaction of our teams with clients during project execution to build loyalty. The most successful element for successful business development is achievement of clients' key objectives in accordance with the timing and methodologies agreed, and hence our steadfast focus is project management, delivery, and execution. Another cornerstone of our business development is our chief evangelist innovation program whereby we organize events to share our innovative viewpoints and thought leadership with clients.

Strategy and Innovation

We believe that our innovation efforts set us apart from our competitors. We partner with research centers and university labs to ensure that we are at the forefront of technological innovation, and more importantly, to provide our clients with sustainable and effective solutions that provide for a competitive advantage. In addition, we maintain a team of highly skilled employees and offer training and development which allows us to stay ahead of new trends to best serve our clients. Our digital team consists of 935 employees, of which 276 are data, cloud, platforms and solutions experts, 154 are strategy, innovation, design and interaction experts who allow us to deliver cutting edge, innovative solutions to our clients, 112 are digital human resources experts, 192 are cybersecurity experts, 141 are CRM and digital delivery experts, and 60 are business area digital experts. Our total digital advisory team is made up of 2,441 employees.

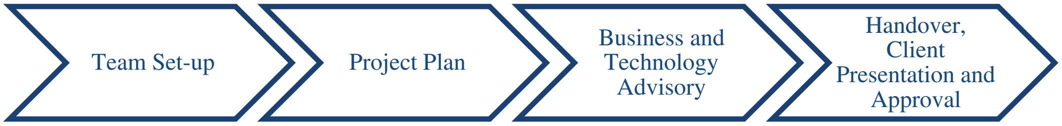
We believe that our employees, and our digital team in particular, are building next generation solutions that allow us to offer services in high growth areas of digital, artificial intelligence, blockchain cloud, and cybersecurity. We have grown our purely digital employee base by a CAGR of 33% from the year ended December 31, 2018 to June 30, 2021. The bar graph below shows this growth compared to the growth of our advisory and governance function employees.



These employees are building next generation solutions that allow us to offer services in high growth areas of digital, artificial intelligence, blockchain cloud, and cybersecurity.

Project Delivery

Project delivery is at the core of the engagements that we seek to execute for our clients. The following diagram sets forth an illustration of the consulting value chain and a brief description of steps as practiced by our Group.



- *Team Set-up*: one of our principal levers to unlock value when we originate a new engagement is deploying the right combination of human capital. Typically the team structure will be considered during the request for proposal phase, and will combine country, service area, industry, and subject matter experts. Our engagements are led by one or more partners and are almost always interdisciplinary in nature, involving analysts, engineers, technologists, creatives, marketers, and project and change managers. We will typically staff engagements across service areas and offices as required to assemble what we believe to be the most compelling team. We may also hire subcontractors for discreet assignments that may be ancillary or expedient to serving the client's needs.
- *Project Plan*: The project plan phase involves determining the path for successful execution, including, brainstorming for project organization and distribution of tasks, establishment of sub-teams and reporting lines, joint work with the client to determine focal points for collection of data and case studies, and project storyboarding, which creates a blueprint for the project deliverable(s) and work product(s), including structure and takeaways.
- *Business and Technological Advisory*: This phase involves the execution of the project, including working closely with client teams to map the problem, identify and troubleshoot solutions and deploy products, processes and other applications. The advisory phase consists of client interviews and data collection through project execution. Throughout the process, our consultants attempt to fully embed themselves with the client in order to understand constraints and opportunities and triangulate the best approach to delivering tailored advice. Data is rendered relevant, analyzed and made easy to understand in order for recommendations and takeaways to be imparted.
- *Handover, Client Presentation and Approval*: During the handover phase, the work product(s) and deliverable(s) are presented and our consultants develop and operationalize a master plan for change management to enable the client organization to execute and adopt the engagement's recommendations and next steps. Documents are delivered and approved by the client, and other client teams that will be involved in following the project's recommendations are trained and onboarded.

The key success factors to the project delivery value chain are set out below:

- Change Management: a structured approach to designing, implementing and making stick the tools and steps that the successful execution of the project requires, typically managed by our consultants through close collaboration with relevant stakeholders and fostering ownership of results and outcomes;
- Project Extension and Roll-out: our clients typically seek to institute change within large and complex organizations—part of our value proposition is to execute pilot projects which can then be extended and rolled out to the benefit of the client's entire ecosystem;
- New Needs: our consultants are attuned to scout for new needs within client organizations during the project timeframe and to determine core and ancillary service offerings that we might be able to bring to bear; and
- New Proposals: we seek to partner with our clients and assist them reposition, reinvent, and rethink their businesses, and therefore regularly present new proposals of how we may further assist them during project meetings and informal client meetings.

Intellectual Property

We rely on a combination of trademarks, licenses agreements, non-disclosure agreements and proprietary know-how to protect our intellectual property rights.

We use a variety of trade names, trademarks (including for word, figurative and combined marks), and domain names in our business. Our intellectual property portfolio includes trademarks and domain names primarily registered in Italy, the European Union, the United Kingdom, South America, as well as international trademarks and registrations with the World Intellectual Property Office to cover certain other jurisdictions where we operate (including the United States).

Among others, we own the following trademarks: "BIP" which has been protected by Italian, European Union, United Kingdom, Brazilian, Chilean, United Arab Emirates and World Intellectual Property Organization trademarks and "Here to Dare" which has been protected by Italian, European Union, United Kingdom, Chilean, United Arab Emirates, and World Intellectual Property Organization trademarks.

From time to time, our trademarks are challenged by third parties who may allege infringement with their own intellectual property rights or that our trademarks could generate confusion among the public. As of June 30, 2021, we have one active trademark dispute in Italy. We are vigilant in enforcing our trademark rights and initiate proceedings against third parties that we believe infringe on our intellectual property rights.

In addition, we use proprietary software applications which have been developed or acquired by us. We rely on various methods, including confidentiality and non-disclosure agreements with third parties, employees, and consultants to establish and protect our trade secrets and know-how. While none of these applications are currently material to our business, we expect that they will become more important to our operations as our digital initiatives grow and become more embedded into our services.

Information Technology

We have invested in information technology ("**IT**") systems pursuant to licenses from third parties. We believe our IT systems maintain and enhance the quality of services we can provide to our clients in that it allows us to design and execute engagements for our clients, readily exchange information among our workforce and support mission critical administration, sales, and internal control functions. We use IT to monitor, manage, and prepare responses to private sector and public sector tenders and comply with the numerous regional, municipal, and national-level regulations that such tenders entail. Our IT systems also allow us to track logistics and our transactions with clients, suppliers, subcontractors, consultants, and employees.

Regulation

Data Protection and Security

In providing services and solutions to clients, we sometimes manage, utilize, and store sensitive or confidential client or company data, including personal data, and therefore we must comply with strict data protection and privacy laws in the jurisdictions in which we operate, such as the GDPR and the E-Privacy Directive others.

In addition, we are subject to a further level of regulation primarily arising under the applicable regulatory provisions in the field of cybersecurity, including (as applicable) Directive (EU) 2016/1148 on cybersecurity (the "**NIS Directive**"), as implemented at a national level pursuant to Legislative Decree No. 65 of May 18, 2018. Since we provide, among others, cyber intelligence solutions, as well as certain technical services, we may be subject to additional Italian cybersecurity regulations, pursuant to Law Decree No. 161 of December 30, 2019.

Furthermore, our participation in public tenders subjects us to further regulation under the Italian Code of Public Contracts (the "**ICPP**"), currently set forth in Legislative Decree No. 50 of April 18, 2016 and related implementing measures. The ICPP replaced the previous code of public contracts set forth by Legislative Decree No. 163 of April 12, 2006, which, however, continues to regulate all the tender procedures based on calls for bids published before April 19, 2016. The provisions of the ICPP are mainly aimed at ensuring that public contracting authorities/entities apply the best criteria to select contractors in terms of costs and quality of the relevant offers in compliance with the EU principles of efficiency, free competition, non-discrimination, transparency and proportionality.

According to the ICPP, participation in public tenders requires us to meet three main sets of requirements, namely (i) general morality requirements, (ii) economic and financial capacity, and (iii) technical and professional skills. Requirements (ii) and (iii) are identified by the awarding entities on a case-by-case basis since they relate and proportionate to the subject matter of the public tender; requirement (i) has a general scope and aims at excluding from the tenders, among others: (a) subjects or entities that have been convicted of certain types of crimes with a non-appealable judgment (including, participation in criminal organizations, corruption, bribery, fraud, terrorism and mafia-related crimes); (b) entities facing bankruptcy or involved in proceedings for the declaration of bankruptcy; (c) entities which failed to pay social security contributions or taxes; (d) subjects or entities found guilty of material professional misconduct which renders their integrity or reliability questionable; (e) entities which rendered misrepresentations; and (f) entities subject to the sanctions disqualifying them from exercising certain activities as provided by LD 231/2001. See "*Risk Factors—Risks Related to Legal and Compliance Matters—Some of the industries in which we operate are subject to extensive governmental regulation, and changes in these regulations, or the failure by us to comply with these regulations, could harm our business.*"

Anti-corruption and Anti-Bribery

We conduct our business globally which requires us to comply with the laws and regulations of various jurisdictions. In particular, our operations are subject to anti-corruption and bribery laws and regulations, including the Italian Royal Decree 1398/1930 and the Italian Legislative Decree 231/2001 ("**LD 231/2001**"), US Foreign Corrupt Practices Act of 1977 ("**FCPA**"), the United Kingdom Bribery Act of 2010 (the "**Bribery Act**"), and other similar laws in the countries where we do business (collectively, "**Anti-Corruption Laws**").

We have taken and will continue to take action to ensure the constant and complete implementation of the best practices for compliance with Anti-Corruption Laws. We have adopted a "Code of Ethics" that includes provisions addressing compliance with anti-corruption and anti-bribery laws and regulations and best practices. We have also adopted the specific model provided for by LD 231/2001 (*Modello di Organizzazione e Gestione*, the "**231 Model**") aimed at preventing the possibility to commit specifically identified offences in the interest of or for the benefit of our company. In addition, we have also appointed the supervisory body provided for by LD 231/2001 (*Organismo di Vigilanza*), with the scope to supervise the functioning, the correct application and the adherence to the 231 Model, the internal procedures and the commitment to constantly update those procedures. This further reinforces our system of internal controls and will make a specific contribution to mitigate our exposure to operational and reputational risks.

Properties

Our headquarters are located in Milan. We also operate offices in other countries including Belgium, Brazil, Chile, Colombia, Italy, Spain, Switzerland, Turkey, the UAE, the UK, and the USA. We lease all of our facilities, and we do not own any real estate.

Insurance

As an integral part of our risk management program, we maintain insurance coverage for civil liability claims, professional indemnity, general third-party liability, directors' and officers' liability and employers' liability as well as cybersecurity and GDPR breaches liability. Insurance coverage for these risks is provided through a combination of self-insured deductibles and annual aggregates. We believe the levels of risks insured, risks retained and the limits of insurance indemnity are broadly in line with similar companies in the same industry sector. We regularly conduct periodic reviews of our insurance coverage to ensure that we have adequate coverage and that our deductibles and premiums are at reasonable levels.

Risk Management

We have implemented a risk management system allowing for robust, consistent risk identification and treatment of business, technology, security, operational, financial, legal, and compliance risks. The established governance structures, the set of policies and operational procedures in place, and the systems in use, enable us to conduct business in accordance with applicable regulations. We aim to effectively manage and control risks to our business. We recognize that excessive risk-taking and inadequate risk management can lead to losses and reputational damage, which harms our clients and shareholders. Our risk management strategy is to ensure that all relevant risks are appropriately identified, measured, monitored and controlled. Please refer to "*Risk Factors*" for details of other risks affecting us.

Legal Proceedings

From time to time we may become involved in claims and legal proceedings that arise in the ordinary course of business, such as disputes with our clients and suppliers, authorities or business partners, labor law disputes and disputes relating to intellectual property. These disputes can entail amounts that are material for the operation of our business.

We are currently not involved in any legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our reputation, financial position, or results of operations. We note, however, that the outcome of legal proceedings can be extremely difficult to predict, and we offer no assurances in this regard.

Certifications

We have obtained and maintain a range of certifications both at the company level and for our people because many of our advisory services and engagements require technical knowledge and expertise for better execution and we value the know-how that such certifications import.

The following presents a selection of external certifications we maintain within our business or for our people:

- Agile PM (a project management certification for individuals);
- PMP/PMI (a project management certification for individuals);
- ISO (various certifications obtained by us to manage our processes consistently and information security systems);
- ITIL (an information technology management certification for individuals); and
- Top Employer (a certification available for businesses in Italy that are recognized for excellence in HR approach and people practices).

Our ESG Goals

We operate our company by keeping both the present and the future in mind. To achieve success in the long term, we believe in sustainable and inclusive growth that values our planet and preserves it, for present and future generations. From day one we have been determined to build a sustainable environment for our people, partners, and those around us. Now more than ever, companies' strategic decisions are being driven by sustainability requiring them to change what they do and how they do it. We have developed a policy that is based on the United Nations Member States 2030 Agenda for Sustainable Development and includes:

- **Diversity and Inclusion**: a diversity and inclusion plan with a special focus on women, juniors, and people with disabilities, created on the basis of three pillars: (i) culture, (ii) human resources processes, and (iii) specific projects.
- **Environmental Commitment**: integrate environmental awareness into our internal processes to correctly manage resource consumption, with the aim of reducing direct and indirect environmental impacts.
- **Client Centricity**: guarantee high quality standards, services accessibility, safety and efficiency, and transparent communication tools.
- **Employee Value**: ensure a safe and inclusive working environment, provide opportunities for employees to develop their skills and competences, ensure that recruitment, training, and career progression are based on merit and free from any forms of discrimination.
- **Innovation**: promote innovation, both internally and externally. We maintain an open innovation view, serving as an "enabler of change" through the management of project activities in collaboration with different system actors, from the public sector to the private sector and the civil society.
- **Ethics and Integrity**: conduct business activities in accordance with the highest ethical standards, not tolerating any acts of corruption and operating in compliance with related applicable laws and regulations.
- **Collective Support**: support the community by participating in charitable, research, and volunteer initiatives to encourage the development of worthy initiatives.

We believe that our social responsibility does not end with our businesses which is why we have developed the know-how to help our clients evolve into sustainable businesses. We offer the following services to our clients to help them reach their sustainability goals:

- **Corporate Maturity Assessment**: we provide a 360° corporate sustainability analysis with a proprietary framework developed in partnership with the Imperial College London, which evaluates performance against benchmarks by industry and highlights areas of improvement.
- **Sustainability Rebirth**: we design and implement sustainability programs for our clients, tailoring the key principles to the United Nations 2030 Agenda for Sustainable Development.
- **Cultural Development**: we offer engagement programs, knowledge platforms, and training to nurture a culture that organically promotes sustainability through the organization.
- **Value Optimization**: we provide product lifecycle assessment and optimization to help our clients reach greater efficiency through material reduction, process re-engineering, waste repurposing, remanufacturing, and greater synergy with the local territory.
- **Asset Management**: we help our clients with the asset transformation process (sustainable input principles, mobilization of raw materials, modular design and plant conversion, cloud migration as a product-as-a-service key) and the energy management process to obtain relevant efficiency gains or the conversion towards renewable energy systems.

- **Carbon Offsetting**: we have the capability to measure direct and indirect emissions to help our clients plan offsetting or neutralizing activities such as forestation and sustainable energy to avoid carbon costs and taxes.
- **Innovation Stewardship**: we work with our clients to identify and implement cutting-edge technologies (for example, artificial intelligence, blockchain, augmented reality and virtual reality) to enable new circular economy solutions, aimed at reducing waste, reusing and enhancing waste material and increasing integration within the supply chain.
- **Sustainable procurement review**: we help our clients re-design their entire procurement process, including strategic spending analysis, green purchasing opportunities and new purchasing models.
- **Data-driven Decision-Making**: we help our clients put into place metrics and targets that allow them to assess their current level of sustainability.
- **Sustainable Reporting**: we offer services to help our clients produce sustainable reporting activities according to the latest ESG standards.

MANAGEMENT

The Issuer

The Issuer is a joint stock company (*società per azioni*), incorporated and existing under the laws of Italy, registered with the Companies Register of Milan-Monza-Brianza-Lodi under registration number and fiscal code No. 11849130965. The address of the registered office of the Issuer and the address for each of our directors is Via del Vecchio Politecnico n. 9, 20121 Milan, Italy. The Issuer's immediate sole shareholder is Bach Midco S.p.A. See "*Summary Corporate and Financing Structure*."

Board of Directors of the Issuer

The following table sets forth the names, ages and titles of the members of the Board of the Issuer appointed following the Acquisition in accordance with the Shareholders' Agreement:

Name	Age	Title
Nino Lo Bianco	82	President
Carlo Maria Capè	59	Board member
Andrea Airaghi	54	Board member
Alberto Idone	43	Board member
Giampiero Mazza	52	Board member
Andrea Ferrante	42	Board member
Stefano Gastaut	49	Board member
Massimiliano Mascolo	33	Board member

Summarized below is a brief description of the experience of the individuals who serve as members of the Board of Directors of the Issuer:

Nino Lo Bianco. Nino Lo Bianco has been President of BIP since he founded it in 2003. Prior to founding BIP, from 1996 to 2003, he served as the CEO of Telos Management Consulting, one of the largest independent companies in the sector which Mr. Lo Bianco also founded. Mr. Lo Bianco was a lecturer at ISIDA and a visiting professor at INSEAD, Fontainebleau, and IESE Barcelona. He has authored a number of books including: "It's time to dare. Companies will be able to exploit the power of digital" and "I wanted to be a consultant: half a century of Italian capitalism seen from within." He holds a law degree and an MBA from ISIDA Business School.

Carlo Maria Capè. Carlo Maria Capè has been CEO of BIP since he founded it in 2003. Prior to founding BIP, he was a partner at Deloitte responsible for the Oil & Gas Industry. Mr. Capè Maria has served in a number of consulting roles for Italian and European countries in logistics, manufacturing, and the telecommunications and utilities sector. In addition, from 2014 to 2018, he served as the Board President for Assoconsult. He is the co-author of the books "When the made in Italy is stronger than the crisis: lesson learnt" and "Energy Management: value chain, business models, management systems and regulations," as well as a number of articles. Mr. Maria Capè has a degree in Management Engineering from Politecnico de Milano and an executive degree from MIT Sloan School of Management. He is Professor at Politecnico di Milano for the Enterprise Transformation course, and serves on the Board of Directors for MIP Management School of Politecnico di Milano.

Andrea Airaghi. Andrea Airaghi joined BIP in 2003 and currently serves as Senior Partner where he is the client partner covering international corporations and serves on the executive committee. Prior to joining BIP, Mr. Airaghi worked with a number of leading consulting firms, including Andersen Consulting from 1993 to 1996 as a senior consultant, Deloitte Consulting from 1996 to 2000 as a manager, Firstream from 2000 to 2002 as a country manager and Deloitte Consulting from 2002 to 2003 as a senior manager. He holds a degree in mechanical engineering from Politecnico di Milano.

Alberto Idone. Alberto Idone joined BIP in 2010 and currently serves as Senior Partner where he specializes in engagements for industrial, telecoms and media and energy and utilities clients with particular experience in strategy and organization, business process reengineering, IT transformation, IT governance, program management and IT maturity models. Prior to joining BIP, he worked as a senior consultant with Accenture. Mr. Idone holds a degree in engineering from the Politecnico di Milano.

Giampiero Mazza. Giampiero Mazza joined CVC in 2010 and serves as Managing Partner. Mr. Mazza oversees CVC's private equity activities in Italy and is based in Milan. Prior to joining CVC, he was with BC Partners where he was a partner focusing on the Spanish market. He holds a BA degree from Rice University and an MBA from Harvard Business School.

Andrea Ferrante. Andrea Ferrante joined CVC in 2013 and serves as Senior Managing Director. Mr. Ferrante is a member of the CVC Italy team and is based in Milan. Prior to joining CVC, he was a principal at Cinven where he worked for six years in the Milan, Hong Kong and London offices, focusing on consumer and industrial deals. Mr. Ferrante holds a degree in Business Administration from LUISS—Guido Carli University in Rome.

Stefano Gastaut. Stefano Gastaut joined CVC in 2019 and serves as Principal. Mr. Gastaut is a member of the Operations team and is based in London. Prior to joining CVC, he worked for Vodafone in several executive positions, for Bain in management consulting and with Philips and Sara Lee in consumer goods. Mr. Gastaut has a degree in Economics from the University of Torino and holds an MBA from INSEAD.

Massimiliano Mascolo. Massimiliano Mascolo joined CVC in 2018 and serves as Director. Mr. Mascolo is a member of the CVC Italy team and is based in Milan. Prior to joining CVC, he was an Associate at Cinven where he worked for three years in London. Mr. Mascolo started his career in the Investment Banking division of J.P. Morgan in London. He holds a MSc in Finance from Bocconi University in Milan.

Senior Management of the Group

The senior management team of the Group is comprised of the following members:

Name	Age	Title
Luca Martignago	50	Chief Financial Officer

Summarized below is a brief description of the experience of the individuals who serve as members of senior management of the Group.

Luca Martignago. Luca Martignago has been CFO of BIP since its foundation in 2003. Prior to joining BIP, Mr. Martignago had an experience in STMicroelectronics. He has a degree in Economics from the Università Cattolica di Milano.

PRINCIPAL SHAREHOLDERS

The Issuer's share capital is 100% directly owned by Bach Midco S.p.A. Bach Midco S.p.A. is 100% directly owned by Bach Holdco S.p.A., which is in turn directly 75% held by CVC and approximately 25% by the Equity Partners.

CVC

CVC is a leading private equity and investment advisory firm. Founded in 1981, CVC has a network of 25 offices as of June 30, 2021: 16 across Europe and the Americas and nine in the Asia-Pacific region. As of June 30, 2021, CVC has secured commitments of approximately $165.0 billion from over 350 investors from across the world. In total, CVC's private equity platform currently manages approximately $97.0 billion of assets.

The Shareholders' Agreement

In connection with the Acquisition, on September 10, 2021, Luxco, Holdco, Midco, the Issuer, Racbip S.r.l. ("**Racbip**"), RebCo BIP S.r.l. ("**Mep1**"), and MepCo BIP S.r.l. ("**Mep2**") and certain partners of BIP who have reinvested in the share capital of the Target Group (the "**Equity Partners**") entered into a shareholders' agreement (the "**Shareholders' Agreement**"). The Shareholders' Agreement provides for the governance, as well as the respective rights and obligations of the Investor and the Equity Partners, Racbip, Mep1, and Mep2 as direct shareholders of Holdco, Mep1, and Mep 2 and indirect shareholders of BIP. In addition, the Shareholders' Agreement provides certain customary protective rights, such as tag-along rights, drag-along rights, and pre-emptive rights.

The Management Equity Plan & Participative Financial Instruments

On September 10, 2021, in connection with and appended to the Shareholders' Agreement, Luxco, Holdco, Manco, Mep1, Mep2 and the Equity Partners implemented a management equity participation plan (the "**MEP**") for the benefit of the Equity Partners. The MEP was implemented to retain, and incentivize Equity Partners and, increase competitiveness of the Group.

On September 13, 2018, in order to strength its recruitment and retention efforts for employees, BIP issued certain participative financial instruments ("**PFI**") to qualifying employees which confer the right to a share of: (i) the profits for the financial year, to the extent that the ordinary shareholders' meeting approves such distribution; (ii) the reserves representing retained earnings from the financial year 2018, to the extent that the ordinary shareholders' meeting approves such distribution during the company's lifetime; and (iii) the distribution of the remaining liquidation assets, following dissolution of the company, after payment of all of BIP's creditors (including trade creditors). As of June 30, 2021, the financial liability recorded on our consolidated statement of financial position for those PFI was €2.9 million. For more information about the PFI please refer to the note 14 to BIP's Audited Annual Consolidated Financial Statements for the year ended December 31, 2020 included elsewhere in this Offering Memorandum.

RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we may from time to time enter into agreements with or render services to related parties. In turn, such related parties may render services or deliver goods to us as part of their business. In addition, it is contemplated that new related party transactions will be entered into in connection with the Transactions.

One of the Group's offices are rented from certain of the Group's employees, for which they receive compensation. In addition, in connection with the Acquisitions, certain non-equity partners have been granted loans which are repayable if: (i) a partner resigns or (ii) a liquidity event occurs. For more information, see the discussion on loan to partners in the "*Summary—The Transactions—The Financing of the Acquisition and Refinancing of the Group Existing Debt.*"

For more information about the material transactions between the Group and its related parties please refer to the note 35 to BIP's Audited Annual Consolidated Financial Statements and note 24 to BIP's Unaudited Interim Consolidated Financial Statements included elsewhere in this Offering Memorandum.

We believe that all transactions with affiliated companies are 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-party suppliers and service providers.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of the Group's principal financing arrangements in addition to the Indenture 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. You should refer to the actual agreements for further details, copies of which are available upon request.

Senior Secured Bridge Facilities Agreement

The Issuer, as borrower and original guarantor, entered into a senior secured bridge facilities agreement on September 6, 2021, between, among others, BNP Paribas Italian Branch, as agent and security agent (the "**Bridge Facilities Agreement**"). The committed amount of €275.0 million (the "**Bridge Facilities**") was pre-funded under the Bridge Facilities Agreement on September 9, 2021. The gross proceeds from the Bridge Facilities were used, together with shareholder contributions, to, among other things, (i) in the case of Facility 1, pay the purchase price for the Acquisition, (ii) in the case of Facility 2 repay in full and cancel existing indebtedness of the Target Group, and (iii) pay fees and expenses in connection with the foregoing transactions. See "*Use of Proceeds*" and "*Summary—The Transactions*."

On or about the Issue Date, the entirety of borrowings under the Bridge Facilities Agreement are expected to be repaid at par, plus accrued and unpaid interest, with the proceeds from the Offering. See "*Use of Proceeds.*"

Revolving Credit Facility Agreement

Capitalized terms used in this section shall have the meanings given to them in the Revolving Credit Facility Agreement unless otherwise defined.

Overview and Structure

On September 6, 2021, the Issuer (as company and original borrower), certain affiliates of the Initial Purchasers and BNP Paribas Italian Branch as facility agent (the "**Agent**") and Security Agent, among others, entered into the Revolving Credit Facility Agreement.

The Revolving Credit Facility Agreement originally provided for borrowings up to an aggregate principal amount of €50.0 million on a committed basis. We expect to reduce these committments to €48.5 million on or prior to the Issue Date. The Revolving Credit Facility may be utilized by any current or future borrower (subject to certain exceptions) under the Revolving Credit Facility in euro, US dollars, pound Sterling or certain other currencies (if agreed) by the drawing of cash advances, the issue of Letters of Credit and by way of Ancillary Facilities.

Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. Borrowings are available, among other things, for general corporate and working capital purposes of the Group and, without prejudice to the generality of the foregoing, to fund (i) any acquisition (including the Acquisition), investment, joint venture, restructuring, reorganization or capital expenditure; (ii) the rolling over, repayment, financing, refinancing, backstopping, discharge and/or acquisition of existing indebtedness and/or any existing ancillary facilities, letters of credit or bank guarantees of the Group or the Target Group or providing cash collateral or other credit support for the same and any breakage costs, any redemption premium and any other fees, costs and expenses relating to the same; (iii) bridging Target Group cash at the Closing Date; (iv) the payment of any original issue discount, fees, costs (including Acquisition Costs) and expenses and stamp, registration and other taxes; (v) any purchase price, closing or other adjustments or other payments in connection with any acquisition (including the Acquisition); and/or (vi) any other payments, purposes or transactions contemplated by the Transaction Documents, the Tax Structure Memorandum and/or the Funds Flow Statement.

Additional Facilities

The Revolving Credit Facility Agreement contemplates the incurrence of additional uncommitted revolving facilities in a maximum amount not to exceed (after taking account of the commitments under the Revolving Credit Facility) the amount able to be incurred under clause (1) of the definition of "Permitted Debt" under the covenant described in "*Description of the Notes—Certain Covenants—Limitation on Indebtedness,*" whether as a new facility and/or as an additional tranche of any existing facility and/or by increasing the commitments under an existing facility. Such additional facilities may be secured and may rank *pari passu* with, or subordinated to, the Revolving Credit Facility.

The availability, maturity, pricing and other terms of any additional facility will be those agreed between the Issuer and the relevant lenders of that additional facility.

Availability

The Revolving Credit Facility may, subject to the satisfaction of customary conditions precedent be utilized from time to time until the date falling one month prior to the maturity date of the Revolving Credit Facility.

Borrowers and Guarantors

The Issuer is the original borrower and original guarantor under the Revolving Credit Facility. A mechanism is included in the Revolving Credit Facility Agreement to enable certain of its subsidiaries to accede as additional borrowers or additional guarantors under the Revolving Credit Facility, subject to certain conditions. The Revolving Credit Facility Agreement also requires that in the future each member of the Group which is or becomes a Material Company or is otherwise required to satisfy the Guarantor Coverage Test (as defined below) becomes an additional guarantor under the Revolving Credit Facility Agreement (subject to Agreed Security Principles and guarantee limitations included in the Revolving Credit Facility Agreement).

Maturity and Repayment Requirements

The Revolving Credit Facility matures on or about March 10, 2028. Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. 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. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be re-borrowed during its availability period, subject to certain conditions. The termination date for any additional facility is the date agreed between the Issuer and the relevant lenders (provided that the termination date cannot be earlier than the termination date of the Revolving Credit Facility).

Interest Rate and Fees

Loans under the Revolving Credit Facility bear interest at rates per annum equal to the aggregate of the applicable margin plus (a) in relation to advances in euro, EURIBOR (subject to a zero floor), (b) in relation to advances in sterling, a compound reference rate based on SONIA (subject to a daily rate zero floor) or (c) in relation to advances US dollars, LIBOR (until agreed otherwise between the Issuer and the relevant US dollar lenders upon the US dollar LIBOR cessation date) (subject to a zero floor). The initial margin under the Revolving Credit Facility will be 3.00% per annum. Beginning on the date which falls six months from September 10, 2021 and provided that no Event of Default relating to non-payment of principal or interest, insolvency or failure to deliver a compliance certificate under the Revolving Credit Facility Agreement has occurred and is continuing, the margin on the loans will be reduced if certain senior secured net leverage ratios (which are to be calculated substantially consistently with the calculations set forth in the Indenture, as described in "*Description of the Notes—Certain Definitions*") are met.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from (and including) September 10, 2021 to the last day of the availability period for the Revolving Credit Facility at the rate of 30% of the then applicable margin for the Revolving Credit Facility. The commitment fee will be payable quarterly in arrear, on the last day of the availability period of the Revolving Credit Facility and (in respect of any cancellation of commitments) on the date any commitments under the Revolving Credit Facility is cancelled or on the date on which a lender cancels its commitment.

Default interest will be calculated as an additional 1% on the overdue amount.

The Issuer is also required to pay customary agency fees to the Agent and the Security Agent in connection with the Revolving Credit Facility.

Guarantees

The Issuer has provided a senior guarantee of all amounts payable to the Finance Parties by any of its subsidiaries which accede to the Revolving Credit Facility Agreement as additional borrowers or additional guarantors and to the hedging banks under certain secured hedging agreements.

Under the Revolving Credit Facility Agreement the Issuer must ensure that no later than the earlier of (a) the date falling 120 days after (a) (and excluding) the effective date of the Merger and (b) September 10, 2022 (the "**First Coverage Test Date**"), each Material Company (which definition includes, among other things, any wholly-owned Restricted Subsidiary incorporated in a Guarantor Jurisdiction (being Italy and England and Wales) which has earnings before interest, tax, depreciation and amortization representing more than 5% of Consolidated EBITDA of the Group) (subject to Agreed Security Principles) accedes to the Revolving Credit Facility Agreement as an additional guarantor. Subject to the Agreed Security Principles, if the aggregate of earnings before interest, tax, depreciation and amortization of the guarantors under the Revolving Credit Facility Agreement is less than 80% of the earnings before interest, tax, depreciation and amortization of the wholly-owned members of the Group incorporated in Guarantor Jurisdictions, the Issuer is also required to ensure that each other member of the Group as may be necessary to ensure that the Guarantor Coverage Test is satisfied accedes to the Revolving Credit Facility Agreement as a guarantor.

Furthermore, if on the last day of a fiscal year of the Issuer, the Guarantor Coverage Test is not met, the Issuer must, within 120 days of receipt by the Agent of the annual financial statements (commencing with the annual financial statements delivered for the fiscal year ending after the First Coverage Test Date), cause sufficient members of the Group to accede to the Revolving Credit Facility Agreement as additional guarantors (subject to agreed security principles and limitations under applicable laws) to ensure that each Material Company accedes as a guarantor and the Guarantor Coverage Test is satisfied.

Security

As from 10 Business Days after the Issue Date, the Notes will benefit from substantially the same security as the Revolving Credit Facility. Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the collateral (whether or not shared with the holders of the Notes) will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes.

Any Material Company or other member of the Group located in a Guarantor Jurisdiction which becomes a guarantor of the Revolving Credit Facility is required (subject to Agreed Security Principles) to grant security over shares in any Material Company that is its wholly-owned subsidiary and (if wholly owned by other members of the Group) to have its shares (or equivalent ownership interests) secured in favor of the Security Agent.

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications, exceptions and baskets, and with certain representations and warranties being repeated, including: (i) status and incorporation; (ii) binding obligations; (iii) non-conflict with constitutional documents, laws or other obligations; (iv) power and authority; (v) validity and admissibility in evidence; and (vi) accuracy of most recent financial statements delivered.

Covenants

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the Notes. In addition, the Revolving Credit Facility Agreement also contains certain affirmative and negative covenants. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

Affirmative Covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements and compliance certificates; (ii) authorizations, (iii) compliance with laws; (iv) payment of taxes; (v) maintenance of *pari passu* ranking of the Revolving Credit Facility; (vi) maintenance of Guarantor Coverage Test, granting of additional guarantees and security in prescribed circumstances; (vii) compliance with sanctions and anti-corruption laws; (viii) further assurance provisions and (ix) certain conditions subsequent.

Negative Covenants

The negative covenants include restrictions, among others, with respect to deliberately changing the center of main interest of a borrower or guarantor. Otherwise, the negative covenants in the Revolving Credit Facility Agreement are substantially the same as the negative covenants in the Indenture.

Mandatory Prepayment Requirements upon a Change of Control

The Issuer is required to notify the Agent under the Revolving Credit Facility Agreement of a Change of Control, following which each lender under the Revolving Credit Facility Agreement is entitled to notify the Issuer requiring repayment of all outstanding amounts owed to that lender and the cancellation of that lender's commitments.

Financial Covenants

There are no maintenance financial covenants in the Revolving Credit Facility Agreement.

Events of Default

The Revolving Credit Facility Agreement provides for some of the same events of default, with certain adjustments, as under the Notes. In addition, the Revolving Credit Facility provides for certain customary events of default, all of which are subject to customary materiality and other qualifications, exceptions, baskets and/or grace periods, as appropriate, including: (i) representations or warranties found to be untrue or misleading in any material respect when made or deemed made subject to a 60-day grace period; (ii) unlawfulness and invalidity which materially and adversely affects the interest of the lenders (taken as a whole) under the Revolving Credit Facility Agreement, subject to a 60-day grace period; (iii) failure by a Subordinated Creditor or a Debtor to comply with a material term of the Intercreditor Agreement which materially and adversely affects the interest of the lenders (taken as a whole) under the Revolving Credit Facility Agreement, subject to a 60-day grace period; and (iv) repudiation and rescission which materially and adversely affects the interest of the lenders (taken as a whole) under the Revolving Credit Facility Agreement, subject to a 60-day grace period.

Intercreditor Agreement

On September 6, 2021, the Issuer, the lenders under the Revolving Credit Facility Agreement (the "**RCF Lenders**"), each obligor in respect of the Revolving Credit Facility, the Security Agent and the Subordinated Creditors (as that term is defined in the Intercreditor Agreement), among others, entered into an intercreditor agreement (the "**Intercreditor Agreement**") to which the Trustee shall accede on or around the Issue Date. Certain hedging providers and certain subsidiaries of the Issuer (such subsidiaries together with the Issuer, the "**Debtors**") may accede in the future. By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Trustee to accede to the Intercreditor Agreement on its behalf.

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 following the Trustee's accession to the Intercreditor Agreement on the Issue Date. 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.

The Intercreditor Agreement sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions. Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility, the Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail. Capitalized terms used below shall have the meanings given to them in the Intercreditor Agreement unless otherwise defined.

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain indebtedness of the Group (as defined below);
- the relative ranking of certain security granted by certain members of the Group and the Third Party Security Provider;
- 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 and any Senior 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 will be released to permit an enforcement sale;
- the circumstances in which creditors' claims (including noteholders' claims against the Issuer and/or any Senior Notes Issuer (as defined in the Intercreditor Agreement)) 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, the principal parties to the Intercreditor Agreement will be: (i) Bach Midco S.p.A. as Original Shareholder Creditor and Original Third Party Security Provider, (ii) the Issuer (in such capacity and certain other capacities), (iii) the agent for the finance parties under the Revolving Credit Facility Agreement (the "**RCF Agent**"), (iv) the RCF Lenders, (v) the Trustee, and (vi) the Security Agent.

The "**Super Senior Creditors**" include the RCF Lenders and the RCF Agent together with, upon accession, the Priority Hedge Counterparties (as defined below). The "**Senior Secured Creditors**" include the holders of the Notes, the Trustee together with, upon accession, the Non-Priority Hedge Counterparties (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, any Senior Notes Creditors and 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 to hedging agreements which are secured on a super senior basis with (among other liabilities) the Revolving Credit Facility (the "**Priority Hedging Agreements**" and the providers thereof the "**Priority Hedge Counterparties**"), (ii) hedge counterparties pursuant to hedging agreements which are secured on a pari passu basis with respect to the proceeds of enforcement of security (among other liabilities) the Notes (the "**Non-Priority Hedging Agreements**" and the providers thereof, the "**Non-Priority Hedge Counterparties**" and together with the Priority Hedge Counterparties, the "**Hedge Counterparties**"), (iii) creditors of future loan or bond indebtedness of the Debtors (which is permitted by or not restricted under the terms of the Revolving Credit Facility Agreement, the Indenture and any Senior Notes Indenture (as defined in the Intercreditor Agreement), 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 Indenture (the "**Future Pari Passu Creditors**") and (iv) creditors of future loan or bond indebtedness of the Debtors (which is permitted by or not restricted under the terms of the Revolving Credit Facility, the Notes and the Senior Notes (if any), and which is pari passu with respect to the proceeds of enforcement of security, and not subordinated in right of payment to, the liabilities owed to the Senior Creditors) ("**Future Senior Debt**"), including any senior notes issued after the Issue Date pursuant to a Senior Notes Indenture (the "**Future Senior Creditors**").

Neither the Issuer nor any of its Restricted Subsidiaries (each a member of the "**Group**") nor any shareholder of a member of the Group which is not otherwise party to (1) a document creating security in favor of the Super Senior Creditors, the Senior Secured Creditors or the Senior Creditors or (2) the debt documents thereby secured, will be party to the Intercreditor Agreement save for (i) any shareholder of the Issuer or any direct or indirect shareholder of the Issuer which has made a loan to a member of the Group (each a "**Shareholder Creditor**") (the Intercreditor Agreement contains customary subordination provisions and restrictions relating to the receivables owing from any Senior Notes Issuer or any member of the Group to any Shareholder Creditor (the "**Shareholder Liabilities**")) (ii) any holding company of the Issuer which is designated a "Parent Borrower" by the Issuer under the Intercreditor Agreement (each a "**Holdco Lender**") which has made a loan to a the Issuer (the "**Holdco Liabilities**") and (iii) 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 Subordinated 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 Revolving Credit Facility or the Indenture is continuing and at any time prior to such acceleration event, such Intra-Group Liabilities may be converted into equity (subject to certain security being granted where required).

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement provides that the liabilities of the Debtors 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 Super Senior Creditors (the "**Super Senior Liabilities**"), the liabilities owed to the Senior Secured Creditors with respect to the Notes (the "**Senior Secured Notes 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 of any Senior Notes Issuer, in respect of any Senior Notes (the "**Senior Notes Issuer Liabilities**"), the Future Pari Passu Debt, the Future Senior Debt of any future issuer of senior debt to the Future Senior Creditors (the "**Future Senior Issuer Liabilities**"), and certain customary costs and expenses of the Trustee and any Senior Notes Trustee (the "**Trustee Liabilities**") *pari passu* and without any preference between them;

(b) *second*, the guarantee liabilities owed to the Senior Creditors with respect to any Senior Notes (the "**Senior Notes Guarantee Liabilities**" and, together with any Senior Notes Issuer Liabilities, the "**Senior Notes Liabilities**"), together with any guarantee liabilities owed to any Future Senior Creditor *pari passu* and without any preference between them;

(c) *third*, the Intra-Group Liabilities and any liabilities owed by the Issuer to the Holdco Liabilities *pari passu* and without any preference between them; and

(d) *fourth*, the Shareholder Liabilities, *pari passu* and without any preference between them.

The Intercreditor Agreement contains an acknowledgment by all parties thereto that any Senior Notes Issuer Liabilities and 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 any Senior Notes Issuer Liabilities or the Future Senior Issuer Liabilities (as applicable), but provides that the Senior Creditors shall not, until the Senior Secured Discharge Date, 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) and (b) 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 Super Senior Liabilities, the Senior Secured Notes Liabilities, the Hedging Liabilities (to the extent not already included in the Super Senior Liabilities), the Cash Management Facility Liabilities, the Future Pari Passu Debt and the Trustee Liabilities, *pari passu* and without any preference between them (but only to the extent that such Transaction Security expressed to secure those liabilities); and

(b) *second*, any Senior Notes Liabilities and 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 the future and designated by the Issuer as "**Shared Security**")).

The Intercreditor Agreement further provides that any security provided for any Senior Notes only (of which there is none as at the date of the Intercreditor Agreement or the Issue Date) (the "**Senior Notes Only Security**") shall rank and secure only any Senior Notes Liabilities and 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 (the "**Subordinated Liabilities**") shall not be secured by the Transaction Security or any Senior Notes Only Security.

If security is to be granted for certain future indebtedness (including Credit Facility Lender Liabilities, Cash Management Facility Liabilities, additional senior secured notes, Future Pari Passu Debt, Future Senior Debt and any future Senior Notes) ("**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.

Payments and Prepayments; Subordination of any Senior Notes

The Debtors and the Third Party Security Provider may make payments and prepayments in respect of the Revolving Credit Facility and the Notes at any time in accordance with their terms and may prepay or acquire the Notes.

Any Senior Notes Issuer may make payments and prepayments in respect of any Senior Notes Issuer Liabilities (including by prepaying or acquiring any Senior Notes) at any time in accordance with the terms of any Senior Notes Indenture, any Senior Notes 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 Credit Facility Documents, Senior Secured Notes Documents and Future Pari Passu Debt Documents.

Prior to the discharge of all Senior Secured Liabilities, no Debtor, Third Party Security Provider or other member of the Group may make payments in respect of any Senior Notes Liabilities without the consent of the Majority Super Senior Creditors and Majority Senior Secured Creditors 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 any Senior Notes Liabilities which is either (1) not prohibited from being paid by the Revolving Credit Facility Agreement, the Cash Management Facility Documents, the Senior Secured Notes Documents or any Future Pari Passu Debt Document or (2) is paid on or after the final maturity of any Senior Notes; or (ii) any other amount in respect of any Senior Notes Liabilities which is not an amount of principal or capitalized interest accrued due and payable in cash in accordance with the terms of any Senior Notes Documents or a corresponding amount under any Holdco Debt Document (as that term is defined in the Intercreditor Agreement);

 (b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of any Senior Notes Liabilities (a "**Senior Notes Payment Stop 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) certain amounts due to any Senior Notes Trustee for its own account; or

(3) payments of amounts equal to any payment accrued pursuant to any Senior Notes or any Senior Notes guarantee immediately after the period during which any Senior Notes Payment Stop Notice is outstanding or a Senior Secured Debt Payment Default ceases to be continuing and which would otherwise have been a permitted payment pursuant to the terms of the Intercreditor Agreement; or

(4) for so long as a Senior Secured Debt Event of Default is continuing certain payments as a result of any Senior Notes Liabilities being released or otherwise discharged in exchange for the issuance of shares in any holding company of any Senior Notes Issuer, subject to certain conditions;

(5) certain payments of non-cash interest by way of capitalization;

(6) payments funded with the incurrence of Senior Notes Liabilities;

(7) costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) any Senior Notes Documents (including in relation to any reporting or listing requirements under any Senior Notes Documents), subject to certain conditions; or

(8) costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of any Senior Notes in compliance with the Intercreditor Agreement, the Revolving Credit Facility, the Senior Secured Notes Documents, the Cash Management Facility Documents and any Future Pari Passu Debt Document, subject to certain conditions;

(9) payments of certain reasonable and customary consent fees in connection with amendments to any Senior Notes Documents in proportion to any corresponding amounts paid in respect of the Super Senior Liabilities and Senior Secured Liabilities (to the extent such fees are paid or payable);

(10) payments in connection with purchases, repurchases or redemptions of Senior Notes 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 €2,000,000 in aggregate in any twelve month period.

Prior to the discharge of all the Senior Secured Debt, if a Senior Secured Debt Payment Default (as that term is defined in the Intercreditor Agreement) has occurred and is continuing all payments in respect of any Senior Notes Liabilities (other than those consented to by the Majority Super Senior Creditors and the Majority Senior Secured Creditors and certain amounts due to any Senior Notes Trustee for its own account) will be suspended.

In addition, if a Senior Secured Debt Event of Default (other than a Senior Secured Debt Payment Default) (each a "**Senior Secured Default**") has occurred and is continuing and any Senior Notes Trustee has received a Senior Notes Payment Stop Notice from either the RCF Agent, the Cash Management Facility Agent or the Trustee or the representative of the Future Pari Passu Debt (the "**Relevant Representative**"), all payments in respect of any Senior Notes Liabilities (other than those consented to by the Majority Super Senior Creditors and Majority Senior Secured Creditors and certain amounts due to any Senior Notes Trustee for its own account) 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; or

(b) 179 days after the receipt by any Senior Notes Trustee of the Senior Notes Payment Stop 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 Senior Notes Payment Stop 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) any Senior Notes Trustee that the Senior Notes Payment Stop Notice is cancelled;

(e) the date on which the Security Agent or Senior Notes Trustee 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); or

(g) if a Standstill Period (as defined below) is in effect at any time after delivery of a Senior Notes Payment Stop 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 any Senior Notes Issuer from making payments in respect of any Senior Notes 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 any Senior Notes Issuer from a member of the Group that was prohibited by then existing (if any) Credit Facility Documents the Senior Secured Notes Documents and Future Pari Passu Debt Documents.

Unless waived by any Senior Notes Trustee, (a) no new Senior Notes Payment Stop Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Senior Notes Payment Stop Notice and (b) no Senior Notes Payment Stop Notice may be served in respect of a Senior Secured Debt Event of 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 Senior Notes Payment Stop Notice with respect to the same event or set of circumstances, and no Senior Notes Payment Stop Notice may be served in respect of a Senior Secured Event of Default notified to a Relevant Representative at the time at which an earlier Senior Notes Payment Stop Notice was issued.

If a Senior Notes Payment Stop Notice ceases to be outstanding or the relevant Senior Secured Debt Payment Default has ceased to be continuing (by being waived by the Relevant Representative or remedied) the relevant Debtor may then make those payments it would have otherwise been entitled to pay under any Senior Notes and if it does so promptly any event of default under any Senior Notes 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 is remedied by the payment of all amounts then due.

Restrictions on Enforcement by any Senior Notes; Senior Notes Standstill

Without prejudice to the rights of the Senior Creditors to take Enforcement Action in relation to any Senior Notes Issuer Liabilities and/or any Senior Notes Only Security, prior to the discharge of all the Senior Secured Liabilities, neither any Senior Notes Trustee nor the holders of any Senior Notes may take Enforcement Action with respect to any Senior Notes (including any action against any Senior Notes Issuer or the guarantors of any Senior Notes (if any)) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security document (including the Shared Security) 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 any Senior Notes Guarantee Liabilities and Shared Security if (1) an event of default has occurred under any Senior Notes resulting from failure to pay principal at final maturity or (2):

(a) an event of default under any Senior Notes Indenture is continuing;

(b) the RCF Agent and the other representatives of the Senior Secured Liabilities have received notice of the specified event of default from any Senior Notes Trustee;

(c) a Standstill Period (as defined below) has expired; and

(d) the relevant event of default is continuing at the end of the Standstill Period.

A "**Standstill Period**" shall mean the period starting on the date that any Senior Notes Trustee serves an enforcement notice on the RCF Agent and the other representatives of the Senior Secured Liabilities 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 Senior Notes Trustee and holders of Senior Notes 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 any guarantor of any Senior Notes against whom Enforcement Action is to be taken; and

(d) the expiration of any other Standstill Period which was outstanding at the date that the current Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

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.

Substantially similar provisions to those described in this section with respect to any Senior Notes are included in the Intercreditor Agreement with respect to Future Senior Debt and related Future Senior Creditors.

If the Security Agent has notified any Senior Notes Trustee that it is enforcing Transaction Security, no other Senior Notes Creditor may take any enforcement action against the Third Party Security Provider, that Debtor or any subsidiary of that Debtor 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 any Senior Notes 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.

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 and/or Transaction Security on a distressed disposal ("**Enforcement**"), the relevant representative of the Super Senior Liabilities or the Senior Secured 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 with respect to the enforcement of the Transaction Security or the taking of any other Enforcement Action 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 RCF 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 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 any Senior Notes Issuer, the Issuer, or a borrower or a guarantor or any member (or members) of the Group that is or are a Significant Subsidiary or a Significant Group (each a "**Relevant Company**"); or

(b) subject to no instructions having been given by an Instructing Group in the circumstances described below, the Super Majority Super Senior Creditors or the Majority Senior Secured Creditors determine in good faith (and notify 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 Payment Waterfall described below) the Super Senior Liabilities would not be discharged in full 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 the failure to give instructions 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 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 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 the 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.

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 in relation to the Shared Security, 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 (as defined in the Intercreditor Agreement) are then entitled to give to the Security Agent in accordance with the Intercreditor Agreement, as described under the heading "*—Restrictions on Enforcement by any Senior Notes; Senior Notes Standstill*" below. Notwithstanding the foregoing, 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 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 this Agreement and 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 any Senior Notes Only Security where the Security Agent will act in accordance with 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 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 the Issuer, enforcement of the Transaction Security must be conducted in accordance with the "**Security Enforcement Principles**," which are summarized as follows:

(a) It shall 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 Notes Creditors and the Future Pari Passu Creditors (the "**Security Enforcement Objective**").

(b) The Transaction Security will 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 cash) for distribution in accordance with the Payments Waterfall; or (ii) if Enforcement is at the direction of the Majority Senior Secured Creditors or the Majority Senior Creditors, 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, 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 (i) a proposed Enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds €5,000,000 (or its equivalent); or (ii) a proposed Enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists, 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.

(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. 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 (or any equivalent opinion obtained by the Security Agent in relation to any other Enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met.

(g) In the event that an Enforcement of the Transaction Security is over assets and shares referred to in (d)(i) above 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 any Senior Notes Only Security.

Turnover

The Intercreditor Agreement also provides that if any Super Senior Creditor, Cash Management Facility Creditor, Senior Secured Notes Creditor, Senior Creditor and Future Pari Passu 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 other than in accordance with Payments Waterfall that it shall (subject to certain prior actual knowledge qualifications in the case of the Trustee and any Senior Notes Trustee, 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 Senior Notes 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 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 any 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 in relation to any Shared Security 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) 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 Trustee on behalf of the Senior Secured Noteholders 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 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 Trustee on behalf of the holders of Notes for application towards the discharge of the Senior Secured Notes Liabilities (in accordance with the relevant documents), 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 Non-Priority Hedge Counterparties for application towards the discharge of the Non-Priority Hedging Liabilities (in proportion to each Non-Priority Hedge Counterparty's Non-Priority Hedge Proportion);

- *sixth*, and only to the extent that the Senior Creditors are entitled to the relevant recoveries, *pari passu* and *pro rata,* in or towards payment to any Senior Notes Trustee on behalf of the holders of Senior Notes and 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 Senior Notes and any Future Senior Creditors 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;

- *seventh*, and only to the extent that the Senior Creditors are entitled to the relevant recoveries, *pari passu* and *pro rata* to any Senior Notes Trustee on behalf of holders of any Senior Notes for application towards the discharge of any Senior Notes Liabilities (in accordance with the relevant documents) and 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

- *eighth*, after the Final Discharge Date, in payment of the surplus (if any) to the relevant Debtor, Third Party Security Provider 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 Trustee for the holders of the 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 Priority Hedge Counterparties 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 any Senior Notes Only Security will be applied in accordance with a separate payments waterfall as follows:

- *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 any Senior Notes and 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 any Senior Notes Trustee and 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 the holders of any Senior Notes and any of Future Senior Creditors in connection with any realization or enforcement of any Senior Notes Only Security taken in accordance with the terms of any 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 any Senior Notes Trustee on behalf of the holders of any Senior Notes for application towards the discharge of any Senior Notes Liabilities (in accordance with the relevant documents) and 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 Debtor, Third Party Security Provider or other person entitled to it.

Acceleration

If an event of default occurs under the Revolving Credit Facility, the Notes or Future Pari Passu Debt then any decision to accelerate the Revolving Credit Facility or 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, the Indenture (or other 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 any Senior Notes and the Notes and the Transaction Security

Non-distressed Disposal

In circumstances where a disposal or other transaction whereby a release, consent or other step in relation to, Transaction Security is considered necessary or desirable by the Issuer in connection with such transaction (including to reflect the Agreed Security Principles) (a "**Non-Distressed Disposal**"), provided that such Non-Distressed Disposal is not being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable, by enforcement of the Transaction Security or after the occurrence of a Distress Event (as defined below) (a "**Distressed Disposal**") and is otherwise permitted by the terms of any Senior Secured Notes Indenture, any Senior Notes Indenture, the Credit Facility Documents, the Cash Management Facility Documents, the Future Pari Passu 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) (as such term is defined in the Intercreditor Agreement) over any relevant asset; (ii) where any relevant asset consists of all the shares in the capital of a Debtor, to release the Transaction Security or any other claim (relating to a Debt Document) over the assets of that Debtor 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/or issue any certificates of non-crystallization of any floating charge or any consent to dealing, or return any physical collateral or other documents, in each case, as reasonably requested by the Issuer, and (iv) to take any other action on behalf of the Secured Parties in connection with the same that is not prohibited 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 affected.

Distressed Disposal

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 a Debtor, to release (a) that Debtor and any subsidiary of that Debtor 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 any Credit Facility Agreement or liabilities as an issuer of the Notes or any Senior Notes or in any equivalent capacity under the Future Pari Passu Debt Documents 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, any Senior Notes Documents or the Future Senior Debt Documents (the "**Guarantee Liabilities**") and (z) any trading and other liabilities (not being Borrowing Liabilities or Guarantee Liabilities) it may have to any Intra-Group Lender, any Debtor, any Shareholder Creditor, any Third Party Security Provider or any holding company of any Debtor (the "**Other Liabilities**"); (b) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of a Subordinated Creditor, an Intra-Group Lender, or another Debtor, or a Third Party Security Provider over that Debtor's assets or over the assets of any subsidiary of that Debtor on behalf of, in each case the relevant Creditors, Debtors and Third Party Security Provider;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, 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 Debtor, or a Third Party Security Provider over the assets of any subsidiary of that holding company on behalf of, in each case the relevant Creditors, Debtors and Third Party Security Provider;

(iv) provided that the disposal is in accordance with the Security Enforcement Principles, if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor 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, any Parent Borrower or any Third Party Security Provider 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, but subject to certain limitations on liability in respect of the Third Party Security Provider (the "**Liabilities**"); or (z) any liabilities owed to any Debtor or Shareholder Creditor whether actual or contingent and whether incurred solely or jointly (the "**Debtor Liabilities**") owed by that Debtor or holding company or any subsidiary of that Debtor 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 (as defined in the Intercreditor Agreement) 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, Debtors and Third Party Security Provider; and

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "**Disposed Entity**") and the Security Agent decides to transfer to another Debtor or a holding company of a Debtor 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) 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 Debtors to which those obligations are owed and on behalf of the Debtors 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 such that the Senior Liabilities and Shared Security will be released, it is a further condition to the release that either:

(i) any Senior Notes Trustee has approved the release on the instructions of any Senior Notes Required Holders (as defined below) and any Future Senior Debt Representative (as such term is defined in the Intercreditor Agreement) has approved the release on the instructions of the Future Senior Debt Required Holders (as defined below); 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 and future obligations owed to the secured parties under the Senior Debt Documents by any Senior Notes Issuer, Future Senior Debt Issuer, or a member of the Group all of whose shares are 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 Security under the Security Documents 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 such term is 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 (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 Senior Secured Creditors, the Super Senior Creditors or, in each case, 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 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 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.

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 Revolving Credit Facility, the Notes and/or Future Pari Passu Debt will be in accordance with the relevant documents.

Except for amendments of a minor, technical or administrative nature which may be effected by the Security Agent and the Issuer and 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 (if prior to the Super Senior Discharge Date);

(b) the Majority Cash Management Facility Creditors (if prior to the Cash Management Facility Discharge Date);

(c) the Senior Secured Notes Required Holders (if prior to the Senior Secured Notes Discharge Date);

(d) the Future Pari Passu Debt Required Holders (if prior to the Future Pari Passu Debt Discharge Date);

(e) any Senior Notes Required Holders (as defined below) (if prior to any Senior Notes Discharge Date);

(f) the Future Senior Debt Required Holders (as defined below) (if prior to the Future Senior Debt Discharge Date);

(g) the Security Agent; and

(h) the Issuer,

provided that to the extent an amendment, waiver or consent only affects certain classes of Creditors, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of Creditors, only written agreement from the representative for each affected class (if applicable, 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) the definition of "Instructing Group," (ii) ranking and priority, (iii) turnover of receipts, (iv) redistribution, (v) enforcement of Transaction Security, (vi) proceeds of disposals, (vii) application of proceeds, (viii) consents, amendments and overrides, and (ix) certain provisions relating to the instructions to and exercise of discretion by the Security Agent or (x) the order of priority or subordination under the Intercreditor Agreement, shall not be made without the written consent of:

(a) each Creditor Representative acting in accordance with the provisions of the applicable Debt Documents;

(b) the Cash Management Facility Lenders (or relevant Cash Management Facility Agent on their behalf, if appointed) (to the extent that the amendment or waiver (i) would materially adversely affect the rights and obligations of the Cash Management Facility Lenders under the Intercreditor Agreement in their capacity as such and (ii) would not materially adversely affect the rights and obligations of any other Creditor or class of Creditors, in each case other than the Cash Management Facility Lenders (solely in their capacity as such));

(c) each Hedge Counterparty (to the extent that the amendment or waiver (i) would materially adversely affect the rights and obligations of the Hedge Counterparties in their capacity as such and (ii) would not materially adversely affect the rights and obligations of any other Creditor or class of Creditors, in each case other than the Hedge Counterparties (solely in their capacity as such)); and

(d) the Issuer.

The Intercreditor Agreement provides that:

(a) "**Future Pari Passu Debt Required Holders**" means, in respect of any direction, approval, consent or waiver, the Future 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 Future Pari Passu Debt Document or, if the required amount is not specified, the holders holding the majority of the principal amount of the then outstanding Future Pari Passu Debt in accordance with the relevant Future Pari Passu Debt Documents;

(b) "**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 Future Senior Debt Document or, if the required amount is not specified, the holders holding the majority of the principal amount of the then outstanding Future Senior Debt in accordance with the relevant Future Senior Debt Documents;

(c) "**Senior Notes Required Holders**" means, in respect of any direction, approval, consent or waiver, the holders of any Senior Notes holding in aggregate a principal amount of Senior Notes which is not less than the principal amount of Senior Notes required to vote in favor of such direction, consent or waiver under the terms of any Senior Notes Documents or, if the required amount is not specified, the holders holding the majority of the principal amount of the then outstanding Senior Notes (as applicable) in accordance with the applicable Senior Notes Documents; and

(d) "**Senior Secured Notes Required Holders**" means, in respect of any direction, approval, consent or waiver, the holders of any 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 applicable Senior Secured Notes Documents 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) in accordance with the applicable Senior Secured Notes Documents.

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, which does not contain a substantially equivalent snooze/ lose provision) any creditor fails to respond to the request within seven Business Days (or any other period of time notified by the Company, with the agreement of the Security Agent in the case of a shorter period of time) 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) a prescribed acceleration of the Revolving Credit Facility, a Cash Management Facility Document, the Notes, the Future Pari Passu Debt, any Senior Notes or the Future Senior Debt, or (ii) the enforcement of any Transaction Security (a "**Distress Event**"),

the holders of the 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 the exposures in respect of any Priority Hedging Agreements at par plus accrued interest and all other amounts owing under the Revolving Credit Facility Agreement, and the Priority 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, the holders of any Senior Notes and the Future Senior Debt Creditors 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.

Hedging

All scheduled payments (or another ordinary course payment, including in relation to fees, costs and expenses) or Adjustment Payments (as such term is defined in the ISDA Benchmarks Supplement as published by the International Swaps and Derivatives Association, Inc. on September 19, 2018) or equivalent payment permitted under a 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 Priority Hedge Counterparty and a Non-Priority Hedge Counterparty may take Enforcement Action in relation to its hedging.

Provisions Following an IPO

On, following or in contemplation of an initial public offering of a member of the Group (or a holding company thereof) (an "**IPO**"), the Issuer is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things, (i) the Group (and all related provisions) will now refer to the entity who will issue shares or whose shares are to be sold pursuant to such IPO (the "**IPO Pushdown Entity**"), and its respective Restricted Subsidiaries, provided that if any Senior Notes (or debt ranking *pari passu* therewith) are not refinanced in full on or before the date of such IPO, the IPO Pushdown Entity shall be the Senior Notes Issuer (or other *pari passu* debt issuer) for the purposes of the Senior Liabilities (if applicable) and the direct subsidiary of the Senior Notes Issuer for the purposes of the Group, all other Liabilities and all related provisions, (ii) all financial ratio calculations shall be made excluding any holding company of the IPO Pushdown Entity and all reporting obligations shall be assumed at the level 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.

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, including Shared Security), and each Subordinated Creditor or Senior Notes Issuer will be released from its obligations and restrictions under the Intercreditor Agreement in the appropriate capacity provided that, subject to the Agreed Security Principles, substantially equivalent Transaction Security is given by the IPO Pushdown Entity, including but not limited to Transaction Security over all of the shares in the direct subsidiary of the IPO Pushdown Entity and/or any such member of the Group which is the principal borrower or issuer of Senior Secured Liabilities (where any new or restarted hardening periods shall be disregarded for the purpose of determining whether any new Transaction Security is equivalent).

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 and the Majority Senior Creditors, the Issuer and each other member of the Group and each Third Party Security Provider shall also be released from all obligations as Debtor, Third Party Security Provider 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 Priority Hedge Counterparties and the Non-Priority Hedge Counterparties;

(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 relevant documents relating to the Senior Secured Debt, any Senior Notes and the Future Senior Debt);

(c) incurrence of Future Pari Passu Debt or Future Senior Debt that will allow certain creditors and agents with respect to such Future Pari Passu Debt or Future Senior 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 Revolving Credit Facility Agreement or the Indenture and Future Senior Debt shall be subject to the same subordination provisions as any Senior 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 Senior Notes Trustee and the Trustee.

Governing law

The Intercreditor Agreement is governed by and construed in accordance with English law.

BIP Funding Loan

On September 10, 2021, the Issuer and BIP entered into the BIP Funding Loan in an aggregate principal amount of €109.6 million. The proceeds of which were used by BIP, together with cash on hand, to repay certain Group Existing Debt. Interest on the BIP Funding Loan accrues at a rate of 5.75% per annum. The maturity date of the BIP Funding Loan will be on or about the day before the maturity date of the Notes. The BIP Funding Loan is subject to mandatory prepayment or redemption events in connection with the Indenture. The agreement governing the BIP Funding Loan will be governed by Italian law. Upon completion of the Merger, the BIP Funding Loan will be terminated and the security interests over the Issuer's interest in the receivables in respect of the BIP Funding Loan will be extinguished by operation of law**.**

Private PIK Notes

The Private PIK Notes in aggregate amount of €40.0 million were issued by Holdco, the indirect parent of the Issuer, on September 10, 2021 pursuant to a private placement with certain institutional investors. The Private PIK Notes are not listed on any securities exchange.

The Private PIK Notes will mature in 2029 and have incurrence covenants and events of default substantially similar to the covenants of the Notes, as amended to reflect, among other things, the different position of Holdco and the Private PIK Notes in the capital structure.

Interest on the Private PIK Notes is payable in kind on a semi-annual basis.

The Private PIK Notes are secured by a pledge over the: (i) entire share capital of Luxco granted by Bach Topco S. à r.l.; (ii) entire share capital of Holdco granted by Luxco and Manco; (iii) entire share capital of Midco granted by Holdco; and (iv) receivables arising from certain intercompany loans owed by Midco to Holdco granted by Holdco.

The Private PIK Notes are not guaranteed by, and do not receive any other credit support from, the Issuer and its subsidiaries.

The net proceeds from the Private PIK Notes were downstreamed from Holdco to Midco via a shareholder loan with mirror terms and subsequently contributed to the equity of Bidco, and thereafter, with other sources of financing, used to complete the Acquisition.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "Description of the Notes" under the heading "Certain Definitions." For purposes of this "Description of the Notes," references to the "Issuer," "we," "our," and "us" refer only to Bach Bidco S.p.A. prior to the Merger (as defined below) and Mergerco (as defined below) subsequent thereto. "Midco" refers to Bach Midco S.p.A., the direct parent company of the Issuer.

The Issuer will issue, €275.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2028 (the "**Notes**") under an indenture to be dated as of October 14, 2021 (the "**Indenture**"), between, *inter alios*, the Issuer, BNY Mellon Corporate Trustee Services Limited, as trustee (the "**Trustee**"), BNP Paribas Italian Branch, as security agent (the "**Security Agent**") and Security Representative (as defined below), The Bank of New York Mellon, London Branch, as paying agent and The Bank of New York Mellon SA/NV, Dublin Branch, as registrar and transfer agent. The Indenture will not incorporate or include, or be subject to, the U.S. Trust Indenture Act of 1939, as amended. The offering of the Notes is expected to be consummated on October 14, 2021 (the "**Issue Date**").

The Indenture will be unlimited in aggregate principal amount, of which €275.0 million aggregate principal amount of Notes will be issued in this Offering. We may, subject to applicable law, issue an unlimited principal amount of additional Notes (the "**Additional Notes**"). 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*"). Except with respect to right of payment and optional redemption, and as otherwise provided for in the Indenture, the Notes issued in this Offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, in this "Description of the Notes," references to the "Notes" include the Notes and any Additional Notes that are actually issued.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes. Please see "*Description of Certain Financing Arrangements—Intercreditor Agreement*" for a description of the material terms of the Intercreditor Agreement.

This "Description of the Notes" is intended to be an overview of the material provisions of the Notes, the Indenture and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and your rights. Copies of such documents are available from us upon request.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, 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.

General

The Notes

The Notes will, upon issuance:

- be general senior obligations of the Issuer and, subsequent to the Merger, Mergerco;
- be secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer and other obligations that are not expressly subordinated in right of payment to the Notes, including the Revolving Credit Facility;
- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- rank effectively senior to any existing and future indebtedness of the Issuer that is unsecured to the extent of the value of the Collateral;
- be effectively subordinated to any existing and future Indebtedness or obligation (including obligations to trade creditors) 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 and assets securing such Indebtedness; and
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of the Issuer that are not Guarantors, including the Revolving Credit Facility and obligations to trade creditors.

Initially, none of the Issuer's Subsidiaries will guarantee the Notes and, except as required under the circumstances described below under the caption "*—Certain Covenants—Additional Notes Guarantees*," the Issuer will not have any obligation to cause any of its Subsidiaries to guarantee the Notes in the future. In the event of a bankruptcy, liquidation or reorganization of any Subsidiary that is not a Guarantor, such Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Issuer or a Guarantor, if any. The primary operations of the Issuer are being conducted through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer, including Holders of the Notes. The Notes therefore will be structurally subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer (other than future Guarantors, if any).

The Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with and into the Targets as soon as reasonably practicable following the Issue Date in accordance with applicable provisions of Italian law, with BIP expected to be the surviving entity. The Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—We may be unable to complete the Merger within the anticipated time frame, or at all*" and "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Issuer will be dependent on payments from its subsidiaries in order to be able to make payments on the Notes*." In the event that the Merger does not occur by September 10, 2022 (the "**Cut-Off Date**"), the Issuer shall use commercially reasonable efforts to procure that the Notes will in any event be guaranteed, within 120 days of the Cut-Off Date, by BIP, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable law. As of and for the twelve months ended June 30, 2021, BIP represented approximately 71.0%, 68.5% and 69.9% of the consolidated revenues (excluding intercompany transactions), consolidated Adjusted EBITDA (excluding intercompany transactions) and consolidated total assets (excluding intercompany receivables and equity investments in subsidiaries) of BIP and its consolidated subsidiaries.

As of June 30, 2021, on a *pro forma* basis after giving effect to the Transactions, the Issuer would have had €275.0 million principal amount of indebtedness, all represented by the Notes and the Issuer's Subsidiaries (including the Target Group) would have had €38.5 million of indebtedness, of which €24.9 million would have consisted of lease liabilities and €13.6 million would have consisted of certain other indebtedness. This does not include obligations under acquisition-related earn-out and deferred consideration arrangements, a participative financial instrument issued to employees by BIP and a loan granted by a minority shareholder to our Subsidiary Advantis. Additionally, we would have had €48.5 million in undrawn borrowings available under the Revolving Credit Facility (assuming the committed amount is reduced from currently €50.0 million, as we expect to do on or prior to the Issue Date). See "*Capitalization.*" Although the Indenture limits the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Principal and Maturity

The Issuer will issue €275.0 million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on October 15, 2028. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes will accrue at a rate equal to the sum of (i) three-month EURIBOR (with 0% floor), plus (ii) 4.25% per annum, reset quarterly (the "**Applicable Rate**"), reset quarterly, as determined by the calculation agent (the "**Calculation Agent**"), who shall initially be The Bank of New York Mellon, London Branch. 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 January 15, April 15, July 15 and October 15 commencing on January 15, 2022;
- be payable to the holder of record of such Notes on the Business Day immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year and the actual number of days elapsed.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Notes.

"**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 Page EURIBOR01 as of 11:00 a.m. Brussels time, on the Determination Date; *provided* that, EURIBOR shall never be less than 0%. If Reuters Page EURIBOR01 does not include such a rate or is unavailable on a Determination Date, the Issuer will request the principal London or Frankfurt office of each of four major banks in the euro-zone inter-bank market, as selected by the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such 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, EURIBOR 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 each of three major banks in London or Frankfurt, as selected by the Issuer, to 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, EURIBOR for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then EURIBOR for the Interest Period will be the EURIBOR in effect with respect to the immediately preceding Interest Period.

If the Issuer determines, prior to any Determination Date, that:

(1) there has been a material disruption to EURIBOR;

(2) EURIBOR is not available for use temporarily, indefinitely or permanently;

(3) there are restrictions or prohibitions on the use of EURIBOR;

(4) an alternative rate has replaced EURIBOR in customary market practice in the international capital markets applicable generally to floating rate notes; or

(5) it has become unlawful for the Calculation Agent, the Issuer or a third party agent of the Issuer to calculate any payments due to Holders using EURIBOR,

a Rate Determination Agent, acting in good faith and in a commercially reasonable manner, shall select a successor rate to EURIBOR that is substantially comparable to EURIBOR or that has been recommended or selected by the relevant monetary authority or similar authority (or working group thereof) or by a widely recognized industry association or body or that is expected to develop as an industry accepted rate for debt market instruments such as or comparable to the Notes, as more fully set forth in the Indenture (and any applicable adjustment spread required to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of EURIBOR (the "**Adjustment Spread**")) for use in calculating the Applicable Rate (the "**Successor Rate**"), and the Issuer shall certify (by way of an Officer's Certificate) to each of the Trustee, the Calculation Agent and the Paying Agent, at least three Business Days prior to any Determination Date, such Successor Rate (and the Adjustment Spread) (upon which each of the Trustee, the Calculation Agent and Paying Agent shall be entitled to rely on such Officer's certificate conclusively and absolutely without further enquiry, investigation, verification or liability of any kind whatsoever), which shall be used by the Calculation Agent to calculate the Applicable Rate. Holders shall be bound by any such Successor Rate (and Adjustment Spread) without any further action or consent by the Holders or the Trustee. For the avoidance of doubt, the sum of the Successor Rate and the Adjustment Spread shall, in all cases, not be less than 0%. The Issuer shall promptly notify the Holders of the adoption of any Successor Rate (and Adjustment Spread). Following the adoption of any Successor Rate and Adjustment Spread, all references to "EURIBOR" in the Indenture shall be deemed to refer to such Successor Rate (and such Adjustment Spread).

"**euro-zone**" means the region comprised of member states of the European Union that 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.

"**Rate Determination Agent**" means (a) an independent financial institution of international standing or an independent financial adviser of recognized standing (that is not an Affiliate of the Issuer) as appointed by the Issuer at the expense of the Issuer, or, (b) if it is not reasonably practicable to appoint a party as referred to under (a), the Issuer.

"**Representative Amount**" means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Reuters Page EURIBOR01**" means the display page so designated on Reuters (or such other page as may replace that page on that service, or, if no such page is available, such other page as may replace that page on 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 (TARGET) System is open for the settlement of payments in euro.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable 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 each 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 360. 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 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 rate of interest on the Notes is permitted under any applicable law.

The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is 1% higher than the then-applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue instalments of interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful.

The rights of Holders to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest, premium and Additional Amounts, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the Notes represented by one or more Global Note registered in the name of or held by a nominee of a common depositary for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest, premium and Additional Amounts if any, on any certificated securities in registered form ("**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, Registrar and Transfer Agent for the Notes*."

Paying Agent, Registrar and Transfer Agent for the Notes

The Issuer will maintain one or more Paying Agents for the Notes. The initial Paying Agent will be The Bank of New York Mellon, London Branch (the "**Principal Paying Agent**").

The Issuer will also maintain a registrar (the "**Registrar**") and a transfer agent (the "**Transfer Agent**"). The initial Registrar and Transfer Agent will be The Bank of New York Mellon SA/NV, Dublin Branch. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

The Issuer may change any Paying Agents, Registrars or Transfer Agents for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on 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 or Transfer Agent in a daily 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 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.

The Merger

The Issuer will use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with and into the Targets as soon as reasonably practicable following the Issue Date in accordance with applicable provisions of Italian law and as further described herein (the "**Merger**"), with Mergerco being the surviving entity. The Merger is subject to certain conditions and may not be completed. Relevant mechanics to facilitate the Merger, including any requirements for Mergerco to assume the rights and obligations of the Issuer under the Notes Documents prior to the Merger, will be included in the Indenture. Following completion of the Merger, all references in the Indenture to the "Issuer" shall refer to Mergerco, unless the context otherwise requires. Failure to complete the Merger shall not constitute a Default or an Event of Default. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—We may be unable to complete the Merger within the anticipated time frame, or at all*."

The Indenture will provide that each Holder, by accepting a Note, will be deemed to agree, for the purposes of Section 2503-bis (et seq.) of the Italian Civil Code, to the consummation of the Merger and, in the event that BIP or another Target is the Successor Company (or otherwise the successor company to the Issuer) after giving effect to the Merger, the assumption by Mergerco of all obligations of the Issuer in respect of the Notes, the Indenture, the Intercreditor Agreement and any relevant Security Documents, in accordance with the terms of the Indenture, upon completion of the Merger.

Within twenty Business Days from (and excluding) the date on which the Merger becomes effective pursuant to the applicable provisions of Italian law (to the extent that it occurs; the "**Merger Date**"), the Notes will be secured, subject to the Agreed Security Principles and certain perfection requirements, by the "*Post-Merger Collateral*," consisting of a pledge (granted or reconfirmed) over (i) all of the shares of Mergerco held by Midco and (ii) the structural intercompany receivables owed to Midco by Mergerco (if any).

Notes Guarantees

The Notes will not be initially guaranteed. Although there will be no initial Guarantors, in the event that the Merger does not occur within 12 months from the Acquisition Closing Date, the Issuer shall use commercially reasonable efforts to procure that BIP, subject to the Agreed Security Principles and to the limitations mentioned above, guarantee the Notes within 120 days of the first anniversary of the Acquisition Closing Date.

Additionally, if required by the covenant as described below under "*—Certain Covenants—Additional Notes Guarantees*" and subject to the Agreed Security Principles and other limitations described in the covenant, each Restricted Subsidiary that guarantees Indebtedness of the Issuer or any future Guarantor under the Revolving Credit Facility, any other Credit Facility or any Public Debt shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement within 20 Business Days of providing such guarantee. To the extent provided in future, any Notes Guarantee will be a joint and several obligation of each Guarantor.

Each Notes Guarantee, if any, will:

- be a general senior obligation of the applicable Guarantor;
- rank *pari passu* in right of payment with any existing or future Indebtedness of the applicable Guarantor that is not subordinated in right of payment to the applicable Notes Guarantee;
- rank senior in right of payment to any existing or future Indebtedness of the applicable Guarantor that is expressly subordinated in right of payment to the applicable Notes Guarantee; and
- be effectively subordinated to any existing or future Indebtedness or obligation of the applicable Guarantor that is secured by property or assets that do not secure the Notes Guarantee, to the extent of the value of the property and assets securing such Indebtedness or obligation.

Any Notes Guarantees that are subject to limitations under applicable law will be contractually limited under the applicable Notes Guarantee to reflect such limitations with respect to maintenance of share capital, corporate benefit, financial assistance, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners or other considerations under applicable law. In addition, each Notes Guarantee (if any) will be limited to the maximum amount that would not render the relevant Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions or fraudulent transfer or similar laws affecting the rights of creditors generally, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. For a description of such contractual limitations, see "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The Issuer is incorporated in Italy, and Italian insolvency laws may not be as favorable to holders of the Notes as insolvency laws in other jurisdictions with which they may be familiar*," "*—The Notes Collateral and any future guarantees of the Notes 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 "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations*."

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference rules, "thin capitalization" rules, capital maintenance rules, retention of title claims and similar principles.

The Notes Guarantee of a future Guarantor, if any, will automatically terminate and release:

(1) upon a sale or other disposition (including by way of consolidation 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 permitted by the Indenture;

(2) upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

(3) upon defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(4) with respect to a Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility and (ii) does not guarantee any other Credit Facility or Public Debt;

(5) in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement;

(6) as described under "*—Amendments and Waivers*";

(7) as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Notes Guarantees*";

(8) as a result of a transaction that would not be prohibited by the covenant described below under "*—Certain Covenants—Merger and Consolidation*"; or

(9) in connection with a Permitted Reorganization.

Upon the request of the Issuer, the Trustee and the Security Agent shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders or any other action or consent on the part of the Trustee.

Transfer and Exchange

The Notes will be issued in the form of one or more 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**").
- 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, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*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.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Indenture or under applicable law with respect to any transfer of any interest in any note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

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**") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

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 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, 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 Issuer is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of 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 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 our Issuer's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our 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 first-priority security interests over: (a) 100% of the share capital of the Issuer held by Midco and (b) 100% of the share capital of Milapax Lux held by the Issuer (collectively, the "**Issue Date Collateral**").

Within 10 Business Days following the Issue Date, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, the Notes will additionally be secured by first-ranking security interests over all of the shares or quota held by the Issuer in BIP, Runbip and AMV (representing 1.86%, 82.14% and 100% of the total outstanding shares or quota, of BIP, Runbip and AMV, respectively) (the "**Post-Issue Date Collateral**" and collectively with the Issue Date Collateral, the "**Pre-Merger Collateral**"). Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," additional security interests may be granted over the Collateral in connection with future issuances of Indebtedness of the Issuer and its Restricted Subsidiaries, including for the benefit of 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 Notes Collateral and any Future Notes Guarantees*."

Within twenty Business Days from (and excluding) the Merger Date (to the extent that it occurs), the Notes will be secured, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, by the Post-Merger Collateral.

The Pre-Merger Collateral and, following the Merger (if it occurs), the Post-Merger Collateral, together with any other security interests that may in the future be granted to secure obligations under the Notes, any Notes Guarantees and the Indenture, in each case as may be in existence from time to time, is referred to herein as the "Collateral." 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 Notes Guarantees*," certain property, rights and assets (other than the Collateral described in the first and second paragraphs of 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. The following is a summary of certain terms of the Agreed Security Principles:

- general legal and statutory limitations, regulatory restrictions, financial assistance (including under Article 2358 and/or 2374 of the Italian Civil Code), anti-trust and other completion authority restrictions, capital maintenance, corporate benefit, fraudulent preference, equitable subordination, transfer pricing, "interest stripping," "controlled foreign corporation" and other tax restrictions, "exchange control restrictions," "liquidity impairment" rules, thin capitalization rules, retention of title claims, employee consultation or approval requirements and similar principles may limit the ability of the Issuer and its Restricted Subsidiaries (collectively, the "**Group**") to provide a Notes Guarantee or security or may require that Notes Guarantees or security be limited by an amount or otherwise. If any such limit applies, the Notes Guarantees and security provided will be limited to the maximum amount which the relevant member of the Group may provide having regard to applicable law (including any jurisprudence) and subject to fiduciary duties of management;
- a key factor in determining whether or not a Notes Guarantee or security shall be taken (and in respect of the security, the extent of its perfection and/or registration) is the applicable time and cost (including material adverse tax consequences or adverse effects on interest deductibility and stamp duty, registration taxes, notarization and registration fees) which shall not be disproportionate to the benefit to the secured parties of obtaining such Notes Guarantee or security;

- the giving of a Notes Guarantee, the granting and the terms of security or the perfection of the security granted will not be required to the extent that Group would incur any legal fees, registration fees, notarial fees, stamp duty, taxes and any other fees or costs directly associated with such security or Notes Guarantee which are disproportionate to the benefit obtained by the secured parties and/or having regard to the extent of the obligations which can be guaranteed or secured by that security and the priority that will be offered by taking or perfecting the security. In particular, it is acknowledged that the Issuer and/or Guarantor will not opt (where possible) for the *Imposta Sostitutiva* regime pursuant to article 15 and subsequent of Italian Presidential Decree No. 601/1973 as amended and supplemented from time to time. Accordingly, Italian law governed security that requires payment of an *ad valorem* registration tax on the amount of the secured obligations will not be taken unless it can be executed by way of exchange of correspondence. The secured obligations under any Italian law pledge over quotas of a limited liability company (*società a responsabilità limitata*) shall be limited to amounts directly borrowed under the Security Documents by the relevant quotaholder and, for the avoidance of doubt, shall not be granted if no amounts have been directly borrowed by such quotaholder. Non-Italian security that requires payment of an *ad valorem* registration tax on the amount of the secured obligation will not be taken if tax duty cannot be minimized upon execution (including through a cap to the secured obligations agreed between the security agent and the Issuer (each acting reasonably));

- where there is material incremental cost involved in creating security over all assets owned by the Issuer or any Guarantor in a particular category, the principle stated in the second previous bullet above shall apply and, subject to the Agreed Security Principles, only the material assets in that category shall be subject to security;

- in certain jurisdictions it may be either impossible, impractical or disproportionately costly to grant Notes Guarantees or create security over certain categories of assets, in which event such Notes Guarantees will not be granted and security will not be taken over such assets;

- certain supervisory board, works council, regulator or regulatory board (or equivalent), or another external body's or person's consent may be required to enable a member of the Group to provide a Notes Guarantee or security. Such Notes Guarantee and/or security shall not be required unless such consent has been received; *provided* that reasonable endeavors have been used by the relevant member of the Group to obtain the relevant consent (*provided* that the relevant member of the Group may refrain from taking any action to obtain the relevant consent if it considers that such action might have an adverse impact on relationships with third parties);

- any assets subject to legal requirements, licenses or any other third-party arrangements (including, without limitation, any trade receivables) which may prevent those assets from being charged (or assets which, if charged, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the Group in respect of those assets or require any member of the Group to take any action materially adverse to the interests of the Group or any member thereof) will be excluded from any relevant Security Document provided that, if the relevant asset is material and the relevant member of the Group determines (acting in good faith) that such endeavors will not jeopardize commercial relationships with third parties, the relevant member of the Group will use commercially reasonable endeavors (for a specified period of time) to obtain any necessary consent or waiver; *provided* that, notwithstanding the foregoing, no security shall be required over (and no consent or waiver request submitted with respect to) assets which are required to support indebtedness assumed in connection with an acquisition to the extent permitted by the terms of the Notes Documents to remain outstanding following a permitted acquisition ("**Acquired Indebtedness**") and no member of the target group acquired pursuant to a permitted acquisition where Acquired Indebtedness remains outstanding following completion of such permitted acquisition shall be required to become a Guarantor or grant security with respect to the Notes Documents if prevented by the terms of the documentation governing such Acquired Indebtedness;

- members of the Group (other than the Issuer) will not be required to give Notes Guarantees or enter into Security Documents if they are not wholly owned by another member of the Group;

- members of the Group will not be required to give Notes Guarantees or enter into Security Documents if it is not within the legal capacity of the relevant members of the Group or if the same would conflict with the fiduciary or statutory duties of those directors or contravene any legal prohibition, bona fide, regulatory or contractual prohibition or restriction or regulatory condition or result in (or in a material risk of) personal or criminal liability on the part of any Officer or result in any significant risk of legal liability for the directors of any Group company, *provided* that the relevant member of the Group shall use reasonable endeavors (but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such Notes Guarantee or Security Document shall be subject to such limit;

- additional guarantee limitation provisions may be included in any accession deed or debtor accession (including any such language in addition or supplemental to that contained in the Revolving Credit Facility Agreement) if required by any officer of any member of the Group in connection with the accession of that member of the Group in order to protect that officer from potential liability or other legal risk;
- the terms of the security should not be such that they materially restrict the running of the business of or materially adversely affect the tax arrangements of the relevant member of the Group in the ordinary course as otherwise permitted by the Notes Documents;
- the security will be first ranking, to the extent possible, *provided* that the Intercreditor Agreement will provide that the liabilities in respect of the Revolving Credit Facility, any additional facility and certain Hedging Obligations shall effectively rank in priority to the liabilities in respect of the Notes with respect to proceeds from the enforcement of such security;
- information, such as lists of assets, will be provided if and only to the extent, required by local law and local market practice to be provided to perfect or register the relevant security interests and, unless required to be provided by local law or local market practice more frequently, will be provided annually or, if an Event of Default has occurred and is continuing and notice has been provided in accordance with the terms of the Indenture such that immediate repayment is required (and such notice has not been withdrawn, cancelled or otherwise ceased to have effect), at the Security Agent's reasonable request;
- perfection of security, when required, and other legal formalities will be completed as soon as reasonably practicable and, in any event, within the time periods specified in the Notes Documents therefor or (if earlier or to the extent no such time periods are specified in the Notes Documents) within the time periods specified by applicable law in order to ensure due perfection. The giving of a Notes Guarantee, the granting of security and the registration and/or the perfection of security interests granted will not be required if it would have a material adverse effect on the ability of the relevant Issuer or Guarantor to conduct its operations and business in the ordinary course or as otherwise permitted by the Notes Documents (including dealing with the secured assets and all contractual counterparties or amending, waiving or terminating (or allowing to lapse) any rights, benefits or obligations, in each case prior to a Declared Default which is continuing) and any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action shall be subject to this paragraph;
- any security document will only be required to be notarized or notarially certified if required by law in order for the relevant security to become effective or admissible in evidence or for the document to bear a "certified date" as a matter of Italian law;
- any Security Document entered into by a member of the Group shall be governed by the law of and secure assets located in or otherwise governed or expressed to be governed by the laws of the jurisdiction of incorporation of that member of the Group;
- access to the assets of the Issuer or a Guarantor and the maximum guaranteed or secured amount may be restricted or limited to minimize stamp duty, notarization, registration or other applicable fees, taxes and duties where the benefit of increasing the Notes Guarantee or secured amount is disproportionate to the level of such fees, taxes and duties (and in any event the maximum aggregate amount payable by the Group in respect of fees, costs, expenses, disbursements and value added tax ("**VAT**") relating to the provision of guarantees and security shall be limited to an amount to be agreed between the security agent and the Issuer);
- no perfection action will be required in jurisdictions where a member of the Group is not incorporated but perfection action may be required in the jurisdiction of incorporation of one member of the Group incorporated in relation to security granted by another member of the Group incorporated in a different jurisdiction;
- no perfection action will be required with respect to assets of a type not owned by members of the Group;
- the Security Agent will hold one set of security interests for the secured parties to the extent reasonably practicable taking into account local law considerations;
- Notes Guarantees and security will not be required from or over, or over the assets of, any joint venture or similar arrangement or any minority interest, other than in respect of any intra-Group joint ventures;
- where a class of assets to be secured includes material and immaterial assets, if the cost of granting security over the immaterial assets is disproportionate to the benefit of such security, security will be granted over the material assets only;

- each Security Document should contain a clause which records that: (i) if there is a conflict between the Security Document and the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement then (to the extent permitted by law) the provisions of the Indenture, the Intercreditor Agreement or Additional Intercreditor Agreement, as applicable, shall take priority over the provisions of the Security Document; (ii) notwithstanding any provision of a Security Document, nothing which is permitted to be done under the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement shall be deemed to constitute a breach of any term of a Security Document; and (iii) no representation, warranty, undertaking or other provision contained in a Security Document shall be breached to the extent it conflicts with the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement or prohibits something which would otherwise be permitted under the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement;
- no Notes Guarantee or security shall guarantee or secure any "Excluded Swap Obligations" defined in accordance with the LSTA Market Advisory Update dated February 15, 2013 entitled "Swap Regulations' Implications for Loan Documentation," and any update thereto by the LSTA;
- no security may be provided on terms which are inconsistent with the turnover or sharing provisions in the Intercreditor Agreement or any Additional Intercreditor Agreement;
- no title investigations or other diligence on assets will be required and no title insurance will be required;
- no Notes Guarantees and security will be required to be provided by a member of the Group not incorporated in England and Italy (each a "**Guarantor Jurisdiction**") or over the shares of a member of the Group located not incorporated in a Guarantor Jurisdiction;
- no translation of any document relating to any security or any asset subject to any security will be required to be prepared or provided to the secured parties, unless required for such documents to become effective or admissible in evidence and a Declared Default is continuing;
- no member of the Group will be required to create security over, or otherwise encumber the shares in or assets or liabilities of, or any receivables to or from, any Unrestricted Subsidiary or any subsidiary of an Unrestricted Subsidiary and no Unrestricted Subsidiary or any subsidiary of an Unrestricted Subsidiary will be required to become a Guarantor;
- in the Security Documents, there will be no repetition or extension of clauses set out in the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement, such as those relating to notices, costs and expenses, indemnities, tax gross-up, distribution of proceeds and release of security; and
- in the event of any conflict or inconsistency between any term of the Agreed Security Principles and any term of a Security Document, the secured parties authorize, instruct and direct the Security Agent to, and the Security Agent shall promptly (at the option and upon request of the Issuer) (i) enter into such amendments to such Security Document or (ii) release and terminate such Security Document and enter into a replacement Security Document on such amended terms, in each case as shall be necessary or desirable to cure such conflict or inconsistency; and
- a "**Declared Default**" means an Event of Default has occurred and is continuing and in respect of which the creditor representative has served a notice on the Issuer under the terms of the relevant secured debt document

The Agreed Security Principles also set out certain additional factors which will apply when determining the extent of the Notes 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 will also secure the liabilities under the Revolving Credit Facility as well as certain Hedging Obligations and any Additional Notes and may also secure certain future indebtedness; *provided*, *however*, that pursuant to the Intercreditor Agreement the lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations will receive the proceeds from the enforcement of the Collateral in priority to the holders of the Notes and any Additional Notes. See "*—Priority*" below. See also, "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—Creditors under the Revolving Credit Facility, certain hedging liabilities and certain debt that we may incur in the future will be entitled to be repaid with the proceeds of the Notes Collateral sold in any enforcement sale in priority to the Notes*." The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes.

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 Notes Collateral and any Future Notes Guarantees—The proceeds from the enforcement of the Notes Collateral may not be sufficient to satisfy the obligations under the Notes*."

Priority

The relative contractual priority with regard to the security interests in the Collateral that are created by the Security Documents (the "**Security Interest**") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations and (c) the Trustee, the Security Agent and the Holders of the Notes under the Indenture, respectively, is established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents and the security documents relating to the Revolving Credit Facility, and such Hedging Obligations, which 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 Agreement and such Hedging Obligations 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.

See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." In addition, pursuant to the Intercreditor Agreements or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See "*—Release of Liens*," "*—Certain Covenants—Impairment of Security Interest"* and *"—Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure, *inter alia*, the payment when due of the Issuer's payment obligations under the Notes and the Indenture. The Security Documents will be entered into among, *inter alios*, the relevant security provider, the Security Agent, also as Security Representative (as defined below) 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.

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 Documents on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent (including in its role as Security Representative) for the Collateral. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain hedging agreements in relation to the Security Interest in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, please see the section entitled "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees*." The validity and enforceability of the Security Interests will be subject to, *inter alia*, the limitations described in "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees*" and "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations*."

The Security Documents will provide that the rights under the Security Documents and the Indenture must be exercised by the Security Agent. The Holders may only act through the Trustee, who will instruct the Security Agent (including in its role as Security Representative) in accordance with the terms of the Indenture and the Intercreditor Agreement.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interest created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interest or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees*."

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement 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. These limitations are described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Notes Collateral and any Future Notes Guarantees and Certain Insolvency Law Considerations*." The ability to enforce may also be restricted by similar arrangements in relation to future indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The creditors under the Revolving Credit Facility, the holders of Notes, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, appointed the Security Agent to act as its agent 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 *mandatario con rappresentanza* pursuant to article 1704 of the Italian Civil Code and as security representative (*rappresentante per le garanzie*) pursuant to article 2414-bis, paragraph 3, of the Italian Civil Code to act on its behalf. The creditors under the Revolving Credit Facility, the holders of Notes, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement 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 enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will also provide that each holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement and any Additional Intercreditor Agreements;

(2) authorized the Security Agent and the Trustee, as applicable, to act in its name and on its behalf to enter into the Security Documents and the Intercreditor Agreement and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith;

(3) agreed to be bound by the provisions of the Intercreditor Agreement and the Security Documents, any Additional Intercreditor Agreements;

(4) agreed to, and accepted, the appointment of BNP Paribas Italian Branch as security representative (*rappresentante per le garanzie*) of the Holders for the purposes of Article 2414-bis, third paragraph of the Italian Civil Code;

(5) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement, the Indenture and the Security Documents; and

(6) irrevocably appointed the Security Agent and the Trustee to act in its name and on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents.

Please see the sections entitled "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—The holders of the Notes may not control certain decisions regarding the Notes Collateral*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "*—Certain Covenants—Additional Intercreditor Agreements*."

IPO Pushdown

On, in contemplation of, or following an Initial Public Offering, the terms of the Intercreditor Agreement (and any Additional Intercreditor Agreement) will provide (and the Indenture and the Notes shall be subject to such provisions) that the Issuer or its successor shall be entitled to require (by written notice to the Trustee and the Security Agent) that the terms of the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) and the Security Documents shall operate (with effect from the date specified in such notice) as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement—Release and/or Transfer of Claims and Liabilities in Respect of any Senior Notes and the Notes and the Transaction Security—Provisions Following an IPO*." The Trustee and the Security Agent shall be required to enter into any amendment to the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) and/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 any such amendment or action will not impose any personal obligations on the Trustee or the Security Agent or, in the reasonable 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, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—There are circumstances other than repayment or discharge of the Notes under which the Notes Collateral will be released automatically without your consent or the consent of the Trustee*."

Release of Liens

The Issuer, its Subsidiaries and any provider of Collateral will be entitled to the release of the Security Interest in respect of the Collateral under any one or more of the following circumstances:

(1)

(a) subject to clause (b) below, in connection with any sale or other disposition of Collateral to (i) a Person that is not a Parent, 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 permitted in accordance with the Indenture or (ii) any Restricted Subsidiary; *provided* that this clause (1)(a)(ii) shall not be relied upon in the case of a transfer of capital stock or of accounts receivable to a Restricted Subsidiary (except to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to, a Lien in favor of the Notes following such sale or disposal; and

(b) any release of the Security Interest in respect of the Capital Stock of the Issuer pursuant to clause (1)(a) shall only be permitted if such Capital Stock is subject to a Lien of at least equivalent ranking (in the good faith judgment of the Issuer) in favor of the Holders of the Notes as soon as reasonably practicable after such release;

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or defeasance or discharge of the Notes, 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) in case of a Restricted Subsidiary that is not a Significant Subsidiary following the release of its Liens granted in favor of the Revolving Credit Facility, so long as no Event of Default has occurred and is continuing, the release of the property and assets and Capital Stock of such Restricted Subsidiary, *provided* that there is no other Indebtedness secured by a Lien on the assets of such Restricted Subsidiary that would result in the requirement for the Notes and the Notes Guarantees to be secured on such property, assets or Capital Stock pursuant to the covenant described under "*—Certain Covenants—Additional Notes Guarantees*" or the covenant described under "*—Certain Covenants—Limitation on Liens*";

(7) only with respect to the Security Interests in respect of the entire Capital Stock of the Issuer, within a reasonable time to facilitate an Initial Public Offering in which the Issuer is the IPO Entity; *provided* that such Security Interests so released shall be promptly granted in favor of the Notes in the event that the Initial Public Offering does not complete for any reason;

(8) in connection with a Permitted Reorganization; or

(9) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interest created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*—Certain Covenants—Impairment of Security Interest*."

At the request of the Issuer, the Security Agent and the Trustee (if required) will take all necessary action required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

Optional Redemption

Except as described below and except as described under "*—Redemption for Taxation Reasons*," the Notes are not redeemable until October 15, 2022. On or after October 15, 2022, the Issuer may redeem all, or from time to time part of the Notes upon not less than 10 nor more than 60 days notice, at a price of 100.000% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to but excluding the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive the relevant interest due on the relevant interest payment date).

In addition, prior to October 15, 2022, the Issuer may redeem all or part of each 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 redeemed, plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice 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, and such notice of redemption may be extended if such conditions precedent have not been satisfied or waived by the Issuer by notice to the Holders.

General

The Issuer may repurchase the Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*—Selection and Notice*" below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

If requested in writing by the Issuer, which request may be included in the applicable notice of redemption or pursuant to the applicable Officer's Certificate, the Trustee or the Paying Agent (or such other entity directed, designated or appointed (as agent) by the Trustee, for this purpose) shall distribute any amounts deposited to the Holders prior to the applicable redemption date; *provided*, *however*, that Holders shall have received at least three Business Days' notice from the Issuer of such earlier repayment (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the applicable redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a common depositary for a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the then applicable procedures of such clearing system. The Trustee and the Paying Agent shall not be liable to any Holder by virtue of the Issuer instructing the Trustee or the Paying Agent to make an early distribution of funds as described in this paragraph.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Post-Tender Optional Redemption

Notwithstanding the foregoing, in connection with any tender offer or other offer to purchase for the Notes (including, without limitation, any Change of Control Offer and any Asset Disposition Offer), if holders of not less than 90% in aggregate principal amount outstanding of a series of Notes validly tender and do not validly 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 validly withdrawn by such holders, all of the holders of the 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, given not more than 30 days following such tender offer expiration date, to redeem the Notes of such series that remain outstanding in whole, but not in part, following such purchase, at a price equal to the price offered (excluding any early tender premium or similar payment) to each other holder of Notes in such tender offer or other offer to purchase, *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 October 15, 2028, the Issuer will redeem the Notes that have not been previously redeemed or purchased and canceled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but excluding, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Principal Paying Agent or the Registrar will select Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection, on a *pro rata* basis by use of a pool factor; *provided, however*, that no Definitive Registered Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither the Principal 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 Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. While in global form, notices to Holders may be delivered via Euroclear and Clearstream in lieu of notice via registered mail. Such notice of redemption may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange are complied with.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem any series of Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the relevant series of 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 the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "*Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in an official application or interpretation of such laws, treaties, regulations 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**"),

a Payor (as defined below) is, or on the next interest payment date in respect of the relevant series of Notes would be, required to pay Additional Amounts with respect to such series of Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts) and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply *mutatis mutandis* to the laws and official positions of any jurisdiction in which any successor Person is incorporated or organized or otherwise considered to be a resident for tax purposes or any jurisdiction from or through which such successor makes any payment on the Notes or any Notes Guarantee, and any political subdivision or taxing authority or agency thereof or therein. The foregoing provisions will survive any termination, defeasance or discharge of the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of any series of Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and 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 Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "**Payor**") in respect of the Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law or by the applicable taxing authority's 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) any jurisdiction from or through which payment on any such Note is made by or on behalf of a Payor or made by the Paying Agent, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which a Payor is organized, 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) and (2), 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 or made by the Paying Agent with respect to any Note or Note Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received by each Holder in respect of such payments, after such withholding, or deduction (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 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 that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or beneficial owner (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in or having a place of management present or deemed present, 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, the Indenture or a Notes Guarantee;

(2) any Tax that 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 or any agent thereof addressed to the Holder, after reasonable notice (at least 30 days before any such withholding would be 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 law, statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of, all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent that such Taxes were imposed as a result of the presentation of the Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder;

(4) any Taxes that are payable otherwise than by withholding from a payment on the Notes or with respect to any Notes Guarantee;

(5) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(6) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Legislative Decree No. 239**") and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997 as amended or supplemented from time to time ("**Legislative Decree No. 461**") and any related implementing regulations); *provided* that:

    (i) Additional Amounts shall be payable in circumstances where the procedures required under Legislative Decree No. 239 or Legislative 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 Issuer; and

    (ii) for the avoidance of doubt, no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of amendments to the list of countries which allow for a satisfactory exchange of information with Italy, currently provided for by Italian Ministerial Decree dated September 4, 1996, as subsequently amended, or by reason of the approval of the ministerial Decree to be issued under art. 11 par .4 let c) of Legislative Decree No. 239, as subsequently amended or superseded, providing for a new list of countries which allow for a satisfactory exchange of information with Italy, whereby such Holders country of residence does not appear on the aforesaid amended or new list (the "**White List**");

(7) 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 resident in a country which does not appear on the White List;

(8) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), as of the Issue Date (or any amended or successor version of such sections that are substantively comparable), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(9) any combination of the items (1) through (8) above.

In addition, no Additional Amounts shall be paid with respect to any person who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor or any agent thereof so required 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, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee and the Paying Agent. If obtained, such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Notes Guarantee, at least 45 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 estimated to be 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 30 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, without further inquiry, on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "Description of the Notes" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a redemption of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay (and will indemnify the Holder for) any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest, penalties or additions to tax) or any other excise, property or similar taxes or similar charges or levies (including any related interest, penalties or additions to tax) that arise in a Relevant Taxing Jurisdiction from the execution, delivery or registration of any Notes, any Notes Guarantee, the Security Documents, the Indenture, or any other document or instrument in relation thereto (other than, in each case, in connection with a transfer of the Notes after this Offering) or the receipt of any payments with respect thereto or any such taxes or similar charges or levies (including any related interest, penalties or additions to tax) imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes or any Notes Guarantee or any Security Documents (limited, solely in the case of any such taxes or similar charges or levies attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Relevant Taxing Jurisdiction that are not excluded under clauses (1) through (3) and (5) through (8) or any combination thereof) excluding, for the avoidance of doubt, any registration, stamp duty, documentary or other similar tax, charge or levy arising from the execution of any formality made directly by, or on behalf of the Holder and not necessary to maintain, preserve, establish, or enforce the rights of such Holder under the Notes, any Notes Guarantee, any Security Document, the Indenture, or any other document or instrument in relation thereto.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes (or any Notes Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

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 of such Holder's Notes at a purchase price in cash equal to 101.000% of the aggregate principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obligated to repurchase any series of 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 of such series 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 the Notes 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 mail a notice (the "**Change of Control Offer**") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101.000% of the aggregate 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) (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) and the record date (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 mailed 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 Principal 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 Principal 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, at the cost and instructions of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a daily 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 (*www.bourse.lu*).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place 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 the conflict.

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. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. 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. 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 Notes Collateral and any Future Notes Guarantees—Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or otherwise, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events*."

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 a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in 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 Subsidiary 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), (1) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Issuer and its Restricted Subsidiaries would have been no greater than 5.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("**Permitted Debt**"):

(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 the greater of (i) €60.0 million and (ii) 100% of Consolidated EBITDA, *plus* (iii) 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 is permitted under the terms of the Indenture; or
- (b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to any 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) in the case of Indebtedness owing to and held by any Restricted Subsidiary that is not a Guarantor (except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with cash management positions of the Issuer and its Restricted Subsidiaries), such Indebtedness shall be unsecured and expressly subordinated in right of payment to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, and the respective Notes Guarantee, in the case of a Guarantor to the extent required by the Intercreditor Agreement and any Additional Intercreditor Agreement; and
- (b) (i) 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 (ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes) outstanding on the Issue Date, the related Notes Guarantees, and any related "parallel debt" obligations under the Intercreditor Agreement and the Security Documents, (b) any Indebtedness (other than Indebtedness Incurred under the Revolving Credit Facility and Indebtedness described in clauses (3) and (8)(e)(iii)of this paragraph) outstanding on the Issue Date, after giving effect to the Transactions; (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clauses (5) and (13) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (d) Management Advances, (e) any loan or other instrument contributing the proceeds of the Notes and (f) any loan or other instrument contributing the proceeds of any Indebtedness Incurred in accordance with the Indenture;

(5) Indebtedness of any Person (i) 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 (ii) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired

by the Issuer or a Restricted Subsidiary; *provided*, *however*, with respect to this clause (5), that, after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness (including pursuant to this clause (5)) (x) either (A) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant or (B) the Fixed Charge Coverage Ratio 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 and (y) to the extent that the Indebtedness Incurred under this clause (5) constitutes Senior Secured Indebtedness, either (A) the Issuer would have been able to Incur €1.00 of additional Senior Secured Indebtedness pursuant to the first paragraph of this covenant or (B) the Consolidated Senior Secured Net Leverage Ratio for the Issuer would not be greater 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 an Officer of the Issuer);

(7) Indebtedness consisting of (A) Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise Incurred in connection with 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 lease of assets, the purchase of assets or Capital Stock of any Person owning such assets or otherwise, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time the greater of 30% of Consolidated EBITDA or €20.0 million; so long as the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 270 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment, insurance (including premiums related thereto), or 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 on 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 consistent with past practice 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, consistent with past practice 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 or consistent with past practice, (d) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business or consistent with past practice and (e) Indebtedness (i) representing deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent, the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice (ii) representing deferred compensation or other similar arrangements in connection with the Transactions or any other Investment or acquisition permitted hereby or (iii) in respect of the participative financial instrument as described under "*Related Party Transactions—The Management Equity Plan & Participative Financial Instruments*" not to exceed €10.0 million in aggregate outstanding at any time;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a 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 or consistent with past practice; provided, however, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business or consistent with past practice from customers for goods or services purchased in the ordinary course of business or consistent with past practice and Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements in the ordinary course of business or consistent with past practice;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business or consistent with past practice 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;

(d) Indebtedness Incurred 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 or consistent with past practice; and

(e) Guarantees Incurred in the ordinary course of business or consistent with past practice in respect of obligations of (or to) suppliers, customers, franchisees, distribution partners, lessors and licensees that, in each case, are not Affiliates of the Issuer;

(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 50% of Consolidated EBITDA or €30.0 million;

(12) Indebtedness Incurred pursuant to factoring, securitizations, receivables financings or similar arrangements, including (without limitation) by a Receivables Subsidiary in a Qualified Receivables Financing, that is either (a) non-recourse to the Issuer or any Restricted Subsidiary other than as set out in the definition of Receivables Subsidiary or (b) does not exceed the greater of 20% of Consolidated EBITDA and €10.0 million;

(13) 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 (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution, the Equity 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, the Equity Contribution, 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 third 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 third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(14) Indebtedness in connection with Investments in Associates not exceeding the greater of 20% of Consolidated EBITDA and €10.0 million;

(15) Indebtedness under daylight borrowing facilities Incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred; and

(16) Indebtedness under local Credit Facilities in an aggregate principal amount not to exceed, at any one time outstanding, the greater of 20% of Consolidated EBITDA and €10.0 million; and

(17) Indebtedness consisting of Ordinary Course Lease Obligations.

Notwithstanding the foregoing, the aggregate principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors pursuant to the first paragraph of this covenant and clauses (11) and (13) of the second paragraph of this covenant at any time outstanding shall not exceed the greater of 30% of Consolidated EBITDA and €20.0 million at any time.

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) 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; *provided* that any Indebtedness Incurred pursuant to clauses (7), (11), (12)(b), (14), and (16) of the second paragraph of this covenant shall cease to be deemed Incurred or outstanding pursuant to such clauses (7), (11), (12)(b), (14) and (16), as applicable, but shall be deemed Incurred and outstanding pursuant to the first paragraph of this covenant from and after the first date on which the Issuer or its Restricted Subsidiaries, as the case may be, could have Incurred such Indebtedness thereunder (to the extent the Issuer or its Restricted Subsidiaries are able to Incur any Liens related to such Indebtedness as Permitted Liens or Permitted Collateral Liens after such reclassification);

(2) all Indebtedness Incurred under any Credit Facility (including the Revolving Credit Facility) that is secured by Liens on the Collateral that are accorded super senior priority status with respect to proceeds of enforcement of the Collateral under the Intercreditor Agreement or any Additional Intercreditor Agreement shall be deemed to have been Incurred under clause (1) of the second paragraph of this covenant, and may not be reclassified;

(3) 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;

(4) 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 the first or second paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) 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;

(6) 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;

(7) for the purposes of determining "Consolidated EBITDA" *pro forma* effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries;

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

(9) 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*" (a) 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, premia and other costs and expenses Incurred in connection with such renewal, refund, redemption, refinancing, replacement, restructuring, defeasance or discharge; and (b) in any case where such amounts are or may be based on Consolidated EBITDA (or any ratio of which Consolidated EBITDA is a component), 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); and

(10) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur Indebtedness or commits to Incur any Lien pursuant to clauses (10), (29) or (32) of the definition of "Permitted Liens" or any Permitted Collateral Lien, the Incurrence thereof for all purposes under the Indenture, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, or use of clauses (1) through (16) of the preceding

paragraph (if any) for borrowings and 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, Consolidated Net Leverage Ratio or 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 the covenant described under "—*Limitation on Liens*" irrespective of the Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or re-borrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "**Reserved Indebtedness Amount**" as of such date for purposes of the Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture, and, to the extent the usage of clauses (1) through (16) of the second preceding paragraph (if any), shall (other than with respect to the Revolving Credit Facility) be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and, in each case, the Issuer may revoke such determination at any time and from time to time.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "—*Limitation on Indebtedness*." Except as otherwise specified, the amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "—*Limitation on Indebtedness*," the Issuer will not be permitted to designate such Unrestricted Subsidiary as a Restricted Subsidiary and any such designation will not be deemed operative under the Indenture).

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, or, at the option of the Issuer, first committed; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

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 installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "**Restricted Payment**"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) an 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 clause (1) of 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 below by clause (5) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing 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; *provided* that the amount taken into account pursuant to this paragraph shall not be less than zero;

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) 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 (u) the Equity Contribution, (v) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (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 second succeeding paragraph and (y) Excluded Contributions or Parent Debt Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) 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 next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (u) the Equity Contribution, (v) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (w) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph, and (x) Excluded Contributions or Parent Debt Contributions;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) 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) the greater of €10.0 million and 20.0% Consolidated EBITDA;

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clause (iv), (v) or (vi).

The fair market value of property or assets other than cash covered by the preceding paragraphs shall be the fair market value thereof as determined in good faith by an Officer of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Debt Contribution) of the Issuer; provided, however, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding paragraph) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the second 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*" below, 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 Special Purpose Vehicle to permit any Parent or 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 (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 (1) €5.0 million, plus €2.5 million multiplied by the number of calendar years that have commenced from the Issue Date (with unused amounts being carried over to succeeding 24-month periods), plus (2) 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 (2), other than through the issuance of Disqualified Stock or Designated Preference Shares) 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 (3) the net cash proceeds of any key man life insurance policies, to the extent such net cash proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the 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 or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent or to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Transactions or disclosed in the Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock 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 (including, in each case above, in connection with the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing) and (b) following the Initial Public Offering, an amount equal to the greater of (i) 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 (i) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.00 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that in the case of this clause (ii) after giving *pro forma* effect to such loans, advances, dividends and distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.25 to 1.0;

(11) so long as no Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of 50% of Consolidated EBITDA and €30.0 million;

(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 an Officer of the Issuer);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a factoring financing, securitization, Receivables Financing, Settlement Obligations or similar arrangements;

(15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), 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 Parent or an Affiliate the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) dividends or other distributions in amounts required for a direct or indirect Parent of the Issuer to pay interest on Indebtedness the 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*"; and

(18) so long as no Event of Default has occurred and is continuing (or would result from), any Restricted Payment; *provided* that the Consolidated Net Leverage Ratio does not exceed 4.5 to 1.0 on a *pro forma* basis after giving effect to any such Restricted Payment.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (18) of the third paragraph of this covenant, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "Permitted Investment," the Issuer will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as an Investment pursuant to one of more clauses contained in the definition of "Permitted Investment."

Limitation on Liens

The Issuer will not, will procure that Midco (solely in respect of any of its property and assets constituting Collateral) 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 Notes and the Indenture (or a Notes Guarantee in the case of Liens of a Guarantor) are directly secured, subject to the Agreed Security Principles, equally and ratably with, or prior to, 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.

Substantially concurrently with the execution and delivery of a "Transaction Security Document" (as defined in the Intercreditor Agreement) pledging the receivable owed by the Issuer to Midco in favor of the lenders under the Revolving Credit Facility, subject to the Agreed Security Principles, the Issuer will procure that Midco grant a Lien in favor of the Notes in respect thereof.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "—*Security—Release of Liens*."

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits;

(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 and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), (b) the Intercreditor Agreement, (c) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date or (d) any other agreement or instrument with respect to the Transactions, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or 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 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 an Officer of the Issuer);

(4) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

    (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; 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 Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the 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;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(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 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, 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 where the Issuer determines that such encumbrance or restriction will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (b) constituting an Additional Intercreditor Agreement;

(12) any encumbrance or restrictions effected in connection with factoring, securitizations, receivables financings or similar arrangements, including (without limitation) by a Receivables Subsidiary in a Qualified Receivables Financing or Settlement Obligations that, in the good faith determination of the Board of Directors or an Officer of the Issuer, are necessary or advisable to effect such factoring, securitizations, receivables financings or similar arrangements or Settlement Obligations;

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*";

(14) any encumbrance or restriction existing by reason of a Permitted Reorganization effected in compliance with the definition thereof;

(15) provisions restricting assignment of any agreement entered into in the ordinary course of business or consistent with past practice; or

(16) customary restrictions included in shareholder agreements, including, without limitation, those relating to non-wholly owned Subsidiaries.

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 assets sold (as determined by the Issuer's Board of Directors); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

  (i) cash (including any net cash proceeds 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), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

  (iv) Replacement Assets;

  (v) any Capital Stock or assets of the kind referred to in clause (D) or (F) 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 20% of Consolidated EBITDA and €10.0 million (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 clause (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 (H) 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 to:

(A) (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 (A)(i), prepay, repay, purchase or redeem the Notes or Indebtedness that is secured by a Lien on the Collateral that is not subordinated in right of payment to the Notes at a price of no more than 100% of the principal amount of the Notes or such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary); *provided* that the Issuer shall prepay, repay, purchase or redeem Public Debt (other than the Notes) pursuant to clause (ii) only if the Issuer 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 Notes outstanding bears to (y) the sum total aggregate principal amount of the Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);

(B) purchase any series of Notes pursuant to an offer to all Holders of such series of Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that 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 the 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 (as defined below);

(C) invest in any Replacement Assets;

(D) 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;

(E) make a capital expenditure;

(F) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(G) consummate any combination of the foregoing; or

(H) enter into a binding commitment to apply the Net Available Cash pursuant to clause (A), (C), (D), (E) or (F) of this paragraph or a combination thereof, *provided* that, a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such investment is consummated, (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 may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day (or the 546th day if a binding commitment as described in clause (H) is entered into) after an Asset Disposition, or such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds €20.0 million, the Issuer will be required within 30 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 Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of the Notes.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be repaid or purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 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 prepay, repay or repurchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be repaid or 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 or accepted for payment, as the case may be, all Notes and Pari Passu Indebtedness validly tendered or accepted for payment, as the case may be, 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 such compliance.

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 (i) 15% Consolidated EBITDA and (ii) €10.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable

transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of (i) 20% Consolidated EBITDA and (ii) €15.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—*Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "—*Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b) and (2) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business or consistent with past practice;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (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, any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) transactions to effect the Transactions and payment of all transaction, underwriting, commitment and other fees and expenses related to the Transactions (including any Transactions costs), (ii) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or as described in "*Related Party Transactions*" in the Offering Memorandum, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, including in respect of Settlement Obligations or other similar arrangements, 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 in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(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 or advisory fees and related expenses in an aggregate amount not to exceed €2.5 million per 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 connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) 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 (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(13) investments by any of the Investors in securities of any of the Issuer's Restricted Subsidiaries (and the payment of reasonable out-of-pocket expenses of the Investors in connection therewith) so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5% of the proposed issue amount of such class of securities;

(14) any transaction effected as part of a Qualified Receivables Financing or Settlement Obligations;

(15) any participation in a public tender or exchange offers for securities or debt instruments issued by the Issuer or any of its Subsidiaries that are conducted on arms' length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer;

(16) pledges of Capital Stock or receivables owing from Unrestricted Subsidiaries;

(17) 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); and

(18) any transaction as part of or in connection with a Permitted Reorganization or in connection with an Initial Public Offering in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 150 days after the end of the fiscal year of the Issuer ending December 31, 2021 and within 120 days after the end of each fiscal year thereafter, annual reports containing, to the extent applicable: (i) an operating and financial review of the audited financial statements, including a discussion of the results of operation, financial condition and liquidity and capital resources; (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; *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 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, material affiliate transactions and a description of all material debt instruments; (v) a description of material operational risk factors and material subsequent events; and (vi) consolidated EBITDA; *provided* that the information described in clauses (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the Issuer's first and third fiscal quarters of each fiscal year of the Issuer (or 90 days for the quarter ending September 30, 2021) and within 75 days following the end of the Issuer's second fiscal quarter of each fiscal year, 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 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 quarter 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 financial information; (iii) operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, consolidated EBITDA and material changes in liquidity and capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; provided that the information described in clauses (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a change in a senior executive officer or director of the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

Notwithstanding the above, to the extent the Issuer's consolidated financial statements or consolidated prior year financial statements are not available or, in the reasonable opinion of the Issuer, do not provide a comprehensive overview of the consolidated Group (as defined in the Offering Memorandum) for the current or comparable prior period for the fiscal year ending December 31, 2021 and/or the fiscal quarter ending March 31, 2022, the Issuer will use reasonable efforts to present financial information relating to the Group (as defined in the Offering Memorandum) on a stand-alone basis with key *pro forma* metrics or *pro forma* financial information relating to the Group for the relevant period.

The Issuer will make available such information and such reports to Holders and any prospective holders of the Notes by posting such information on its website.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the 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 furnished to the Trustee 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 thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, by posting such reports on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS 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 IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for 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. generally accepted accounting principles.

At any time that any of the Issuer's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

Subject to compliance with the paragraph below, in the event that, and for so long as, the equity securities of the Issuer or any Parent or IPO Entity are listed on the Main Market of the London Stock Exchange, the Euronext Amsterdam Stock Exchange, the Milan Stock Exchange, the Frankfurt Stock Exchange, the New York Stock Exchange, NASDAQ or any regulated stock exchange established in a Member State of the European Union, 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 the Main Market of the London Stock Exchange, the Euronext Amsterdam Stock Exchange, the Milan Stock Exchange, the Frankfurt Stock Exchange, the New York Stock Exchange, NASDAQ or any regulated stock exchange established in a Member State of the European Union, for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with such stock exchange. Upon complying with the foregoing requirements, and provided that such requirements require the Issuer or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with the Main Market of the London Stock Exchange, the Euronext Amsterdam Stock Exchange, the Milan Stock Exchange, the Frankfurt Stock Exchange, the New York Stock Exchange, NASDAQ or any regulated stock exchange established in a Member State of the European Union, as applicable, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of 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 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.

Delivery of information, documents and reports to the Trustee is for informational purposes only. The Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture or documents related therein.

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 the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "**Successor Company**") will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States 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) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the 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.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "*Merger and Consolidation*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*," (ii) the creation of a new subsidiary as a Restricted Subsidiary, (iii) a Permitted Parent Reorganization or (iv) the Merger.

The Guarantors

No Guarantor (other than a Guarantor whose guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement and any Additional Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of the assets of such Guarantor and its Restricted Subsidiaries taken as a whole, 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, subject to the Agreed Security Principles, becomes a Guarantor;

  (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or, subject to the Agreed Security Principles, the transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee); and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

  (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture,

  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) and (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 Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) a Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) a Guarantor transferring all or part of its properties and assets to a Restricted Subsidiary that is not a Guarantor in order to comply with any law, rule, regulation or order, recommendation or directions of, or agreement with, any regulatory authority having jurisdiction over the Issuer or any of its Restricted Subsidiaries; (iv) any consolidation or merger of the Issuer into any 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 and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; (v) a Permitted Reorganization or the solvent liquidation of any Restricted Subsidiary that is not a Guarantor; and (vi) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1), (2) and (4) under the heading "*—The Issuer*" or clauses (3)(A) and (3)(B) under the heading "*—The Guarantors*," as the case may be, shall apply to any such transaction.

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:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate Transactions*";

(5) "*—Additional Notes Guarantees*";

(6) "*—Limitation on Sales of Assets and Subsidiary Stock*"; and

(7) the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation*,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer or any of its Restricted Subsidiaries properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "*Limitation on Restricted Payments*" covenant will be interpreted as if it has 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 outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." 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. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Impairment of Security Interest

The Issuer shall not, shall procure that Midco shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, shall procure that Midco shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security

Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) Midco, the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and may effect a Permitted Reorganization and the Collateral may be discharged and released and retaken, if applicable, in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement and (ii) the applicable Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, from time to time to cure any ambiguity, mistake, omission, defect or inconsistency therein; *provided*, *however*, that in the case of clause (i) above, except with respect to any discharge or release 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 the Merger), the Security Documents may not be amended, extended, renewed, restated, supplemented, released and retaken, if applicable, or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer 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, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, 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, modification or replacement.

In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Notes Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility, any Credit Facility or any other Public Debt, in each case of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor by no later than 10 Business Days after the date on which the Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Notes Guarantee will be senior to or pari passu with such Restricted Subsidiary's Guarantee of such other Indebtedness; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee 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 and other than reasonable expenses Incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (2) undertaken in connection with such Guarantee which cannot be avoided through measures reasonably available to the Issuer or any Restricted Subsidiary. At the option of the Issuer, any Notes Guarantee may contain limitations on such Guarantor's liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financials assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "—*Notes Guarantees*." A Notes Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (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 Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Risk Factors*."

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 permitted pursuant to the covenant described under "*—Limitation on 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 (an "**Additional Intercreditor Agreement**") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Notes Guarantees and priority and release of the Security Interest; *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.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*Amendments and Waivers*" or as permitted by the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities 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 at the offices of the listing agent.

Financial Calculations

When determining the availability under any basket or ratio under the Indenture in connection with any transaction or whether such transaction is permitted under the Indenture (including, for the avoidance of doubt and without limitation, any Incurrence or assumption of Indebtedness or Liens, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Disposition, any acquisition, merger, joint venture, consolidation, amalgamation or other business combination and any other transaction requiring the testing of any basket), the date of determination of such basket 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 the date the definitive agreements for such transaction are entered into, and such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Fixed Charge Coverage Ratio and Consolidated Net Leverage Ratio after giving effect to such transaction and other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they 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 or ratio), and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Consolidated Net Income or Consolidated EBITDA of the Issuer or that arises from an asset or a target company subject to such transaction) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided* that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such transaction. To the extent the date of determination of a basket or ratio is tested prior to the date of consummation of a transaction, such basket or ratio shall be deemed utilized to the same extent until 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 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.

Events of Default

Each of the following is an "**Event of Default**" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any of its Restricted Subsidiaries to comply or, solely in connection with the covenants described under "*Certain Covenants—Limitations on Liens*" and "*—Impairment of Security Interest*," failure by the Issuer to procure that Midco complies, for 60 days after written notice by the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(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, either 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 €20.0 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 and its Restricted Subsidiaries), 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), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €20.0 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 in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture and except through the gross negligence or willful misconduct of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of €20.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days;

(8) any Notes Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days; and

(9) failure by the Issuer, Parent or Restricted Subsidiary to provide security over Collateral as described above under the caption "*—Security—General*" and such Default continues for 30 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 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) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (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 nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (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 Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security 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 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, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security 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 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 the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year (or 150 days for the fiscal year ending on December 31, 2019), 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 "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

The Trustee may assume without inquiry, in the absence of actual knowledge or written notice, that the Issuer is duly complying with its obligations contained in the Indenture required to be observed and performed by it, and that no Default or Event of Default or other event that would require repayment of the Notes has occurred.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions, steps or proceedings 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, steps or proceedings directly.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of Holders holding not less than 75% of the then outstanding 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 proportion of the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under "—*Optional Redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor or 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 security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Intercreditor Agreement, any applicable Additional Intercreditor Agreement, the Indenture or the applicable Security Documents;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in clauses (1) through (10) of this sentence,

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, 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 Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or "*Certain Covenants—Additional Notes Guarantees*," to add Notes Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is 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 Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the 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 Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest 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 security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*—Certain Covenants—Additional Intercreditor Agreements*."

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 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 daily 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.

Meeting 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 the caption "*—Amendments and Waivers*," in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders 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 Notes Collateral and any Future Notes Guarantees—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all holders of the Notes 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 the caption "*—Amendments and Waivers*." As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—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 security representative (*rappresentante per le garanzie*) 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. 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.

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 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 and the Guarantors' obligations under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) of "*—Certain Covenants—Merger and Consolidation*") and "*Change of Control*" and the default provisions relating to such covenants described under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*Events of Default*" above ("**covenant defeasance**").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under

"—*Certain Covenants—Merger and Consolidation*"), (4), (5) (with respect only to the Issuer and Significant Subsidiaries), (6), (7) or (8) under "*Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or another entity designated by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof 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;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee 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 the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Principal Paying Agent for cancellation; or (b) all Notes not previously delivered to the Principal Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Principal Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Principal 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 to apply the funds deposited towards the payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

If requested in writing by the Issuer, which request may be included in the applicable notice of redemption or pursuant to the applicable Officer's Certificate, the Trustee or the Paying Agent (or such other entity directed, designated or appointed (as agent) by the Trustee, for this purpose) shall distribute any amounts deposited to the Holders prior to the applicable redemption date, provided, however, that Holders shall have received at least three Business Days' notice from the Issuer of such earlier repayment (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the applicable redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a common depositary for a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the then applicable procedures of such clearing system. The Trustee and the Paying Agent shall not be liable to any Holder by virtue of the Issuer instructing the Trustee or the Paying Agent to make an early distribution of funds as described in this paragraph.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer 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

BNY Mellon Corporate Trustee Services Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, 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 is aware, 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, the Security Agent, the Paying Agent, the Registrar and the Transfer Agent 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, (b) fails to meet certain eligibility requirements or (c) 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 any loss, liability, taxes (other than net income taxes) 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 Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes of the Issuer will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. In addition, 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 to Euroclear and Clearstream. Such notices may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange allow.

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. For so long as any Notes are represented by Global Notes, notices to Holders of the Notes may be delivered via Euroclear and Clearstream in lieu of notice via registered mail.

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, if any, under or in connection with the Notes and the Notes Guarantees, if any, 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, if any, will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors, if any, will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market thereof. There can be no assurance that the application to list the Notes on the Euro MTF Market and to admit the Notes on the Official List of the Luxembourg Stock Exchange will be approved and settlement of the Notes is not conditioned on obtaining such listing.

Enforceability of Judgments

Since substantially all the assets of the Issuer are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, 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 and the Notes, the Issuer 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.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales.

Certain Definitions

"*Acquisition*" shall have the meaning ascribed to such term in the Offering Memorandum.

"*Acquisition Closing Date*" refers to September 10, 2021, the closing date of the Acquisition.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Revolving Credit Facility, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"*Applicable Premium*" means, with respect to any Note the greater of:

(a) 1% of the principal amount of such Note; and

(b) the excess (to the extent positive) of:

  (i) the present value at such redemption date of (1) 100.000% of the principal amount of such Note, plus (2) all required interest payments due on such Note to and including October 15, 2022 (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 October 15, 2022 will equal the rate of interest on the Notes in effect on the date on which the applicable notice of redemption is given; over

  (ii) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee, the Calculation Agent, or any Paying Agent or Registrar.

"*Asset Disposition*" means any direct or indirect sale, lease (other than a lease entered into in the ordinary course of business or consistent with past practice), transfer, issuance or other disposition, or a series of related sales, leases (other than leases entered into in the ordinary course of business or consistent with past practice), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items (the "**Permitted Dispositions**") shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business or consistent with past practice;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer 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 or any transaction effected as a part of a Permitted Reorganization;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors 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 the Issuer) of less than the greater of 20% Consolidated EBITDA and €10.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above 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, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "—*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 consistent with past practice 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 or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice;

(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 consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with any Qualified Receivables Financing, or any factoring transaction or in the ordinary course of business or consistent with past practice;

(15) any issuance, sale, pledge or other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any issuance, transfer or other 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, made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided further* that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed the greater of 20% of Consolidated EBITDA and €10.0 million;

(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 permitted by the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" or an issuance of Capital Stock by the Issuer pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(20) sales, transfers or other dispositions of Investments (including Capital Stock) 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; provided that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(21) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(22) the unwinding of any Cash Management Services or Hedging Obligations; and

(23) dispositions in connection with any Settlement and dispositions of Settlement Assets and Merchant Agreements.

In the event that a transaction (or any portion thereof) meets the criteria of a Permitted Disposition and would also be a Permitted Investment or an Investment permitted under "*Certain Covenants—Limitation on Restricted Payments*," the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as a Permitted Disposition and/or one of more of the types of Permitted Investments or Investments permitted under "*Certain Covenants—Limitation on Restricted Payments*."

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or 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.

"*AMV*" refers to AMV Consulting S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of the Republic of Italy.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers or the sole director, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the "Board of Directors of the Issuer" under the Indenture may be exercised by the Board of Directors of a Restricted Subsidiary or a Parent pursuant to a delegation of powers of the Board of Directors of the Issuer.

"*Bund Rate*" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that 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 in good faith by the Board of Directors or an Officer of the Issuer) most nearly equal to the period from the redemption date to October 15, 2022; *provided, however*, that if the period from the redemption date to October 15, 2022 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 October 15, 2022 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.

"*Business Day*" means each day (other than a Saturday or Sunday) on which banks are open for general business in Milan, Italy or London, United Kingdom are authorized or required by law to close and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by 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 issued or held by any lender party to the Revolving Credit Facility or by any bank or trust company (a) if at any time since January 1, 2010 the Issuer or any of its Subsidiaries held Deposits with such bank or trust company (or any branch or subsidiary thereof), (b) 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 if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization), (c) (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, or (d) in the case of a non-U.S. or non-European foreign commercial bank, having capital and surplus in excess of $100.0 million;

(3) [*Reserved*];

(4) 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;

(5) commercial paper rated at the time of acquisition thereof at least "A-3" or the equivalent thereof by S&P or "P-3" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(6) readily marketable direct obligations issued by any state of the United States of America, 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, 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;

(7) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(8) bills of exchange issued in 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);

(9) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (8) above;

(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; and

(11) in the case of any Subsidiary of the Issuer organized or having its principal place of business outside of a Permissible Jurisdiction, investments denominated in the currency of the jurisdiction in which such Subsidiary is organized or has its principal place of business which are similar (including as to tenor and credit quality) to the items specified in clauses (1) through (8) above and customarily utilized in the country in which the Subsidiary is organized or has its principal place of business.

"*Cash Management Services*" means any customary cash management, cash pooling or netting or setting off arrangements or arrangements for the honoring of checks, 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.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total

voting power of the Voting Stock of the Issuer, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent; and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any "person" or "group of related persons" is the "beneficial owner" (as so defined) unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock than Permitted Holders; 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.

"*Clearstream*" means Clearstream Banking S.A., as currently in effect or any successor securities clearing agency.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Notes Guarantee.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for the period of the four most recent fiscal quarters ending prior to the relevant date of measurement for which internal consolidated financial statements are available, means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges, fees 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), disposition, recapitalization or the Incurrence, issuance, redemption or refinancing of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing any such Indebtedness (whether or not successful), in each case, including 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 an Officer of the Issuer;

(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, 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 nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash 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 such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income;

(11) any Receivables Fees and discounts on the sale of accounts receivable in connection with any Qualified Receivables Financing or Settlement Obligations representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period; and

(12) (i) the "run rate" cost savings, operating expense reductions and synergies that are expected (in good faith) to be realized as a result of actions relating to any acquisition or investment, disposition, divestiture, restructuring, cost savings initiative, operational improvements, procurement rationalization, information and technology system establishment, modernization or modification, modification or renegotiation of contracts (including the effect of increased pricing in customer contracts or the renegotiations of contracts or other arrangements) or any other similar initiative (calculated on a *pro forma* basis as though such cost savings, operating expense reductions and synergies 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 transaction or initiative (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"); *provided* that no cost savings, operating expense reductions or synergies shall be added pursuant to this clause (12) to the extent duplicative of any expenses, charges or negative EBITDA contribution otherwise added to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period;

For purposes of calculating Consolidated EBITDA for the purpose of any basket or ratio under the Indenture, Consolidated EBITDA shall be the Consolidated EBITDA of the Issuer measured for the period of the most recently completed four full consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case with such *pro forma* adjustments (including by giving effect to Indebtedness, acquisitions or Investments, as applicable, since the start of such four fiscal quarters) as are consistent with the *pro forma* adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"*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 IFRS), 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 Lease Obligations;

(2) amortization of original issue discount (excluding deferred financing fees, debt issuance costs, commissions, fees and expenses and the expensing of any finance costs);

(3) non-cash interest expense;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of 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;

(6) the consolidated interest expense that was capitalized during such period; and

(7) 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 Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS, (iv) any Additional Amounts with respect to the Notes included in interest expense under IFRS or other similar tax gross up on any Indebtedness included in interest expense under IFRS and (v) interest expense in respect of Settlement Obligations.

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Funding, (ii) any commissions, discounts, yield and other fees and charges related to Qualified Receivables Financing or (iii) any payments on any operating leases, including without limitation any payment on any lease, sublease, rental or license of property (or guarantee thereof) which would be considered an operating lease under IFRS as in effect immediately prior to the adoption of IFRS 16 (Leases), *provided* that the Issuer has elected to apply IFRS immediately prior to the adoption of IFRS 16 (Leases) pursuant to the definition of "IFRS" for the purposes of determining the treatment of leases for any relevant calculation, ratio or determination.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person if such Person is not 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 or could have been distributed, as reasonably determined by an Officer (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 by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to the Issuer or its Restricted Subsidiaries (including pursuant to the Revolving Credit Facility 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 specified in clause (11) of the third paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization and operating improvements, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change or harmonization in accounting principles;

(6) 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*";

(7) 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;

(8) 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;

(9) 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;

(10) 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;

(11) 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 investment in, another Person or business or resulting from any reorganization or restructuring or incurrence of Indebtedness involving the Issuer or its Restricted Subsidiaries;

(12) any goodwill or other intangible asset impairment charge or write-off or write-down; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means the sum of the aggregate outstanding Indebtedness and the Reserved Indebtedness Amount of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations) less cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or has caused any Reserved Indebtedness Amount to be deemed to be Incurred subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (for the purpose of this definition, the "**Calculation Date**"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; *provided*, *however*, that (other than in connection with making any Restricted Payment pursuant to clause (18) of the third paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*") the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*."

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(1) acquisitions and Investments (each, for the purpose of this definition, 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 reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reductions and synergies) as if they had occurred on the first day of the reference 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 period will be calculated after giving *pro forma* effect to such Purchase (including anticipated expense and cost reductions and synergies) as if such Purchase had occurred on the first day of such 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 IFRS, and operations, businesses or group of assets constituting a business or

operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost reductions and synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer of the Issuer);

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period;

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness, and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be treated in accordance with IFRS; and

(7) the reasonably anticipated full run rate effect of expense and cost reductions and synergies (as determined in good faith by an Officer of the Issuer responsible for accounting or financial reporting) projected to result from actions taken by the Issuer or its Restricted Subsidiaries shall be included as though such synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions, *provided* that such synergies (A) are reasonably identifiable and factually supportable and (B) are not duplicative of any expense or cost reductions or synergies already included for such period.

For the purposes of the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, calculations will be determined in accordance with the terms set forth above.

"*Consolidated Senior Secured Net Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness and the Reserved Indebtedness Amount (to the extent such Reserved Indebtedness Amount is comprised of Senior Secured Indebtedness) of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations) *less* cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

"*Consolidated Senior Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Net Leverage Ratio; *provided, however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the second paragraph described under "*—Limitation on Indebtedness*" (other than clause (v) thereof) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the second paragraph described under "*—Limitation on 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 Subsidiaries, one or more debt facilities, arrangements, instruments 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, 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 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 the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the 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 complies with the covenant described above under the caption "*—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 Contribution*" means the "Shareholder Funding" as further described in the sources and uses under "*Use of Proceeds*" in the Offering Memorandum.

"*Equity Offering*" means (x) a sale of Capital Stock of a Parent, the Issuer or a Restricted Subsidiary (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 and other than offerings to the Issuer or any Restricted Subsidiary), or (y) the sale of Capital Stock or other securities by any Person (other than to the Issuer or a Restricted Subsidiary), the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Debt Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "*Escrowed Proceeds*" shall include any interest earned on the amounts held in escrow.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Board of Directors or an Officer of the Issuer) 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 all members of the European Union as of January 1, 2004. For the avoidance of doubt, all references to a "member" of the European Union shall include the United Kingdom.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) 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, 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 the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (y) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced), issues, repurchases or redeems Disqualified Stock or Preferred Stock or has caused any Reserved Indebtedness Amount to be deemed to be Incurred subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (for the purpose of this definition, the "**Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*."

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions and Investments (each, for the purpose of this definition, a "**Purchase**") that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-quarter reference 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 period will be calculated after giving *pro forma* effect to such Purchase (including anticipated expense and cost reductions and synergies) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter 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 Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness);

(7) Interest on a Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Lease Obligation in accordance with IFRS; and

(8) the reasonably anticipated full run rate effect of expense and cost reductions and synergies (as determined in good faith by a responsible accounting or financial Officer) projected to result from actions taken by the Issuer or its Restricted Subsidiaries shall be included as though such synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions, provided such synergies (A) are reasonably identifiable and factually supportable and (B) are not duplicative of any expense or cost reductions or synergies already included for the period.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense other than (at the Issuer's option) with respect to Indebtedness under or with respect to Cash Management Services, Hedging Obligations, Receivables Financings and any Indebtedness which is available to be or may be redrawn (including, but not limited to, the Revolving Credit Facility and any other revolving facility (however so described)) of such Person for such period; *plus*

(2) 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; *plus*

(3) 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 equity interests payable to the Issuer or a Restricted Subsidiary.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means any Person that Guarantees the Notes in accordance with the provisions of the Indenture, and its respective successors and assigns, in each case, until the Notes Guarantee of such Person has been released in accordance with the provisions 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.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect from time to time; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean, except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election.

Solely with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture, any lease, concession or license of property that would be considered an operating lease under IFRS as applied by the Issuer immediately prior to the adoption of IFRS 16 (*Leases*), and any guarantee in respect thereof shall be accounted for, at the election of the Issuer (i) in accordance with IFRS as per the definition of IFRS or (ii) in accordance with IFRS as applied by the Issuer immediately prior to the adoption of IFRS 16 (*Leases*).

"*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) Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (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 of the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect immediately prior to the adoption of IFRS 16 (*Leases*), *provided* that the Issuer has elected to apply IFRS immediately prior to the adoption of IFRS 16 (*Leases*) pursuant to the definition of "IFRS" for the purposes of determining the treatment of leases for any relevant calculation, ratio or determination, (iii) prepayments of deposits received from clients or customers in the ordinary course of business, (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business, or (v) any asset retirement obligations.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) 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 definitively 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 definitively determinable and, to the extent such payment thereafter becomes fixed and definitively determined, the amount is paid within 30 days thereafter;

(3) 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;

(4) Capital Stock (other than Disqualified Stock of the Issuer and Preferred Stock of a Restricted Subsidiary);

(5) trade payables and accrued commissions owed to banks in the ordinary course of business;

(6) Indebtedness of any Parent appearing on the balance sheet of the Issuer solely by reason of push down accounting under IFRS;

(7) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "*—Certain Covenants—Merger and Consolidation*";

(8) Cash Management Services; and

(9) Settlement Obligations.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means:

(a) CVC Capital Partners SICAV-FIS S.A. and its subsidiaries and CVC Capital Partners Advisory Group Holding Foundation and its subsidiaries;

(b) any funds, partnerships, entities or vehicles managed or advised by any person referenced in paragraph (1) above; and

(c) any investors in such funds, partnerships, entities or vehicles referenced in paragraph (2) above investing directly or indirectly in the Issuer on the Issue Date,

but excluding, in each case:

(i) any portfolio companies in which the persons described in paragraph (2) above hold an investment or interest; and

(ii) CVC Credit Partners Group Holding Foundation and its direct or indirect subsidiaries and any funds, partnerships, entities or vehicles managed or advised by them that are engaged in the same or a similar business to CVC Credit Partners Group Holding Foundation from time to time.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent, or the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing (in each case above, 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 (or following such acquisition, purchase, merger or combination, as applicable) are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated September 6, 2021, by and among, *inter alios*, the Issuer, BNP Paribas Italian Branch, as RCF Agent and the Security Agent and to which the Trustee will accede on the Issue Date, 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 on the basis of IFRS; *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 fourth paragraph of the covenant described above under the caption "*—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 an Officer of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United Kingdom, 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, 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 or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall occur when all of the Notes receive both of the following:

(1) a rating of "BBB–" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Entity*" has the meaning given 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 October 14, 2021.

"*Issuer*" means *Bach Bidco S.p.A.* or any other Successor Company in accordance with the Indenture (including, for the avoidance of doubt, subsequent to the Merger Date, Mergerco). Following the Merger, any reference in this "*Description of the Notes*" to the "Issuer" shall be deemed to refer to Mergerco.

"*Lease Obligations*" means an obligation that is required to be classified and accounted for as a lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to appear on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, 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.

"*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 consistent with past practice 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 €10.0 million in the aggregate outstanding at any time.

"*Management Investors*" means (i) members of the management team of the Issuer or its Subsidiaries who subsequently invest directly or indirectly in the Issuer from time to time and (ii) any entity that may hold shares transferred by departing members of the management team of the Issuer or its Subsidiaries for future redistribution to the management team of the Issuer or its Subsidiaries. For the avoidance of doubt, the expression "management team" shall include, but not be limited to, any managers, officers and (executive and non-executive) directors of the Issuer and its Restricted Subsidiaries.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Midco*" means Bach Midco S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, having its registered office at Via Alessandro Manzoni 38, 20121 Milano and registered with the Companies' Registry (*Registro delle Imprese*) of Milan Monza Brianza Lodi with no. 11837150967.

"*Milapax Lux*" refers to Milapax S.à r.l., a private limited liability company (société a responsabilité limitée) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 20, avenue Monterey, L-2163 Luxembourg and registered with the Luxembourg trade and companies register under number B222942.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (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, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds,"* with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture (including any Notes Guarantee), the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Notes Guarantees*" means a Guarantee of the Notes by a Guarantor.

"*Offering Memorandum*" means this offering memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an "Officer of the Issuer" may be exercised by the Officer of any Restricted Subsidiary who has been delegated such authority by the Board of Directors of the Issuer.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Ordinary Course Lease Obligations*" means any Lease Obligation relating to any leased property (whether real, personal or mixed) including, for the avoidance of doubt, office space, production facilities, land or other real property leased in the ordinary course of business or consistent with past practice, as reasonably determined by the Issuer.

"*Parent*" means (1) any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and (2) any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent referred to in clause (1).

"*Parent Debt Contribution*" means a contribution to the equity of the Issuer or any of its Restricted Subsidiaries pursuant to which dividends or other distributions may be paid pursuant to clause (17) of the third paragraph under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses 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, and (b) costs and expenses with respect to the ownership, 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, officers and employees of such Parent and (d) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which

holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed the greater of 3% of Consolidated EBITDA and €1.8 million in any fiscal year;

(7) any income taxes, to the extent such income taxes are attributable to the income 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 provided, however, that the amount of such payments in any fiscal year do not exceed the amount that the Issuer and its consolidated Subsidiaries would be required to pay in respect of such taxes for such fiscal year were the Issuer and each of these Subsidiaries to pay such taxes on a consolidated basis on behalf of an affiliated group consisting only of the Issuer and such Subsidiaries;

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness:

(a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

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 Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permissible Jurisdiction*" means the United Kingdom and any member state of the European Union.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of clauses (2), (3), (4), (5), (8), (9), (11), (12), (14), (18), (20), (22) and (23) 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 Interest in the Collateral;

(b) to secure:

(i) the Notes (including any Additional Notes);

(ii) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(iii) 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;

(iv) 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 this definition of Permitted Collateral Liens;

(v) Indebtedness described under paragraph (c) of clause (4) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(vi) Indebtedness described under clause (5) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" Incurred by the Issuer or, with respect to clause (5)(ii) only, a Guarantor;

(vii) 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;

(viii) Indebtedness described under clauses (7) (other than with respect to Lease Obligations), (11) or (13) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(ix) Indebtedness of any Parent, the Issuer or any Guarantor secured on the Collateral on a junior basis to the Notes;

(x) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (ix) and this clause (x); or

(c) Incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed the greater of 20% of Consolidated EBITDA and €10 million at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money or business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Issuer's or such Restricted Subsidiary's business.

For purposes of determining compliance with this definition, (a) Liens need not be Incurred solely by reference to one category of Permitted Collateral Liens described in this definition but are permitted to be Incurred in part under any combination thereof and of any other available exemption and (b) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Collateral Liens, the Issuer will, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) the 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 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 (or any Persons mentioned in the following sentence) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors and 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) and such Person 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 or consistent with past practice, including Investments in connection with any factoring, securitization, Qualified Receivables Financing or similar arrangement or Settlement Obligations;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances and any advances or loans not to exceed €10.0 million 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;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business or consistent with past practice and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; provided that the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—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 30% of Consolidated EBITDA and €20.0 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or consistent with past practice or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(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 under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business or consistent with past practice;

(16) Investments in Associates in an aggregate amount when taken together with all other Investments made pursuant to this clause (16) that are at any time outstanding not to exceed the greater of 20% of Consolidated EBITDA and €10.0 million; provided that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the Indenture, 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) Investments in loans under the Revolving Credit Facility, the Notes and any Additional Notes;

(18) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "*—Certain Covenants—Merger and Consolidation*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(19) Investments in licenses, concessions, authorizations, franchises, permits or similar arrangements that are related to the Issuer's or any Restricted Subsidiary's business;

(20) Investments in joint ventures or a Similar Business, taken together with all other Investments made pursuant to this clause (20) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of 25% of Consolidated EBITDA and €15 million; *provided* that, if an Investment is made pursuant to this clause (20) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes 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;

(21) Investments in Unrestricted Subsidiaries, taken together with all other Investments made pursuant to this clause (21) 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 20% of Consolidated EBITDA and €10 million; *provided* that, if an Investment is made pursuant to this clause (21) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause; and

(22) Investments in or constituting Cash Management Services.

For purposes of determining compliance with this definition, (a) Permitted Investments need not be made solely by reference to one category of Permitted Investments described in this definition but are permitted to be made in part under any combination thereof and of any other available exemption and (b) in the event that a Permitted Investment (or any portion thereof) meets the criteria of one or more of the categories of Permitted Investment, the Issuer will, in its sole discretion, classify or reclassify such Permitted Investment (or any portion thereof) in any manner that complies with this definition.

"*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 or consistent with past practice;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmens' 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 required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(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 (other than Collateral) securing (i) Hedging Obligations permitted under the Indenture or (ii) Cash Management Services;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business or consistent with past practice;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or

construction of, assets or property acquired or constructed in the ordinary course of business or consistent with past practice; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" 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;

(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 (a) existing on, or provided for or required to be granted under written agreements existing on, the Issue Date or (b) entered into in connection with 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); *provided*, however, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any 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 Assets Incurred in connection with (i) Qualified Receivables Financing or securing Indebtedness or other financing arrangements described in clause (12)(b) under the second paragraph of "*—Certain Covenants—Limitation on Indebtedness*" or (ii) Settlement Obligations;

(22) Liens 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 in the ordinary course of business (including arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities);

(23) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(24) Liens securing Indebtedness or other obligations of a Receivables Subsidiary;

(25) Liens on Capital Stock or other securities, assets or property of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) 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;

(27) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and the senior 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 or sharing of recoveries as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and (d) Liens securing Indebtedness under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" to the extent the Agreed Security Principles would permit such Lien to be granted to such Indebtedness and not to the Notes;

(28) Liens on escrow accounts created for the benefit of sellers under deferred compensation earnouts or similar arrangements;

(29) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (29) does not exceed the greater of 30% of Consolidated EBITDA and €20.0 million;

(30) Liens on (a) Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(31) 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; and

(32) Liens on assets or property of a Restricted Subsidiary securing Indebtedness of such Restricted Subsidiary permitted by clause (16) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*."

For purposes of determining compliance with this definition, (a) Liens need not be Incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be Incurred in part under any combination thereof and of any other available exemption and (b) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens, the Issuer will, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"*Permitted Parent Reorganization*" means a reorganization transaction resulting in a new direct holder of the Capital Stock of the Issuer ("**New Holdco**") and the transfer of the Capital Stock or receivables, as applicable, of the Issuer held by a Parent to New Holdco; *provided* that (1) New Holdco shall be a person organized and existing under a Permissible Jurisdiction; (2) New Holdco will acquire the Capital Stock or receivables, as applicable, of the Issuer, (3) New Holdco shall have entered into (A) a confirmation deed or similar instrument confirming the first-ranking pledge of such Capital Stock and receivables, as applicable, in favor of the Holders of the Notes and assuming all relevant obligations of such Parent under any Security Document, (B) if applicable, an accession deed or similar instrument assuming all relevant obligations of such Parent under the Intercreditor Agreement and (C) a Security Document granting, if relevant, a first-priority pledge over any intercompany receivables payable by the Issuer to New Holdco, (4) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Permitted Parent Reorganization and (5) the Issuer will provide to the Trustee a certificate from the Board of Directors of New Holdco which confirms the solvency of New Holdco after giving effect to the Permitted Parent Reorganization. Upon such Permitted Parent Reorganization, the relevant Parent shall be released from its obligations under the Notes Documents save for any obligations expressed to survive release.

"*Permitted Reorganization*" means any Permitted Subsidiary Reorganization or 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 (in the good faith judgment of the Issuer) must be granted over such shares or assets of the recipient such that they form part of the Collateral, subject to the Agreed Security Principles; *provided*, *however*, that any release of the Security Interest in respect of the Capital Stock of the Issuer in connection with a Permitted Subsidiary Reorganization shall only be permitted if such Capital Stock is subject to a Lien of at least equivalent ranking (in the good faith judgment of the Issuer) as soon as reasonably practical after such release, (d) if any Notes Guarantee is released in connection with such Permitted Subsidiary Reorganization in accordance with the guarantee release provisions of the Indenture, Notes Guarantees must be provided reasonably promptly following the completion of such Permitted Subsidiary Reorganization (subject to the Agreed Security Principles) such that the Notes Guarantees in place following the Permitted Subsidiary Reorganization are substantially equivalent to the pre-existing Notes Guarantees (in the good faith judgment of the Issuer), (e) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Permitted Subsidiary Reorganization; and (f) 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 after giving effect to the Permitted Subsidiary Reorganization.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*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) (i) an Equity Offering has been consummated or (ii) there has occurred the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100.0 million (i) have been distributed pursuant to such Equity Offering or (ii) are otherwise listed on an exchange following a Public Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons) or the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing following which the shares of common stock or other common equity interests of the successor entity are listed on an exchange.

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors or an Officer of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors or an Officer of the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, and any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency.

"*Receivables Assets*" means any accounts receivable of the Issuer or a Restricted Subsidiary and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization, factoring or similar transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Issuer or a Restricted Subsidiary in connection with, any factoring, securitization, Receivables Financing or similar arrangement.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any Subsidiary of the Issuer pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer (including any synthetic transfer) to (a) a Receivables Subsidiary or (b) any other Person (in the case of a transfer by the Issuer or any of its Subsidiaries), or may grant a security interest in, Receivables Assets.

"*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 Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer 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 or an Officer of the Issuer (as provided below) as a Receivables Subsidiary which complies with the following conditions:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other 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 other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other 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.

"*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 existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, 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 Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

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, majority (or more) owned Subsidiary or partner or member of such Person; or

(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; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (*provided* such Taxes are in fact paid) by any Parent 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) or otherwise maintain its existence or good standing under applicable law;

   (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 or received 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*"; and

(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 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.

"*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 any Officer of the Issuer 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 established pursuant to the Revolving Credit Facility Agreement, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Revolving Credit Facility Agreement*" means the agreement dated September 6, 2021 (as amended or supplemented from time to time) pursuant to which the lenders thereto, with BNP Paribas Italian Branch, as agent and security agent, make available the Revolving Credit Facility to the Issuer.

"*Runbip*" refers to Runbip S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated under the laws of the Republic of Italy.

"*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, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Secured Indebtedness*" means 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), (5), (7) (other than with respect to Lease Obligations), (11), (13) or (16) 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 on a senior or *pari passu* basis to the Notes or any Notes Guarantee.

"*Settlement*" means the transfer of cash or other property with respect to any credit card, charge card, stored-value card or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer or charge transaction for which a Person acts as issuer, acquirer, processor, remitter, funds recipient, funds transmitter or funds receiver in the ordinary course of its business.

"*Settlement Asset*" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"*Settlement Obligations*" means any short-term payment or reimbursement obligation in respect of a Settlement Payment or Settlement Receivable and other financings or liabilities due to banks or customers, in each case of the type incurred in the ordinary course of business by the Issuer and its Subsidiaries, including under any facility in respect thereof.

"*Settlement Payment*" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"*Settlement Receivable*" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for and in the amount of a Settlement made or arranged, or to be made or arranged, by such Person.

"*Significant Subsidiary*" means any Restricted Subsidiary 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 in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Special Purpose Vehicle*" means an entity established by any Parent for the purpose 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 Receivables Financing, 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 in "*—Change of Control*" and the covenant under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, (1) 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 of the Notes pursuant to a written agreement and (2) any "Senior Notes Issuer Liabilities" or "Future Senior Issuer Liabilities" as defined in the Intercreditor Agreement or any equivalent term in any Additional Intercreditor 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 six-month 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 six-month 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 six-month 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 six-month 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 six-month 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 six-month 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 "Shareholder Liabilities" (as defined therein).

"*Subsidiary"* means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

  (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

  (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms or consistent with past practice 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 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, penalties and collection duties 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 States of America 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 or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(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;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, 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);

(6) bills of exchange issued in 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);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long-term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Transactions*" shall have the meaning assigned to such term in this Offering Memorandum under the caption "*Summary—The Transactions*."

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "—*Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under clause (1) of 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

General

The Notes sold within the United States to QIBs in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**").

The Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). On the Issue Date, the 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. Except as set forth below, each series of the Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Restricted Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Restricted Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants or otherwise in accordance with applicable transfer restrictions set out in the Indenture governing the Notes and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be 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 owners or "holders" of Notes for any purpose.

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 is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange or by any other means considered equivalent by the Luxembourg Stock Exchange. Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Paying Agent at One Canada Square, London E14 5AL, United Kingdom.

None of the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominee), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Paying Agent for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Paying Agent 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 on such other basis as they deem fair and appropriate; *provided*, *however*, that, subject to applicable procedures of Euroclear and Clearstream, no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Paying Agent who will make payment to or to the order of the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes.*" If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*," the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or any of their respective agents will treat the registered holders of the Global Notes (for example, the Common Depositary (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- 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 euros.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither the Issuer nor the relevant Trustee nor the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in "*Transfer Restrictions.*"

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer Restrictions.*"

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the US Securities Act.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

The Notes represented by the Global Notes are expected to be listed on the Luxembourg Stock Exchange. 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 Paying Agent, the Registrar, the Transfer Agent, nor any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes, and the Issuer fails to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes (subject to receipt of the same from the Issuer), registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer Restrictions*," unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent and any of their respective agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1,000, in excess thereof, will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee (or its authenticating agent) will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee, the Paying Agent or the Registrar appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for the expenses of replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

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 is expected 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 at One Canada Square, London E14 5AL, United Kingdom 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 euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional euro bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. US investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information

The Issuer expects that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common codes numbers for the Notes are set out under "*Listing and General Information*."

Information Concerning Euroclear and Clearstream

The following description of the operations and procedures of Euroclear and Clearstream 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. Neither the Issuer, Trustee nor the Initial Purchasers nor their respective agents take any responsibility for these operations and procedures and the Issuer urges investors to contact the systems or their participants directly to discuss these matters.

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream also interface with domestic securities markets in several countries. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Since Euroclear and Clearstream only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The Issuer understands that, under existing industry practices, if either the Issuer or the relevant Trustee requests any action by owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give or take any action that a holder is entitled to give or take under the Indenture, Euroclear and Clearstream would authorize participants owning the relevant Book-Entry Interest to give or take such action, and such participants would authorize indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

CERTAIN ITALIAN TAX CONSIDERATIONS

The statements herein regarding Italian taxation are based on the laws and published practices 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 and interpretation occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such changes occur the information in this summary may become invalid. The following is a general summary only certain material Italian tax consequences of the purchase, ownership and disposal of Notes for Italian resident and non-Italian resident beneficial owners only and 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 tax considerations which may be relevant to make 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 additional or special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws. In any case, Italian legal concepts may not be identical to the concepts described by the same English term as they exist under terms of different jurisdictions and any legal concept expressed by using the relevant Italian term shall prevail over the corresponding concept expressed in English terms.

Tax Treatment of the Notes Issued by the Issuer

Tax Treatment of Interest

Italian Legislative Decree No. 239 of April 1, 1996 ("**Decree No. 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price and any relevant make-whole premium, hereinafter collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds or similar securities (*obbligazioni o titoli similari alle obbligazioni*), pursuant to Article 44 of Presidential Decree No. 917 of December 22,1986, as amended and supplemented ("**Decree No. 917**"), according to which securities qualify as *titoli similari alle obbligazioni* (securities similar to bonds), if they:

(i) incorporate an unconditional obligation to pay at maturity an amount not lower than their nominal value or principal amount; and

(ii) attribute to the holders no direct or indirect right to control or participate in the management of the Issuer or in the management of the business in respect of which the Notes have been issued; and

(iii) not provide for a remuneration which is entirely linked to profits of the Issuer, or other companies belonging to the same group or to the business in respect of which the Notes have been issued.

Decree No. 239 regulates the tax treatment of Interest related to bonds or similar securities to the extent they are, *inter alia*:

(A) issued by companies whose shares are listed on a regulated market or on a multi-lateral trading platform of EU Member States and of the States party to the EEA Agreement included in the list provided for by Italian Ministerial Decree dated September 4, 1996, as amended from time to time, or, as from the tax year in which the Ministerial Decree to be issued under Article 11, paragraph 4, let. c) of Decree No. 239 is effective, included in the list therein provided (the "**White List**"); or

(B) listed on a regulated market or on a multilateral trading platform of EU Member States and of the States party to the EEA Agreement included in the White List

(C) subscribed, transferred to and held by qualified investors (as defined under Article 100 of the Italian Financial Services Act) only.

Italian Resident Noteholders

Noteholders Not Engaged in an Entrepreneurial Activity

Where the beneficial owner of the Notes (a "**Noteholder**") is an Italian resident and is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime or he has included the Notes in a long-term savings account. See "*—Tax Treatment of Capital Gains*" and "*—Long-term Savings Accounts*");

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities (*società semplice*) or professional association;

(c) a non-commercial private or public institution, trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or

(d) 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 withholding tax, referred to as "*imposta sostitutiva*," levied at the rate of 26% (either when Interest is paid or obtained upon disposal of the Notes) unless the relevant Italian Resident Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and, under certain conditions, has validly opted for the application of the "*Risparmio gestito*" regime provided for by Article 7 of Italian Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**"). All the above categories are qualified as "net recipients."

Noteholders Engaged in an Entrepreneurial Activity

In the event that the Italian resident Noteholders described under clauses (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be subject to 26% *imposta sostitutiva* on a provisional basis and will then be included in the relevant Italian resident noteholder's annual income tax return. As a consequence, Interest will be subject to the ordinary income tax and *imposta sostitutiva* may be recovered as a credit that can be offset against the income tax due.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an Intermediary (as defined below), Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to the Italian corporate tax ("**IRES**"), levied at the rate of 24% although certain surcharges may apply and, in certain circumstances, depending on the "status" of the Noteholder, the Italian regional tax on productive activities ("**IRAP**"), generally levied at the base rate of 3.9%, even though regional surcharges may apply.

Long-term Savings Accounts

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are effectively connected or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and No. 103 of February 10, 1996, may be exempt from any income taxation, including the *imposta sostitutiva* on Interest, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by Article 1 (100-114) of Italian Law No. 232 of December 11, 2016 (the "**Finance Act 2017**"), as amended, by Article 1 (paragraphs 210-215) of Italian Law No. 145 of December 30, 2018 (the "**Finance Act 2019**"), and, for long-term individual savings accounts established from January 1, 2020, by Article 13 *bis* of Law Decree No. 124 of October 26, 2019 (the "**Law Decree No. 124**") converted into Law with amendments by Law No. 157 of December 19, 2019, as amended and supplemented from time to time.

Real Estate Investment Funds

Payments of Interest deriving from the Notes made to Italian resident real estate collective investment funds ("**RE Funds**") and real estate *Società di Investimento a Capitale Fisso* ("**RE SICAFs**") established pursuant to Article 37 of the Legislative Decree of January 25,1994, n. 58, as amended and supplemented, and article 14-bis of Law No. 86 of January 25, 1994, provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Intermediary (as defined below) are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the RE Funds or RE SICAFs real estate investment fund. 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 and depending on the status and percentage of participation held, income realized by RE Funds and RE SICAFs is attributed to the relevant investors and subject to tax in their hands irrespective of its actual collection and in proportion to the percentage of ownership of units/shares on a tax transparency basis.

Funds and SICAV and Non-Real Estate SICAFs

Where an Italian resident Noteholder is an open-ended or closed-ended collective investment fund other than RE Funds (a "**Fund**") or *Società di Investimento a Capitale Variabil*e ("**SICAV**") or a non-real estate SICAF established in Italy and either (i) the Fund or SICAV or non-real estate SICAF or (ii) its manager is subject to the supervision of a regulatory authority and the Notes are deposited with an Intermediary (as defined below), 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, SICAV or non-real estate SICAF. The Fund, the SICAV or the non-real estate SICAF will not be subject to taxation on such management results, but a withholding or substitute tax of 26% will instead apply in certain circumstances to income realized by certain categories of unitholders or shareholders (as applicable) in case of distribution, redemption or sales of the units or shares.

Pension Funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree of December 5, 2005, n. 252) and the Notes are deposited with an Intermediary (as defined below), Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the pension fund accrued at the end of the tax period (which will be subject to a 20% substitute tax on the increase in value of the managed assets accrued at the end of each tax year).

Subject to certain conditions (including minimum holding period) and several limitations (including amount and composition of the capital investment), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account *(piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 to 114 of Finance Act 2017, as well as the requirements set forth in Article 1 (210-215) of Finance Act 2019 as implemented by the Ministerial Decree of April 30, 2019, and, for long-term individual savings accounts established from January 1, 2020, by Article 13 bis of Law Decree No. 124, as amended and supplemented from time to time.

Enforcement of Imposta Sostitutiva

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by Italian resident banks, *società di intermediazione mobiliare* ("**SIM**"), fiduciary companies, *società di gestione del Risparmio* ("**SGR**"), stockbrokers and other entities identified by a decree of the Ministry of Finance or Italian permanent establishment of equivalent foreign entities (each, an "**Intermediary**").

An Intermediary must:

(a) (i) be resident in Italy, or (ii) be a permanent establishment in Italy of a non-Italian resident financial intermediary, or (iii) be an entity or a company not resident in Italy, acting through a system of centralized administration of securities and directly connected with the Italian Tax Authorities having appointed an Italian representative for the purposes of Decree No. 239; and

(b) intervene, 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 Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Intermediary paying interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct the suffered *imposta sostitutiva* from income taxes due.

Non-Italian Resident Noteholders

Where the Noteholder is a non-Italian resident, payments of Interest in respect of the Notes issued by the Issuer will not be subject to the *imposta sostitutiva* at the rate of 26% provided that:

(a) the payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected; and

(b) such beneficial owners are residents, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy is listed in the White List; and

(c) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met and complied with.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to:

(a) an international body or entity set up in accordance with international agreements which have entered into force in Italy;

(b) an "institutional investor," whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy listed in the White List, and provided that they timely file with the relevant depositary an appropriate self-declaration of being an institutional investor; or

(c) 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 be the beneficial owners of the payments of Interest (institutional investors not subject to tax are deemed to be beneficial owners of the payments of Interest by operation of law) and must:

(a) deposit in due time, directly or indirectly, the Notes with a resident bank or a SIM or a permanent establishment in Italy of a non-Italian resident bank or a SIM or with a non-Italian resident entity or company participating in a centralized securities management system which is in contact, via computer, with the Italian Ministry of Economy and Finance having appointed an Italian representative for the purposes of Decree No. 239 (Euroclear and Clearstream are such a depositary); and

(b) file with the relevant depository, in due time, a statement of the relevant Noteholder (*auto-certificazione*), which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not required for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign central banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by the Ministerial Decree of December 12, 2001.

Failure of a non-resident Noteholder to timely comply with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident Noteholder.

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty between Italy and their country of residence, subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Payments Made by an Italian Resident Guarantor

With respect to payments on the Notes made to Noteholders by an Italian resident Guarantor of the Notes, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to Interest and other proceeds from the Notes (other than the repayment of principal) may be subject to Italian withholding tax at the rate of 26% levied as a final or provisional tax (*a titolo d'imposta o a titolo di acconto*) depending on the "status" and the tax residence of the beneficial owner of the Notes, pursuant to Italian Presidential Decree No. 600 of September 29, 1973, as subsequently amended.

Double taxation treaties entered into by Italy may also apply, allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian resident Noteholders, subject to compliance with relevant subjective and procedural requirements.

However, in accordance with an alternative interpretation, any such payment made by the Italian resident Guarantor will be treated, in certain circumstances, as a payment by the Issuer and will thus be subject to the Italian tax regime described above.

Fungible Issues

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the relevant Issuer issues a new tranche of notes forming part of a single series with a previous tranche of notes, for the purposes of calculating the amount of Interest subject to imposta sostitutiva, the issue price of the new tranche of notes will be deemed to be the same amount as the issue price of the original tranche of notes. This rule applies where (a) the new tranche of notes is issued within twelve months of the issue date of the previous tranche of notes and (b) the difference between the issue price of the new tranche of notes and that of the original tranche of notes does not exceed 1% multiplied by the number of years of the duration of the notes.

Tax Treatment of Capital Gains

Italian Resident Noteholders

Noteholders Not Engaged in an Entrepreneurial Activity

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-commercial partnership (società semplice) or (iii) a non-commercial private or public institution, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a substitute tax provided for by Legislative Decree November 21, 1997, No. 461 as subsequently amended (the "**Decree No. 461**"), levied at the rate of 26%. Under certain conditions and limitations, noteholders may set off any capital losses with their capital gain.

In respect of the application of the substitute tax on capital gains, taxpayers may opt for any of the three regimes described below.

Tax Declaration Regime

Under the "tax declaration regime" (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the 26% substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss of the same kind) 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 of the same kind, in their annual tax return and pay the substitute tax on such gains of the same kind together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

Risparmio Amministrato Regime

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the substitute tax separately on capital gains realized on each sale or redemption of the Notes (*risparmio amministrato* regime provided for by Article 6 of Decree No. 461). Such separate taxation of capital gains is allowed subject to:

i. the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediary (or permanent establishment in Italy of foreign intermediaries); and

ii. a valid express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder.

The depository is responsible for accounting for the substitute tax 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 substitute tax on capital gains 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 of the Notes may be deducted only from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

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 depreciation 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. The Noteholder is not required to declare the capital gains realized in its annual tax return.

Subject to certain limitations (including amount and composition of the capital investment) and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from any income taxation, including the 26% substitute tax on capital gains, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant Article 1, paragraphs 100 – 114, of Finance Act 2017 as well as the requirements set forth in Article 1 (211-215) of Law No. 145 of Finance Act 2019, and, for long-term individual savings accounts established from January 1, 2020, by Article 13 *bis* of Law Decree No. 124, as amended and supplemented from time to time.

Noteholders Engaged in an Entrepreneurial Activity

Any capital gain obtained from the sale or redemption of the Notes would be treated as part of taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of net value of the production for IRAP purposes) if realized by (i) an Italian company or a similar commercial entity; (ii) an Italian resident commercial partnership, (iii) an Italian permanent establishment of foreign entities to which the Notes are effectively connected or (iv) an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected.

RE Funds and RE SICAF

Any capital gains realized by a Noteholder which is an Italian RE Fund or an Italian RE SICAF are exempt from any income tax at the level of the RE Fund or RE SICAF. However, a withholding or substitute tax will apply in certain circumstances at the rate of 26% to income realized by unitholders or shareholders of the Re Fund/RE SICAF on distributions made by Italian RE Funds/RE SICAF or upon redemption or disposal of the units or the shares (as applicable). Subject to certain conditions and depending on the status and percentage of participation held, income realized by RE Funds and RE SICAFs is attributed to the relevant investors and subject to tax in their hands, irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Funds and SICAVs and non-real estate SICAFs

Any capital gains realized by a Noteholder who is a non-real estate Italian Fund or a non-real estate SICAF or a SICAV will be included in the result of the relevant portfolio accrued at the end of the relevant tax period which is exempt from any income tax. A 26% withholding tax will apply in certain circumstances, to distributions by the Italian Fund or non-real estate SICAF or SICAV or received by certain categories of unitholders or shareholders upon redemption or disposal or sale of the units or the shares (as applicable).

Pension Funds

Any capital gains realized by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree of December 5, 2005, n. 252) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to a 20% substitute tax. Subject to certain conditions and requirements (including minimum holding period requirement) and several limitations (including amount and composition of the capital investment), income relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth by Article 1 (100-114) of the Finance Act 2017 as amended by Article 1 (210-215) of the Finance Act 2019 as implemented by the Ministerial Decree of April 30, 2019, and, for long-term individual savings accounts established from January 1, 2020, by Article 13 bis of Law Decree No. 124, as amended and supplemented from time to time.

Non-Italian Resident Noteholders

A 26% final substitute tax on capital gains may be payable on capital gains realized upon the sale, transfer or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23, first paragraph, let. f), of Decree No. 917, capital gains realized by non-Italian resident Noteholders, without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets in Italy or abroad are not subject to the substitute tax on capital gains, subject to timely filling of required documentation (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty. As of the date of this Offering Memorandum, the Italian tax authorities have not been officially confirmed whether or not a multi-lateral trading platform qualifies for this exemption.

Pursuant to Article 5, paragraph 5 of Decree No. 461, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and held in Italy, even if not traded on regulated markets, are not subject to the substitute tax on capital gains, provided that the effective beneficiary is:

(a) resident, for tax purposes, in a State, in a country which recognizes the Italian fiscal authorities' right to an adequate exchange of information, included in the White List and does not have a permanent establishment in Italy to which the Notes are effectively connected;

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy;

(c) an "institutional investor," whether or not subject to tax, which is established in a country which is listed in the White List, even if it does not possess the status of a taxpayer in its own country of establishment, and provided that they timely file with the relevant depositary an appropriate self-declaration of being an institutional investor; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

Under these circumstances, if non-Italian residents 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 they file in time with the authorized financial intermediary an appropriate self-declaration – complying with the requirements set forth by the Ministerial Decree of December 12, 2001 – stating that they are resident, for tax purposes, in a country which is listed in the White List.

If none of the above conditions above is met, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the substitute tax at the current rate of 26%. However, non-Italian resident 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 tax residence country of the recipient.

Under these circumstances, if non-Italian residents 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 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 (or permanent establishment in Italy of foreign intermediary), but non-Italian resident Noteholders retain the right to waive this regime.

Italian Inheritance Tax and Gift Tax

Pursuant to Law No. 346 of October 31, 1990 and No. 286 of November 24, 2006, as subsequently amended, transfers of Notes by reason of gift, donation or succession of Italian residents and of non-Italian residents, but in such latter case limited to assets held within the Italian territory (which, for presumption of law, includes bonds issued by Italian resident issuers) are subject to Italian gift and inheritance tax as follows:

(a) 4% for transfers in favor of the spouse and direct descendants or direct ancestors 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 in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

(d) 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

With respect to Notes listed on a regulated market, the relevant 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 transfer of financial instruments as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term saving account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of the Finance Act 2017, as amended by Article 1 (211210-215) of the Finance Act 2019, as implemented by the Ministerial Decree of April 30, 2019 and, for long-term individual savings accounts established from January 1, 2020, by Article 13 bis of Italian Law Decree No. 124, as amended and supplemented from time to time.

Moreover, an anti-avoidance rule is provided in the case of a gift of assets, such as the Notes, whose sale for consideration would give rise to capital gains to be subject to the substitute tax provided for by Decree No. 461, as subsequently amended. In particular, if the donee sells the securities for consideration within five years from their receipt as a gift, the latter is required to pay the relevant substitute tax as if the gift had never taken place.

Stamp Taxes and Duties

According to Article 13, paragraph two of the tariff Part I attached to Presidential Decree No. 642 of October 26, 1972, as amended and supplemented, a proportional stamp duty applies on a yearly basis at the rate of 0.20% 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 level of tax being determined in proportion to the period of ownership). 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. In this case, the stamp duty is to be applied on December 31 of each year or in any case at the end of the relationship with the client. At any rate, where no specific exemption applies, a minimum stamp tax of Euro 34.20 is due on a yearly basis.

The stamp duty applies on the market value or—in the absence of a market value—on the nominal value or the redemption amount of any financial product or financial instruments or in the case that the nominal value or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) resulting from any periodic reporting communication issued by the Italian financial intermediary with which the Notes are deposited (the tax being determined in proportion to the reporting period).

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on May 24, 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on February 9, 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

The stamp duty cannot exceed €14,000 per year if the Notes are held by noteholders other than individuals. Stamp duty applies both to Italian-resident noteholders and to non-Italian-resident noteholders, to the extent that the Notes are held with an Italian-based financial intermediary (and not directly held by the noteholders outside Italy, in which case Italian wealth tax applies to Italian-resident noteholders only). See "*—Wealth Tax.*"

Wealth Tax

According to Article 13, para. 2-ter of the tariff Part I attached to Presidential Decree No. 642 of October 26, 1972, as introduced by Article 19 of Decree No. 201 of December 6, 2011, converted with amendments by Law No. 214 of December 22, 2011 individuals, non-commercial entities, including trusts and foundations, and so called *società semplici* (and similar partnerships pursuant to Article 5 of Decree No. 917) resident in Italy for tax purposes holding financial assets—including the Notes—outside Italy are required to declare in its own annual tax return and pay a wealth tax ("**IVAFE**") at the rate of 0.20% (the 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 at the end of the holding period) or, in the absence of market value, on the nominal value or redemption value of such financial assets held outside Italy or in the case that the nominal value or redemption values cannot be determined, on the purchase value of any financial asset. Taxpayers are permitted to deduct from the wealth tax a tax credit equal to any equivalent wealth tax legitimately paid in the State where the financial assets are held (up to the amount of IVAFE due).

Pursuant to the provision of Article 134 of Law Decree No. 34 of May 19, 2020, the wealth tax cannot exceed €14,000 per year for taxpayers different from individuals.

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows:

(a) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €200.00, and

(b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 applicable only in case of use (*caso d'uso*), reference in a subsequent registered deed (*enunciazione*) or voluntary registration (*volontaria registrazione*).

EU Savings Tax Directive and Implementation of the Automatic Exchange of Information in Italy

On November 10, 2015, the Council of the European Union approved the Council Directive 2015/2060/EU (published in the Official Journal of the EU on November 18, 2015) which has repealed the Council Directive 2003/48/EU (the "**EU Savings Tax Directive**") from January 1, 2016 in the case of all Member States other than Austria and from January 1, 2017 in the case of Austria. This was intended to prevent overlap between the EU Savings Tax Directive and the new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Common Reporting Standard (**CRS**) released by the Organization for Economic Cooperation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Saving Tax Directive, although it does not impose withholding taxes.

Italy has enacted Italian Law No. 95 of June 18, 2015 ("**Law 95/2015**"), implementing the CRS (and the amended EU Directive on Administrative Cooperation) Italian Ministerial Decree dated December 28, 2015, which has entered into force on January 1, 2016, has implemented Law 95/2015 and has provided for the exchange of information starting from the calendar year 2016.

In the event that holders of the Notes hold the Notes through an Italian financial institution (as defined in the Italian Ministerial Decree of December 28, 2015 implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

Italian Financial Transactions Tax

Pursuant to Law No. 228 of December 24, 2012, Italian financial transaction tax ("**FTT**") applies to (a) transfer of ownership of shares and other participating securities issued by Italian resident companies or of financial instruments representing the said shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not) (the "**Relevant Securities**"), (b) transactions on financial derivatives (i) the main underlying assets of which are the Relevant Securities, or (ii) whose value depends mainly on one or more Relevant Securities, as well as to (c) any transaction on certain securities (i) which allow to mainly purchase or sell one or more Relevant Securities or (ii) implying a cash payment determined with main reference to one or more Relevant Securities.

Securities could be included in the scope of application of the FTT if they meet the requirements set out above. On the other hand, securities falling within the category of bonds (*obbligazioni*), such as the Notes, don't meet the requirements set out above and, consequently, are not included in the scope of the FTT.

Prospective holders of the Notes are strongly advised to seek their own professional advice in relation to the possible application of financial transaction tax in countries other than Italy.

Italian Tax Monitoring Obligations

Italian resident individuals (and certain other entities) are required, in certain circumstances, to report in their yearly 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), according to Legislative Decree No. 167 of June 28, 1990, converted with amendments into law by Law No. 227 of 4 August 4, 1990, as amended, for tax monitoring purposes, the amount of securities, including notes, held abroad (or beneficially owned abroad under Italian anti-money laundering provisions). This also applies in the case that at the end of the tax year, securities are no longer held by the above Italian resident individuals and entities.

However, the above reporting obligation is not required where (i) the securities are deposited for management with qualified Italian financial intermediaries and with respect to contracts entered into through their intervention, provided that the same intermediaries apply a withholding tax or *imposta sostitutiva* on any income derived from the securities or (ii) one of such intermediaries intervenes, also as a counterpart, in their transfer, provided that income deriving from such financial assets has been subject to the applicable withholding tax or substitute tax by the same intermediaries or (iii) the foreign financial investments are only composed by deposits and/or bank accounts having an aggregate value not exceeding an €15,000.00 threshold throughout the year.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument.

CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain US federal income tax considerations relevant to the purchase, ownership and disposition of the Notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a US Holder (as defined below), except for discussions on Additional Notes (under "—*Additional Notes*") and FATCA (under "—*Foreign Account Tax Compliance Act*"), and does not address the effects of any US federal tax laws other than US federal income tax laws (such as estate and gift tax laws) or any state, local or non-US tax laws. This discussion is based on the US Internal Revenue Code of 1986, as amended (the "**Code**"), US Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the US Internal Revenue Service (the "**IRS**"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the Notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the Notes.

This discussion is limited to holders who hold the Notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the Notes for cash at original issue and at their original "issue price" within the meaning of Section 1273 of the Code (that is, the first price at which a substantial amount of the Notes is sold to the public for cash). This discussion does not address all US federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- US expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- US Holders (as defined below) whose functional currency is not the US dollar;
- persons holding the Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- 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;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid US federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for US federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations; and
- persons deemed to sell the Notes under the constructive sale provisions of the Code.

For purposes of this discussion, a "**US Holder**" means a beneficial owner of a Note who or that is, for US federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for US federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to US federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more US persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable US Treasury Regulations to be treated as a US person.

If an entity or arrangement treated as a partnership for US federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding the Notes and the partners in such partnerships should consult their tax advisors regarding the US federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE US FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER US FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-US TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

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 Certain Financing Arrangements—Provisions Following an IPO*" and "*Description of the Notes—IPO Pushdown*," such change in the Issuer could result in a deemed exchange of the Notes for "new" Notes for US federal income tax purposes. In such event, US Holders generally would recognize any gain on such exchange in an amount equal to the amount by which the "issue price" of such "new" Notes (which is generally expected to equal the fair market value of the new Notes, so long as the "new" Notes are traded in the market) exceeds the adjusted tax basis in the Notes deemed exchanged for such "new" Notes (although any loss could be disallowed), and the "new" Notes could be treated as issued with original issue discount ("**OID**") for US federal income tax purposes.

Effect of the Merger

As described under "*Description of the Notes—The Merger*," the Issuer will use commercially reasonable efforts to merge with and into the Targets after the Issue Date, after which Mergerco, as the surviving entity of the Merger, will assume the obligations of the Issuer under the Notes and the Indenture. Such change in the Issuer could result in a deemed exchange of the Notes for "new" Notes for US federal income tax purposes. In such event, US Holders generally would recognize any gain on such exchange in an amount equal to the amount which the "issue price" of such "new" Notes (which is generally expected to equal the fair market value of the "new" Notes, so long as the "new" Notes are traded in the market) exceeds the adjusted tax basis in the Notes deemed exchanged for such new Notes (although any loss could be disallowed), and the "new" Notes could be treated as issued with OID for US federal income tax purposes. To the extent required, the Issuer intends to take the position that the Merger should not result in such deemed exchange.

Characterization of the Notes

In certain circumstances, the Issuer may be obligated to redeem the Notes for an amount in excess of their principal amount (plus accrued and unpaid interest), or may be obligated to make certain payments on the Notes in excess of stated principal and interest. See "*Description of the Notes—Optional Redemption,*" "*Description of the Notes—Withholding Taxes*" and "*Description of the Notes—Change of Control.*" To the extent required, the Issuer intends to take the position 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 US Holder, unless the US 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, US 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. US Holders are urged to consult their tax advisors regarding the potential application of 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 US Holder as ordinary income at the time that such payments are received or accrued, in accordance with such US Holder's method of accounting for US federal income tax purposes.

A US Holder that uses the cash method of accounting for US 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 US dollar value of the foreign currency interest payment (determined based on the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to US dollars at such time. A cash method US Holder will not recognize exchange gain or loss with respect to the receipt of such stated interest, but may recognize exchange gain or loss attributable to the actual disposition of the foreign currency so received.

A US Holder that uses the accrual method of accounting for US 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 US dollar value of the amount of stated interest income in foreign currency that has accrued with respect to its Notes during an accrual period. The US dollar value of such foreign currency denominated accrued stated 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 US Holder may elect, however, to translate such accrued stated interest income into US dollars using 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, using 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 stated interest, a US Holder that has made the election described in the prior sentence may translate such interest using the spot rate of exchange on the date of receipt of the stated interest. The above election will apply to other debt instruments held by an electing US Holder and may not be changed without the consent of the IRS.

A US Holder that uses the accrual method of accounting for US federal income tax purposes will recognize exchange gain or loss with respect to accrued stated 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 US dollar value of the foreign currency payment received (determined based on the spot rate of exchange on the date such stated interest is received) in respect of such accrual period and the US dollar value of the stated interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to US 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 US source income or loss, and generally not as an adjustment to interest income or expense.

Foreign Tax Credit

Stated interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit (or at such holder's election, a deduction in lieu of such credit) allowable to US Holders under US federal income tax laws. Any non-US withholding tax paid by or on behalf of a US Holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for US federal income tax purposes, subject to applicable limitations (including holding period and at risk rules). There are significant complex limitations on a US Holder's ability to claim foreign tax credits. US Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a US 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 stated interest income as discussed above to the extent not previously included in income by the US Holder) and such US Holder's adjusted tax basis in the Note.

A US Holder's adjusted tax basis in a Note generally will be the cost of such Note to such US Holder. The cost of a Note purchased with foreign currency will generally be the US dollar value of the foreign currency purchase price translated at the spot rate of exchange on the date of purchase. If the applicable Note is treated as traded on an established securities market and the relevant US holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described below, such US holder will determine the US 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 US Holder receives foreign currency on such a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the US dollar value of such foreign currency translated at the spot rate of exchange on the date of disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis US Holder and, if it so elects, an accrual basis US Holder, will determine the US dollar value of such foreign currency by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis US Holders in regard to the purchase and disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the US Holder and cannot be changed without the consent of the IRS. If the Notes are not traded on an established securities market (or the relevant holder is an accrual basis US Holder that does not make the special settlement date election), a US Holder generally will recognize 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 US 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 US source ordinary income or loss. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of a Note generally will equal the difference, if any, between the US dollar value of the US Holder's foreign currency purchase price for the Note, determined at the spot rate of exchange on the date principal is received from the Issuer or the US Holder disposes of the Note, and the US dollar value of the US Holder's foreign currency purchase price for the Note, determined at the spot rate of exchange on the date the US Holder purchased such Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a US Holder may recognize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under *"—Payments of Stated Interest*." However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a US Holder will recognize any exchange gain or loss (including with respect to accrued interest) only to the extent of total gain or loss realized by such US 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 exchange gain or loss attributable to such disposition generally will be US source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate US 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.

US 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 on a Note and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a US Holder unless such US Holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the US Holder fails to provide a 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 US Holder's US federal income tax liability provided the required information is timely furnished to the IRS.

Tax Return Disclosure Requirements

US 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. US Holders should consult their own 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).

US 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 US 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 US 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.

US Holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Additional Notes

The Issuer may issue additional notes under the Indenture ("**Additional Notes**"). Even if these Additional Notes are treated as part of the same series as the Notes for non-tax purposes, in some cases they may be treated as a separate series for US federal income tax purposes. If that were the case and the Additional Notes are issued with OID, the market value of the Notes may be adversely affected if the Additional Notes are not otherwise distinguishable from the Notes.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**") and subject to the proposed regulations discussed below, a "foreign financial institution" and certain other foreign entities may be required to withhold US tax on certain "foreign passthru payments" (a term not yet defined) made after December 31, 2018 to the extent such payments are treated as attributable to certain US source payments. Under proposed regulations, any withholding on "foreign passthru payments" on Notes that are not otherwise grandfathered (as described below) would apply to "foreign passthru payments" made on or after the date that is two years after the date of publication in the US Federal Register of applicable final regulations defining "foreign passthru payments." Taxpayers generally may rely on these proposed regulations until final regulations are issued. 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 US 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 US federal income tax purposes after the expiration of this grandfathering period. However, if Additional Notes are issued after the expiration of the grandfathering period, have the same ISIN or common code as the original Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all the notes, including the Notes issued hereby, as subject to withholding under FATCA. Non-US governments have entered into agreements with the United States (and additional non-US 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.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") to be entered into in connection with the Notes, the Issuer has agreed to sell the Notes to the Initial Purchasers and the Initial Purchasers have agreed, severally and not jointly, to purchase the Notes from the Issuer.

The Purchase Agreement provides that the Initial Purchasers are obligated, severally and not jointly, to purchase all the Notes, if any are purchased. In the event that an Initial Purchaser fails or refuses to purchase the Notes which it has agreed to purchase, the Purchase Agreement provides that the purchase commitments of the other Initial Purchasers may be increased up to a specified amount or that the Purchase Agreement may be terminated.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page 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. The Initial Purchasers may offer and sell the Notes through certain of their affiliates. To the extent that any Initial Purchaser that is not a US registered broker dealer intends to effect any sales of the Notes in the United States, it will do so through one or more US registered broker dealer affiliates as permitted by guidelines promulgated by the Financial Industry Regulatory Authority. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses.

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.

Certain of the funds advised by CVC and/or any other investors arranged by and designated by CVC and members of management of the Group (or any subset thereof) may place a purchase order for and may be allocated Notes at a purchase price per Note equal to the issue prices set forth on the cover page of this Offering Memorandum.

The Purchase Agreement will provide that the Issuer will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the US Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell, issue or otherwise dispose of any debt securities issued by the Issuer or any of its subsidiaries that are substantially similar to the Notes for a period of 60 days after the Issue Date.

The Notes have not been and will not be registered under the US Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (i) in the United States to "qualified institutional buyers" within the meaning of Rule 144A; and (ii) outside the United States in offshore transactions in reliance on Regulation S. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the US Exchange Act. Until 40 days after the commencement of this Offering, an offer or sale of the Notes within the United States by a dealer (whether or not it is participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions*."

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the UK Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes in the European Economic Area to retail investors, defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation.

Solely for the purposes of each manufacturers' product approval process, the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for such Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such Notes to eligible counterparties and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Transfer Restrictions.*"

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the US Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. Application has been made to list the Notes on the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF Market in accordance with the rules and regulations of that exchange. We cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market for the Notes as permitted by applicable law after completing the Offering. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the US Securities Act and the US Exchange Act. We cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees—An active trading market may not develop for the Notes, which may limit your ability to sell the Notes.*"

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the US Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "**T+5**"). Under Rule 15c6-1 of the US Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next two succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the US Exchange Act. Over-allotment involves sales in excess of the Offering size, which creates a short position for the relevant Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Related to the Notes,* *the Notes Collateral and any Future Notes Guarantees—An active trading market may not develop for the Notes, which may limit your ability to sell the Notes.*"

The Initial Purchasers or their respective affiliates from time to time have provided in the past, are currently providing and may provide in the future, investment banking, consultancy, financial advisory, commercial banking and cash management services to the Issuer and its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. The Initial Purchasers and/or their respective affiliates may be mandated lead arrangers, lead arrangers, managers and/or agents under the Revolving Credit Facility and the Bridge Facility Agreement. The Issuer will use the proceeds from the Offering to repay the Bridge Facility, which we refer to as the "Refinancing," and pay certain fees and expenses in connection with the Offering and the Refinancing. The Initial Purchasers or their respective affiliates may also receive allocations of the Notes. Furthermore, such entities may act as counterparties to the hedging arrangements we or our affiliates expect to enter into in connection with the Transactions. In connection with these transactions, the Initial Purchasers or their respective affiliates have received and will receive customary fees and commissions for their services in such capacities.

The Bank of New York Mellon, London Branch or its affiliates are acting as transfer agent, paying agent, and in other agent roles for the Notes.

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 instruments of the Issuer or its affiliates. If the Initial Purchasers or their respective affiliates have a lending relationship with the Issuer, they routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and short positions in such securities and instruments. For the purpose of this paragraph, the term "affiliates" includes parent companies.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been and will not be registered under the US Securities Act, or the securities laws of any state of the United States or any other jurisdiction, and, therefore 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 US Securities Act and applicable securities laws of such state or other jurisdiction. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

(a) in the United States, to "qualified institutional buyers," commonly referred to as "QIBs," as defined in Rule 144A in compliance with Rule 144A; and

(b) outside the United States, in offshore transactions in accordance with Regulation S (and only to investors who, (A) if resident in a Member State of the EEA, are not retail investors, defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation) or (B) if resident in the United Kingdom, are not retail investors, defined as 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 EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation).

We use the terms "offshore transaction," and "United States" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes are being offered for resale in a transaction not involving a public offering in the United States within the meaning of the US Securities Act, that the Notes have not been and will not be registered under the US Securities Act and, unless so registered, may not be offered, resold, pledged or otherwise transferred, except in compliance with the registration requirements of the US Securities Act or any other applicable securities laws pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraphs (5) and 6 below.

(2) It is neither the Issuer's "affiliate" (as defined in Rule 144 of the US Securities Act), nor acting on its behalf and that either:

    (a) it is a QIB, within the meaning of Rule 144A and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition of Notes will be for its own account or for the account of another QIB; or

    (b) (i) it is purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S;

        (ii) if resident in a Member State of the EEA, it is not a retail investor as defined in paragraph (b)(A) above; and

        (iii) if resident in the United Kingdom, it is not a retail investor as defined in paragraph (b)(B) above.

(3) It acknowledges that none of the Issuer or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning the Issuer and its subsidiaries and the Notes that it deems necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the US Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the US Securities Act, or in any transaction not subject to the US Securities Act.

(5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "**Resale Restriction Termination Date**") that is, in the case of the Rule 144A Notes, one year after the later of the original issue date of such Notes, the original issue date of any additional Notes and the last date on which the Issuer or any of its affiliates were the owner of such Notes (or any predecessor thereto) only (i) to the Issuer or a guarantor (if any); (ii) pursuant to a registration statement that has been declared effective under the US Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the US Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) above to require the delivery of an opinion of counsel, certification and other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE 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 US SECURITIES ACT. THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT ("**REGULATION S**"), AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTES, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**"), WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS NOTE)], ONLY (A) TO THE ISSUER OR THE GUARANTORS (IF ANY), (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE US SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH REGULATION S, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE

LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRANSFER AGENT; AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANING GIVEN TO THEM BY REGULATION S.

BY ITS ACQUISITION OF THIS SECURITY OR ANY INTEREST HEREIN, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED AND COVENANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE AND HOLD THIS SECURITY OR INTEREST THEREIN CONSTITUTES ASSETS OF ANY "EMPLOYEE BENEFIT PLAN" SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("ERISA"), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUES CODE OF 1986, AS AMENDED (THE "CODE"), AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF SUCH PLANS, ACCOUNTS OR ARRANGEMENTS OR A GOVERNMENTAL PLAN, NON-US PLAN OR OTHER PLAN NOT SUBJECT TO THE FOREGOING, THAT IS SUBJECT TO PROVISIONS UNDER ANY SIMILAR LAWS (EACH SUCH PLAN, ACCOUNT OR ARRANGEMENT, A "PLAN") OR (2)(I) THE ACQUISITION, HOLDING AND DISPOSITIONS OF THIS SECURITY OR INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS, AND (II) NONE OF THE ISSUER, THE TRUSTEES, THE SECURITY AGENT, THE REGISTRAR, THE TRANSFER AGENT, THE INITIAL PURCHASERS, OR THE GUARANTORS OR ANY OF THEIR RESPECTIVE AFFILIATES IS ACTING AS A FIDUCIARY TO ANY PLAN WITH RESPECT TO THE DECISION TO PURCHASE OR HOLD THIS SECURITY OR IS UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR GIVE ADVICE IN A FIDUCIARY CAPACITY WITH RESPECT TO THE DECISION TO PURCHASE OR HOLD THIS SECURITY.

A purchaser of Notes, will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Termination Date.

(8) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

(9) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United Sates by a dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A und the US Securities Act.

(10) It acknowledges that the Transfer Agent or the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer, the Transfer Agent and the Registrar that the restrictions set out therein have been complied with.

(12) It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(13) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "*Plan of Distribution*" and "*Notice to Certain European Investors.*"

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTES COLLATERAL AND ANY FUTURE NOTES GUARANTEES AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The validity and enforceability of the Notes Collateral will be subject to certain limitations on enforcement and may be limited under applicable law or subject to certain defenses that may limit its validity and enforceability. The following is a brief description of limitations on the validity and enforceability of the Notes Collateral and of certain insolvency law considerations in the jurisdictions in which Notes Collateral is being provided. The descriptions below do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes or other security interests. 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 of 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 interest in the Notes Collateral. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations. See "Risk Factors—Risks Related to Financial Management and Performance and Our Operations," "Risk Factors—Risks Related to the Notes, the Notes Collateral and any Future Notes Guarantees" and "Risk Factors—Risks Related to Our Financing Arrangements." If additional collateral is required to be granted in the future pursuant to the Indenture, such collateral will also be subject to limitations and enforceability and validity, which may differ from those discussed below.

European Union

The Issuer, certain Guarantors and others are incorporated under the laws of Italy, which is a member state of the European Union (an "**EU Member State**").

Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast), as amended (the "**Recast Insolvency Regulation**"), which applies within the European Union, other than Denmark, the court which shall have jurisdiction to open the main insolvency proceedings in relation to a company (subject to certain exceptions) is the court of the EU Member State (other than Denmark) in which the relevant company's centre of main interests ("**COMI**") (as that term is used in Article 3(1) of the Recast Insolvency Regulation) is situated.

COMI is not a static concept and may change from time to time, but is determined for the purposes of deciding which court has competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition: moreover, the determination of where a debtor has its COMI is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views. Article 3(1), second sentence, of the Recast Insolvency Regulation states that a company's COMI "shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties." Under Article 3(1) of the Recast Insolvency Regulation there is, in most cases, a rebuttable presumption that a corporate debtor has its centre of main interests in the EU Member State in which it has its registered office in the absence of proof to the contrary. The presumption only applies 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. Recital 30 of the Recast Insolvency Regulation contains a number of examples of where a presumption as to COMI may be rebutted: for instance, where the company's central administration is located in an EU Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other EU Member State. In that respect, the factors that courts may take into consideration when determining the centre 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.

If the centre of main interests of a debtor, 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 the main insolvency proceedings in respect of the debtor under the Recast Insolvency Regulation and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast Insolvency Regulation. Insolvency proceedings commenced in one EU Member State under the Recast Insolvency Regulation are to be recognized in the other EU Member State (other than Denmark), although secondary insolvency proceedings or territorial insolvency proceedings may be commenced in another EU Member State (other than Denmark).

If the centre of main interests of a debtor, at the time an insolvency application is made, is in an EU Member State (other than Denmark), under Article 3(2) of the Recast Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to commence secondary insolvency proceedings or territorial insolvency proceedings against that debtor only if such debtor has an "establishment" (as defined in Article 2(10) of the Recast Insolvency Regulation) in the territory of such other EU Member State. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Recast Insolvency Regulation and, for the avoidance of doubt, are not limited to winding-up proceedings. Territorial proceedings are, in effect, secondary proceedings that are commenced prior to the opening of main insolvency proceedings. An "establishment" is defined to mean "any place of operations where a debtor 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." Accordingly, the opening of secondary insolvency proceedings or territorial insolvency proceedings in another EU Member State (other than Denmark) will also be possible if the debtor had an establishment in such EU Member State in the three-month period prior to the request for opening of main insolvency proceedings.

The effects of those secondary insolvency proceedings or territorial insolvency proceedings opened in that other EU Member State are restricted to the assets of the debtor situated in the territory of such other EU Member State. Where main proceedings in the EU Member State in which the debtor has its centre of main interests have not yet been commenced, territorial insolvency proceedings may only be commenced in another EU Member State (other than Denmark) where the debtor has an establishment where either (i) insolvency proceedings cannot be commenced in the EU Member State in which the debtor's centre of main interests is situated under the conditions laid down by that EU Member State's law; or (ii) the opening of territorial insolvency proceedings is requested by (a) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the EU Member State where the opening of territorial proceedings is requested, or (b) a public authority which, under the law of the EU Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. When main insolvency proceedings are opened, territorial insolvency proceedings usually become secondary insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

Under Article 8 of the Recast Insolvency Regulation, the opening of insolvency proceedings in a EU Member State pursuant to the Recast Insolvency Regulation shall not affect the rights *in rem* of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole that change from time to time, belonging to the debtor that are situated within the territory of another EU Member State at the time of the opening of proceedings. Rights *in rem* include:

- the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;
- the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;
- the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled; and
- a right *in rem* to the beneficial use of assets.

The courts of all EU Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other EU Member States so long as no secondary insolvency proceedings or territorial insolvency proceedings have been commenced there. The insolvency practitioner appointed by a court in the EU Member State which has jurisdiction to commence main proceedings may exercise the powers conferred on it by the laws of that Member State in another EU Member State (other than Denmark) (such as to remove assets of the debtor from that other EU Member State). These powers are subject to certain limitations (for example, the powers are available provided that no insolvency proceedings have been commenced in that other EU Member State nor any preservation measure to the contrary has been taken there further to a request to commence secondary proceedings in that other EU Member State where the debtor has assets).

In addition, the concept of "group coordination proceedings" has been introduced in the Recast Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies. Under Article 61 of the Recast Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group coordination proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

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. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer.

Italy

Limitations on Granting Security Interests and Guarantees 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 (for example, 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 (for example, 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 Notes Guarantees and Notes Collateral

In order to comply with the above corporate law requirements on, inter alia, corporate benefit and financial assistance, the maximum amount that any Guarantor incorporated under the laws of Italy (the "**Italian Guarantor**") and/or Italian security provider may be required to pay in respect of its obligations as Guarantor and/or security provider 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 and/or Italian security provider's obligation under its Notes Guarantee and/or security interests will be significantly less than amounts payable with respect to the Notes, or such Italian Guarantor and/or Italian security provider may have effectively no obligation under its Notes Guarantee or security interests.

In particular, as regards any Italian Guarantor, given the above limitations 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 the Intercreditor Agreement:

(i) the Notes 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 or other financial support in any form (such term, for the avoidance of doubt, not including equity contributions) advanced or made available from time to time to such Italian Guarantor (or any of its direct or indirect subsidiaries pursuant to article 2359, paragraph 1 and 2, of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Acquisition Closing Date, and outstanding at the time of the enforcement of the relevant Notes Guarantee, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility 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 and/or security provider 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 such Italian Guarantor under the relevant Notes Guarantee and/or as a result of the enforcement of any security interests granted by it;

(iii) 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;

(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 Civil Code and article 120 of the Italian Banking Act), the obligations of such Guarantor under its Notes 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 Banking Act, respectively;

In the event that the Merger does not occur by September 10, 2022, as regards to BIP, benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement until such time as the Merger is completed (if ever):

(i) the Notes Guarantee and security interests to be granted by BIP will only guarantee and secure the Issuer's obligations under the Notes in a proportion equal to which Tranche B bears to the nominal principal amount of the Notes at issuance (the "**Refinancing Proportion**") and shall not exceed at any time an amount equal to the aggregate principal amount of the BIP Funding Loan, and outstanding at the time of the enforcement of the relevant Notes Guarantee or security, net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or received upon the enforcement of any security interests granted by BIP; provided further that BIP shall not be liable as a Guarantor and/or security provider 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 BIP under the relevant Notes Guarantee and/or as a result of the enforcement of any security interests granted by it;

(ii) the maximum amount guaranteed and/or secured by BIP, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed the lower of (i) 120% of the outstanding principal amount of the Notes, and (ii) the aggregate amount of the original principal amount of the Tranche B (as described under "Use of Proceeds") under the Notes, reduced, 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 (I) the aggregate amount of the original principal amount of the Tranche B (as described under "Use of Proceeds") under the Notes to (II) the original principal amount of the Notes;

(iii) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by BIP 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 BIP at that time;

(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 Banking Act), the obligations of BIP under its Notes 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 Banking Act, respectively; and

(v) any guarantee, indemnity, obligations and liability granted or assumed pursuant to the relevant Guarantee and/or security interest by BIP does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations under Tranche A (as described under "*Use of Proceeds*") under the Notes or in any way exceeding the Refinancing Proportion;

The abovementioned "*virtual tranching*" structure aimed at identifying the relevant portion of the proceeds of the Notes which does not constitute "acquisition debt" in respect of BIP 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 refinance the portion of the Bridge Facility that has been utilized to support the indirect acquisition or subscription directly or indirectly by the Issuer of the share capital of BIP. Should the Notes Guarantee and/or security interests granted by BIP 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 Notes Guarantee and security interests could be declared null and void.

In any case, the maximum amount that an Italian Guarantor 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 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, the security documents relating to the Notes 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 shall be distributed among 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 Notes Guarantees and security.

In addition, the limitations on the obligations of any Italian Guarantor and/or Italian security provider (other than BIP) that becomes a Guarantor and/or a security provider will be set forth in a 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 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 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-the security documents relating to the Notes 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 shall be distributed among 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 Notes Guarantees and security.

Security Agent, Noteholders' Representative and Trust

The Notes 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 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 of the holders of the Notes which are neither directly parties to the Notes 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 Notes Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are 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 Notes Collateral is granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Notes Collateral and/or cannot enforce that Notes 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 Additional Considerations in Relation to Granting Security Interests and Guarantees

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 quota-holder 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**"). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower. The above rules apply to shareholders' loans "made in any form" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have 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 Notes 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.

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 Laws Considerations—Bankruptcy proceedings (fallimento).*" 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, guarantees, 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 judge;
- 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, *inter alia*, any obligation to pay: (i) any portion of interest exceeding the thresholds of the interest rate permitted under the Italian Usury Law, as amended from time to time and related implementing rules and regulations; 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 the pledge from continuing enforcement or enforcement proceedings on the assets secured by the relevant pledge; 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 publicly-owned companies are involved.

Insolvency laws and regulations have recently been substantially reviewed and significant amendments are expected in the near future. In particular, the Legislative Decree No. 14 of January 12, 2019 (the "**Insolvency Code**"), which implemented the Italian Law No. 155 of October 19, 2017 and substantially reformed the Royal Decree No. 267 of March 16, 1942, as subsequently amended and supplemented and currently in force (the "**Italian Bankruptcy Law**"), was published in the *Gazzetta Ufficiale* No. 38 of February 14, 2019. 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 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) a new set of rules concerning group restructurings; (v) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going concern proceedings; (vi) a new preventive alert and mediation phase to avoid insolvency; (vii) jurisdiction of specialized courts over proceedings involving large debtors; (vii) jurisdiction of specialized courts over proceedings involving large debtors; (viii) amendments to certain provisions of the Italian Civil Code aimed at ensuring the general effectiveness of the reform.

Except for minor changes in some provisions of the Italian Civil Code, which already entered into force on March 16, 2019, in response to the COVID-19 pandemic, the entry into force of the Insolvency Code has been postponed to September 1, 2021 by the Law Decree No. 23 of April 8, 2020 (the "**Liquidity Decree**"), as converted by Law No. 40 of June 5, 2020, and is now scheduled for May 16, 2022, except for the section named *Parte Prima-Titolo II* (*i.e*., the new preventive alert and mediation phase), which will entry into force on December 31, 2023, pursuant to Article 1 of the Law Decree No. 118 dated August 24, 2021 (the "**Law Decree 118/2021**"), published in the *Gazzetta Ufficiale* No. 202 of August 24, 2021. Law Decree 118/2021 needs to be converted in law within 60 days from its publication in the Gazzetta Ufficiale, otherwise it will cease to be effective; in the context of the conversion process, changes and amendments – which cannot be foreseen – may be included and impact the above new provisions.

The main innovations of the Law Decree 118/2021 are the following:

(i) additional postponement of the entry into force of the Insolvency Code;

(ii) introduction of a new a negotiated composition proceeding (*composizione negoziata della crisi*) and of a simplified court-supervised pre-bankruptcy composition with creditors with liquidation purpose (*concordato semplificato per la liquidazione del patrimonio*);

(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 della crisi* 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.

The *composizione negoziata della crisi* 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 court to confirm or modify the protective measures (the "**Protective Measures**"), 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 della crisi* can be pursued by enterprises, either commercial (*imprenditore commerciale*) and agricultural (*imprenditore agricolo*), which are in a distressed situation with reference to their assets, their business and/or their finance, such that it is likely that a crisis or insolvency will follow, notwithstanding the general thresholds for the application of Italian Bankruptcy Law are not met.

Pursuant to Article 13 of the Law Decree 118/2021, the *composizione negoziata della crisi* may also apply to corporate groups.

The *composizione negoziata della crisi* is commenced by the enterprises, on a voluntary basis only, with the filing of a petition for the appointment of an independent expert (the "**Expert**"), through a digital platform (the "**Platform**"). Together with the petition, the enterprises must file the documents listed under Article 5, Paragraph 3 of the Law Decree 118/2021, collectively aimed at giving a clear representation of their financial status and indebtedness. The Expert is appointed by a three-member commission instituted by the chamber of commerce of the City constituting the "*capoluogo*" of the relevant Italian Region, formed by a judge, a member appointed by the chamber of commerce's president and a member appointed by the prefect. The Expert must possess certain specific professional requisites and/or qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code and certain additional requirements aimed at ensuring its independence towards the entrepreneur.

The Expert assesses his/her independence, the adequacy of his/her professional expertise and his/her 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 chances of recovery. The entrepreneur attends the meeting personally, and can be assisted by its counsels.

If the Expert finds that there are concrete 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 della crisi* 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 not concrete 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 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).

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 relevant petition is published in the companies' register together with the Expert's acceptance. 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.

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.

On the same date of the filing of the petition with the companies' register requesting the application of the Protective Measures, the entrepreneur requests the court to confirm or amend the Protective Measures, and, if necessary, to enact the Interim Measures. If the entrepreneur fails to file such petition to the court, the Protective Measures are ineffective. Additionally, if the entrepreneur fails to request the publication of the case number (*numero di ruolo generale*) assigned by the court within 30 days from the publication of the petition with the companies' register, the petition requesting the application of the Protective Measures is canceled from the companies' register.

Within 10 days from the filing of the petition requesting to confirm or amend the Protective Measures, and, if necessary, to enact the Interim Measures, the courts schedules a hearing, and upon failure of scheduling such hearing the Protective Measures will become ineffective. At the hearing, the court hears the parties, the Expert and the creditors whose rights are affected by the Protective Measures and the Interim Measures. The court can appoint a court expert and carry out all the relevant investigation measures. 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.

Upon request of the entrepreneur or of one or more creditors, or upon report of the Expert, the Protective Measures and the Interim Measures can be revoked, or their duration can be reduced, if they do not satisfy the purpose of a positive finalization of the negotiations, or appear to be disproportionate compared to the prejudice caused to the creditors that file the relevant request.

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.

If the Expert believes that a certain act causes prejudice to the creditors, to the negotiations or to the perspectives of recovery, he 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 in the companies' register. When Protective Measures and/or Interim Measures have been granted, the Expert also reports to the court which may revoke such measures or reduce their duration 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.

The Expert may invite the parties to renegotiate in good faith the conditions of certain contracts (other than employment contracts) if, as a consequence of the COVID-19 pandemic, such contracts pose an excessive burden on the entrepreneur. If the parties do not agree, the entrepreneur can file a petition asking the court to amend the conditions of such contracts.

Pursuant to Article 11 of the Law Decree 118/2021, the *composizione negoziata della crisi* 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.

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;

(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.

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, the Expert states that the negotiations did not have a positive outcome, and that the options provided under Article 11, Paragraphs 1 and 2, of the Law Decree 118/2021 are not feasible, within 60 days following the notification of the Final Report the entrepreneur may file 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.

The court verifies the formal correctness of the proposal, acquires the Expert's Final Report and an opinion of the Expert on the possible outcome of the liquidation and the relevant guarantees offered thereunder, and ***(i)*** appoints a court expert, ***(ii)***gives order to the entrepreneur to notify the proposal, together with the Expert's Final Report, to the creditors resulting from the list that was attached to the petition for the appointment of the Expert pursuant to Article 5, Paragraph 3 of the Law Decree 118/2021 and ***(iii)*** schedules the hearing for the sanctioning (*omologazione*) of the *concordato semplificato per la liquidazione del patrimonio*.

The court issues a decree sanctioning (*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.

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**"). The Decree entered into force in June 2015 (the date of its publication in the *Gazzetta Ufficiale*) and has been converted into law by Italian Law No. 132 of August 6, 2015, entered into force on August 21, 2015 (the date after its publication in the *Gazzetta Ufficiale*); 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 have often 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 company upon a petition filed by the company 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 rather than a temporary status of insolvency, in order for a court to hold that a company is insolvent.

In cases where a company 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 company, but which are susceptible of being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

In addition to the *composizione negoziata della crisi* and to the *concordato semplificato per la liquidazione del patrimonio* described above, the following debt restructuring and bankruptcy measures are available under Italian law for companies in a state of crisis and for insolvent companies.

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 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.

Out-of-court reorganization plans (piani attestati 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*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed directly by the debtor 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 agreements 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 agreements 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 that they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. Unlike court-supervised pre-bankruptcy composition with creditors 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 a court-supervised pre-bankruptcy composition with creditors or a debt restructuring agreement.

Debt restructuring agreements with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (accordi di ristrutturazione dei debiti)

The debtor may negotiate with creditors holding at least 60% of the outstanding total amount of the company's claims or debt restructuring agreements, subject to court's sanctioning (*omologazione*). An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and that it ensures that the debt of non-adhering creditors can be fully satisfied within the following terms: (a) 120 days from the date of approval of the agreement by the court, in the case of debts which are due and payable to the non-adhering creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (b) 120 days from the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-adhering creditors as at the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. 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 is 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 preexisting debts. The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, among others, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, 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 60-days moratorium can also be requested by the debtor, pursuant to Article 182—*bis*, Paragraph 6 of the Italian Bankruptcy Law, while negotiations with creditors are pending (i.e prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. 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. At such hearing, the court 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. Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. After having settled the oppositions (if any) the court will validate the agreement by issuing a decree, which can be appealed within 15 days of its publication.

The Italian 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 of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

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.

If substantial amendments are made to the plan prior to the court's sanctioning (*omologazione*), ***(i)*** the independent expert carries out a new assessment on the truthfulness of the business and accounting data, the feasibility of the agreement and its attitude to allow payment of the non-adhering creditors within the terms provided under Article 182 bis, Paragraph 1, of the Italian Bankruptcy Law, and ***(ii)*** the debtor requests the creditors to confirm their adherence to the debt restructuring agreement. The independent expert carries out a new assessment also in case of substantial amendments to the debt restructuring agreement.

If substantial amendments are made to the plan after to the court's sanctioning (*omologazione*), the debtor amends the plan in order to ensure the performance of the obligations provided under the debt restructuring agreement, and requests the independent expert to carry out a new assessment. In this case, the new plan and the new assessment of the independent expert are published in the companies' register and notice of such publication is given to the creditors by means of certified mail or certified email. Creditors may oppose the new plan within 30 days from the notice of the publication.

Pursuant to Article 182, Paragraph 4, of the Italian Bankruptcy Law, as amended by the Law Decree 118/2021, the court can sanction the debt restructuring agreement also if the Italian Tax Authority or the Italian Social Security Authority do not adhere, provided that their adherence is essential in order to reach the percentage of 60% provided under Article 182 bis, Paragraph 1, of the Italian Bankruptcy Law and that the claims of the non-adhering Italian Tax Authority and Italian Social Security Authority are likely to be satisfied to a greater extent as a result of the debt restructuring agreement than as what would be the case in bankruptcy. The adherence of the Italian Tax Authority and of the Italian Social Security Authority must occur within 90 days from the filing of the debt restructuring agreement proposal.

Pursuant to the new Article 182 *novies* of the Italian Bankruptcy Law, introduced by the Law Decree 118/2021, the percentage of 60% provided under Article 182 *bis*, Paragraph 1, of the Italian Bankruptcy Law is reduced to the 30% if the debtor (a) waives the 120-day term for the satisfaction of its creditors provided for under Article 182 bis, Paragraph 1, letters (a) and (b) of the Italian Bankruptcy Law; (b) does not previously file a petition for admission to the *concordato in bianco* pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law, and does not request the 60-days moratorium pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law.

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.

Pursuant to the new Article 182 *septies* of the Italian Bankruptcy Law, debtors are entitled to enter into debt restructuring agreements by obtaining approval of creditors representing at least 75% of the credits belonging to the same category (with respect to the homogeneity of their legal status and economic interests), and can request the court to declare that agreement binding on non-adhering creditors of the same category (a so-called "cram-down"), provided that certain conditions are met, including that non-adhering creditors are not treated worse than under any effectively available alternative. The law also provides that ***(i)*** the agreement shall be of a non-liquidating nature, ***(ii)*** the agreement shall contemplate the direct or indirect continuation of the business activity as a going concern, and ***(iii)*** all the creditors belonging to the relevant category have been duly notified of the beginning of the negotiations, have been kept informed and have been notified the debt restructuring agreement and the sanctioning decree (*decreto di omologa*). If these conditions are met, the remaining 25% of non-adhering creditors belonging to the same class of creditors are crammed down; however, non-adhering crammed-down creditors can challenge the agreement and refuse to be forced into it.

The percentage of 75% is lowered to 60% if the reach of the debt restructuring agreement results from the Final Report issued by the Expert at the end of the negotiations pertaining to the *composizione negoziata della crisi*.

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 and have a homogeneous legal position and economic interests and extend the effects of the agreement to non-adhering 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.

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 creditors representing 75% of the same class would also bind non-adhering creditors, provided that (A) an independent expert meeting the requirements provided under Article 67, Paragraph 3(d) of the Italian Bankruptcy Law 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 and have been kept informed). Non-adhering crammed-down creditors can challenge the standstill agreement within 30 days after having been notified of the same.

The debt restructuring agreement provided under Article 182 *septies* of the Italian Bankruptcy Law and the standstill agreement provided under Article 182 *octies* of the Italian Bankruptcy Law shall not impose new obligations, the granting of new overdraft facilities, the maintenance of the possibility to utilize existing facilities or the utilization of new facilities on non-adhering creditors.

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-adhering 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, financing granted to the debtor pursuant to the approved debt restructuring agreement (or a court-supervised pre-bankruptcy composition with creditors) enjoy priority status in cases of subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80% of such financing). Financing granted "in view of" (i.e. before) presentation of a petition for a debt restructuring agreement or a court- supervised pre-bankruptcy composition with creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority is expressly provided for by the court at the time of approval of the plan or sanctioning (*omologazione*) of the agreement or the approval of the pre-bankruptcy composition with creditors. The same provisions apply to financings granted by shareholders up to 80% of their amount.

Moreover, pursuant to 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 described below) may authorize the debtor, if so expressly requested to: (i) incur in new super senior (*prededucibile*) indebtedness subject to authorization by the court; (ii) secure such indebtedness 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 (iii) 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. 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 preventivo*) outlined below.

Furthermore, according to Article 182 *quinquies*, Paragraph 3 of the Italian Bankruptcy Law, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182- *bis*, Paragraph1 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, aimed at supporting urgent financial needs related to the company's business. The debtor, 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 debtor.

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. 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 tax years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding tax years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can file a petition with the court for a *concordato preventivo* (together with, among others, a restructuring plan 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. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement and 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 in any manner (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; 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 filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary 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 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*). 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 (for example, 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 bianco*).

The debtor company may not file such preliminary petition 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 preliminary petition 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 and new super senior indebtedness authorized by the court aimed at supporting urgent financial needs related to the company's business, pending the *concordato in bianco*, as well as 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 are treated as super-senior (so called *prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of the Italian Bankruptcy Law.

The composition proposal may propose that: (i) the business continues to be run by the debtor as a going concern; or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, 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. 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.

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. The debtor is allowed to carry out urgent extraordinary transactions only upon the prior judge's authorization, while ordinary transactions may be carried out without authorization. Third-party claims, related to the interim acts legally carried out by the debtor, are super-senior (so called *prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law.

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 *concordato preventivo* is approved only if the required majorities of creditors expressly voted in favor of the proposal. Creditors who did not exercise their voting rights in the creditors' meeting can do so (even via email) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have 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* proceeding, 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 untested in the Italian courts. 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 their claim (provided that they receive, at least, an amount equal to the fair market value of their secured assets, as 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 dissenting 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 dissenting 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 Decree 83/2015, as amended by Law 132/2015, introduced 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 to the debtor's plan in a pre-bankruptcy court-supervised composition with creditors (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor do not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy court-supervised composition with creditors proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy court-supervised composition with creditors proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

In addition, in order to strengthen the position of the unsecured creditors, a pre-bankruptcy court-supervised composition with creditors proposal with liquidation purpose (*concordato liquidatorio*) (i.e. a pre-bankruptcy court-supervised 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 pre-bankruptcy court-supervised composition with creditors proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and sanctioned (*omologato*), 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.

In addition, Article 163-*bis* of the Italian Bankruptcy Law, introduced by the Decree 83/2015, as amended by Law 132/2015, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), 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 of a going concern of the debtor to an identified third party, the judicial commissioner may request to the court the opening a competitive bidding process to the extent that it would be in the best interest of the creditors. After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

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 (for example, 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 according to the *concordato preventivo* proposal.

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.

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 a sanctioned *concordato preventivo* or *accordo di ristrutturazione dei debiti* based on a plan expiring after February 23, 2020. In the procedures for the sanctioning (*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 2020 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)

A request to declare a debtor bankrupt and to commence bankruptcy proceedings (*fallimento*) for the judicial liquidation of its assets can be filed by the debtor, any of its creditors and, in certain cases, the public prosecutor when a debtor is insolvent. Insolvency, as defined under 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. 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 tax years; (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding tax years; and (iii) has total indebtedness 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;
- 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 authorization of the designated judge. After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee, the designated judge decides whether to authorize the sale, and sets forth the relevant timing in its decision;
- the administration of the debtor and the management of its assets are transferred to the bankruptcy receiver (*curatore fallimentare*);
- 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;
- 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 is suspended until the receiver decides whether to take them over.

Although the general rule is that the bankruptcy receiver is allowed to decide whether to 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 by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a designated judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of any one of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate properties. 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 employees, the Italian treasury, and judicial and social authorities. Such priority of payment is provided under mandatory provisions of 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 relevant petition can be filed by one or more creditors or third parties 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 bankruptcy's estate (*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 their claim (provided that they receive, at least, an amount equal to the fair market value of their secured assets, as 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 petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), and the satisfaction of creditors' claims in any manner. The petition may provide that secured claims are paid only in part, provided that they do not receive less than the fair market value of their secured assets (such value being assessed by an independent expert). 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 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. 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.

- **Avoidance powers in insolvency.** 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 address 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, 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. Please note that 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-à-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 until the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the designated 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-à-vis* creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

- **Acts that could be declared ineffective 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-à-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, when 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, which were not made by the debtor 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 were not yet due at the time when 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 when the new security was granted.

(b) The following acts and transactions, if made during the period specified below, may be clawed back (revocati) and declared ineffective if the bankruptcy receiver proves that the non-insolvent 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 security interest for debts incurred 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) a sale, including an agreement for sale registered pursuant to Article 2645-bis of the Italian Civil Code, currently in force, 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 and guarantees granted by the debtor pursuant to a plan (piano attestato) under Article 67, Paragraph 3(d) of the Italian Bankruptcy Law (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*" under Article 161 of the Italian Bankruptcy Law (see "*—Court-Supervised Pre-Bankruptcy Composition with Creditors* (*concordato preventivo*)" above) or an "*accordo di ristrutturazione del debito*" under Article 182-bis of the Italian Bankruptcy Law (see "*—Debt Restructuring Agreements with Creditors* Pursuant to Article 182-bis of the Italian Bankruptcy Law (*accordi di ristrutturazione dei debiti)"* 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.

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 party, the third party was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third party participated in the fraudulent design). The burden of proof is entirely with the receiver.

Article 2929-*bis* of the Italian Civil Code, provides 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 (for example, 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, the Recast 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.*" 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.

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 (*commissario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within 10 days from such filing, the Ministry of the Economic Development (the "**Ministry**") may release an opinion on the admission of the company to the extraordinary administration proceeding. The court then decides (within 30 days from the filing of the judicial receiver's report) whether to admit the company to the procedure or to place it into bankruptcy.

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 plan 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 (*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 Ministry. 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.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

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 judicial 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.

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.

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 (for example, 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. 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. 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.

Interim financing

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for debtors to also obtain authorization to receive urgent interim financing and to continue to use existing trade receivables credit lines (*linee di credito autoliquidanti*) necessary for their business needs before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with priority status (*prededucibilità*) in case of subsequent bankruptcy without the expert certification and through an accelerated review process by the relevant court, upon, among others, the relevant debtor's declaration that interim finance is urgently needed and the debtor's inability to access such finance would cause imminent and irreparable damage. The court must decide on the request within 10 days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

Before the entry into force of the Decree 83/2015, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case that the court approved such priority status.

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 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 (for example, 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 Note 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-à-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration, 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-à-vis* creditors, if made by the bankrupt entity in the two-year period prior to insolvency.

In addition, as noted above, the Recast 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.

Luxembourg

Certain Luxembourg Insolvency Law Considerations

The shares of Milapax Lux, an entity incorporated in Luxembourg, will form part of the Notes Collateral.

Insolvency

The insolvency laws of Luxembourg may not be as favorable to holders of the Notes as insolvency laws of other jurisdictions with which investors may be familiar. Milapax Lux is incorporated in Luxembourg and has its centre of main interests (*centre des intérêts principaux*), for the purpose of the EU Insolvency Regulation, and its registered office and central administration (*administration centrale*) in Luxembourg. Accordingly, insolvency proceedings governed by Luxembourg insolvency laws may affect this entity.

The following is a brief description of the key features of Luxembourg insolvency proceedings and certain aspects of insolvency laws in Luxembourg. Luxembourg insolvency proceedings.

Under Luxembourg insolvency laws, the following types of insolvency proceedings (together referred to as "**Insolvency Proceedings**") may be opened against Milapax Lux to the extent that Milapax Lux has its central administration (*administration centrale*) or its centre of main interests (*centre des intérêts principaux*) (for the purposes of the EU Insolvency Regulation) in Luxembourg:

- bankruptcy proceedings (*faillite)*;
- controlled management proceedings (*gestion contrôlée*); and
- preventive composition proceedings (*concordat préventif de la faillite*).

In addition to these Insolvency Proceedings, the ability of the holders of the Notes to receive payment on the Notes may be affected by a decision of the Commercial District Court (*Tribunal d'arrondissement siégeant en matière commerciale*) granting suspension of payments (*sursis de paiements*) or putting Milapax Lux into judicial liquidation (*liquidation judiciaire*).

Bankruptcy proceedings (faillite)

General administration of bankruptcy proceedings

The opening of bankruptcy proceedings may be requested by Milapax Lux or by any of its creditors. Following such a request, the Commercial District Court having jurisdiction may open bankruptcy proceedings in the event that Milapax Lux (a) has ceased to make payments (*cessation de paiements*) and (b) has lost its commercial creditworthiness (*ébranlement de crédit*). If the Commercial District Court considers that these conditions are met, it may open bankruptcy proceedings on its own motion, absent a request made by Milapax Lux or a creditor.

The managers/directors of Milapax Lux have the obligation to file for bankruptcy within one month in case Milapax Lux is in a state of cessation of payment (*cessation de paiements*) and loss of commercial creditworthiness (*ébranlement de crédit*).

If the Commercial District Court declares a company bankrupt, it will appoint one or more bankruptcy receivers (*curateur(s)*), depending on the complexity of the proceedings and a supervisory judge (*juge-commissaire*) to supervise the bankruptcy proceedings.

The period within which creditors must file their proof of claims (*déclaration de créance*) is specified in the judgment adjudicating the company bankrupt. Claims filed after such period may nevertheless be taken into account by the bankruptcy receiver subject to certain limitations as to distributable proceeds.

The bankruptcy receiver takes over the management and control of Milapax Lux in place of the managers. The bankruptcy receiver will realize assets of Milapax Lux and distribute the proceeds to the creditors of Milapax Lux in accordance with the statutory order of payment and, if there are any funds left, to the bankrupt company's shareholders. The bankruptcy receiver represents Milapax Lux as well as the creditors collectively (*masse des créanciers*).

The bankruptcy receiver will need to obtain of the Commercial District Court permission for certain acts, such as agreeing to a settlement of claims or deciding to pursue the business of Milapax Lux during the bankruptcy proceedings.

Bankruptcy is governed by public policy and rules, which generally delay the process and limit restructuring options of the group to which the bankrupt company belongs.

On closing of the bankruptcy proceedings, the bankrupt company will normally be dissolved.

Effects of bankruptcy proceedings

The main effect of bankruptcy proceedings is the suspension of all measures of enforcement against Milapax Lux, except, subject to certain limited exceptions, for secured creditors, and the payment of unsecured creditors of Milapax Lux in accordance with their rank upon the realization of the assets of Milapax Lux.

In principle, contracts of the bankrupt company are not automatically terminated on commencement of bankruptcy proceedings, save for contracts for which the identity or solvency of the company was crucial (*intuitu personae* agreements) for the other party. However, certain contracts are terminated automatically by law, such as employment contracts, unless expressly confirmed by the receiver. Contractual provisions purporting to terminate a contract upon bankruptcy are generally held as being valid. The receiver may choose to terminate contracts of the company subject to the rule of "*exceptio non adimpleti contractus*" and the creditors' interest.

Unsecured claims of the creditors of Milapax Lux will, in the event of a liquidation of Milapax Lux, only rank after (i) the cost of liquidation (including any debt incurred for the purpose of such liquidation) and (ii) the debts of Milapax Lux that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, *inter alia*:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.
- For the avoidance of doubt, the above list is not exhaustive.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors of Milapax Lux (except after enforcement and to the extent a surplus is realized and subject to application of the relevant priority rules, liens and privileges arising mandatorily by law). During insolvency proceedings, all enforcement measures by unsecured creditors of Milapax Lux are suspended.

Luxembourg insolvency laws may also affect transactions entered into or payments made by Milapax Lux during the pre-bankruptcy hardening period (*période suspecte*) which is fixed by the Luxembourg court and dates back not more than six months as from the date on which the Luxembourg court formally adjudicates a company bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period. In particular:

pursuant to article 445 of the Luxembourg code of commerce, some transactions in particular, the granting of a security interest for antecedent debts, save in respect of financial collateral arrangements within the meaning of the Luxembourg act of 5 August 2005 on financial collateral arrangements, as amended (the **Collateral Act 2005**), the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange (unless, arguably, that method of payment was agreed from inception), transactions without consideration or with substantially inadequate consideration entered into during the suspect period (or the ten days preceding it) must be set aside, if so requested by the bankruptcy receiver;

pursuant to article 446 of the Luxembourg code of commerce, payments made for matured debts as well as other transactions concluded for consideration after the cessation of payments (*cessation de paiements*) and before judgments declaring the bankruptcy (i.e., during the suspect period) are subject to setting aside by the Commercial District Court upon proceedings initiated by the bankruptcy receiver, if they were concluded with the knowledge of the bankrupt's cessation of payments; and

pursuant to article 448 of the Luxembourg code of commerce and article 1167 of the Luxembourg civil code (*action paulienne*), the bankruptcy receiver (acting on behalf of the creditors) has the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

Controlled management proceedings (gestion contrôlée)

General administration of controlled management proceedings

Milapax Lux, which has lost its commercial creditworthiness (*ébranlement de crédit*) or which is not in a position to completely fulfil its obligations, can apply for the regime of controlled management in order either (i) to restructure its business or (ii) to realize its assets in good conditions. An application for controlled management can only be made by Milapax Lux.

The loss of commercial creditworthiness (*ébranlement de crédit*) is identical to the credit test applied in bankruptcy proceedings. As to the second criteria (that is, the case where a company is not in a position to completely fulfil its obligations), a broad view of the total situation of the Issuer is taken. Controlled management proceedings is only available for good-faith debtor.

Controlled management proceedings are rarely used as they are not often successful and generally lead to bankruptcy proceedings. They are occasionally applied to companies, in particular holding or finance companies, which are part of an international group and whose inability to meet obligations results from a default of group companies.

The proceedings are divided into three steps:

Milapax Lux must file an application with the Commercial District Court. The Commercial District Court can reject the application because (i) Milapax Lux has already been declared bankrupt or (ii) the evidence brought forward by Milapax Lux does not ensure the stabilization and the normal exercise of the business of Milapax Lux or improve the realization of the assets of Milapax Lux in better conditions. If the application is upheld at this stage, the Commercial District Court will appoint an investigating judge (*juge délégué*) to make a report on the overall situation of Milapax Lux.

Once the investigating judge has delivered a report, the Commercial District Court may (i) turn down the application on the ground that the proposals made by the applicant are unlikely to lead to the reorganization of the business or the realization of the assets in better conditions or (ii) appoint one or more administrators (*commissaires*) who will supervise the management of the assets of Milapax Lux. If the Commercial District Court ascertains that Milapax Lux is unable to pay its creditors (i.e. Milapax Lux has ceased its payments (*cessation de paiements*)), it may set the date as from which Milapax Lux will be deemed to have been in such situation. Such date may be set up to six months prior to the filing of application for controlled management proceedings. However, bankruptcy may only be declared if the two conditions for bankruptcy are met (cessation of payment (*cessation de paiements*) and loss of commercial creditworthiness (*ébranlement de crédit*)), and if the application has been dismissed either before or after consideration of the report by the investigating judge or after the reorganization plan proposed by the administrators (*commissaires*) at the third step described below. The administrators will draw up the inventory of the assets as well as the financial situation of the Issuer. They are also in charge of the annual accounts of Milapax Lux. The administrators may also prescribe any act they consider to be in the interests of the applicant or its creditors. The administrators have to be convened to any meeting of the board of managers. They may attend all board meetings but have no voting rights. They have the right to convene such board meetings.

The administrators will draft a reorganization plan in respect of the applicant's business or a plan for realization of the assets, within the deadlines set forth by the Commercial District Court. The plan shall equitably take into account all interests involved and will comply with the ranking of mortgages (*hypothèques*) and privileges (*privilèges*) as required by law, without taking into account any contractual clause regarding termination, penalties or acceleration. The administrators will notify the draft plan to the creditors, joint debtors and guarantors. Within fifteen days of such notification or publication, the creditors will inform the Commercial District Court whether they agree or object to the draft plan. Any creditor who abstains will be considered as having adhered to the plan. The creditors, the company, the joint debtors and the guarantors may submit written observations to the Commercial District Court. The Commercial District Court may (i) approve the plan if a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the Issuer's liabilities have agreed thereto or (ii) disagree with the plan proposed by the administrators even though a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the company's liabilities have agreed to such plan, in which case the application for controlled management will be dismissed or (iii) ask the administrators to propose an amended plan (such amended plan will have to be submitted again to the creditors). The judgment approving the plan will be binding upon the company and its creditors, joint debtors and guarantors. The fees of the administrators will be fixed by the Commercial District Court and will be borne by the company. The administrators who at the same time are creditors of the applicant are not entitled to any fees.

Effects of a controlled management proceedings

As from the day of the appointment of the investigating judge and up to the final decision on the application for controlled management, any subsequent enforcement proceedings or acts, even if initiated by privileged creditors (including creditors who have the benefit of pledges (*gages*) and mortgages (*hypothèques*)) are stayed, save as provided for by the Collateral Act 2005. The Issuer may not enter into any act of disposition, mortgage and contract or accept any movable asset without the authorization of the investigating judge.

Once the administrators have been appointed, Milapax Lux may not carry out any act (including receiving funds, lending money, granting any security, or making any payment) without the prior authorization of the administrators. The administrators may bring any action before the Commercial District Court in order to have any act made in violation of the legislation governing the controlled management or in fraud of the creditors' rights be set aside. Subject to the prior authorization of the Commercial District Court, they may bring an action (i) to have the managers or the statutory auditor be held liable or (ii) if the Commercial District Court has declared the company to be in cessation of payments, to have certain payments, compensations or security interests be set aside (under certain conditions set forth in Articles 445 *et seq*. of the Luxembourg code of commerce).

Preventive composition proceedings (concordat préventif de la faillite)

General administration of preventive composition proceedings

Milapax Lux may enter into a preventive composition proceedings (*concordat préventif de la faillite*) in order to resolve its financial difficulties by entering into an agreement with its creditors, the purpose of which is to avoid bankruptcy.

Preventive composition proceedings may only be applied for by a company which is in financial difficulty. Similar to controlled management proceedings, the preventive composition proceedings are not available if the company has already been declared bankrupt by the Commercial District Court or if the company is acting in bad faith. The application for the preventive composition proceedings can only be made by Milapax Lux and must be supported by proposals of preventive composition.

The Commercial District Court will delegate to a delegated judge (*juge délégué*) the duty to verify, and to prepare a report on, the situation of Milapax Lux. Based on such report, the Commercial District Court will decide whether or not to pursue the preventive composition proceedings. If the Commercial District Court considers that the procedure should not be pursued, it will in the same judgment declare the bankruptcy of the company (which bankruptcy may also be declared during the preventive composition proceedings if the conditions for the composition proceedings are not met). If the Commercial District Court considers that the procedure may be pursued, it will set the place, date and hour of a meeting (*assemblée concordataire*) at which the creditors will be convened. The delegated judge will make its report at the *assemblée concordataire*.

The preventive composition may only be adopted if a majority of the creditors representing, by their unchallenged claims, three-quarters of the debt of Milapax Lux, has adhered to the proposal and if the preventive composition has been homologated by the Commercial District Court. Creditors benefiting from mortgages (*hypothèques*), privileges (*privilèges*) or pledges (*gages*) only have a deliberating voice in the operations of the concordat, if they renounce the benefit of their mortgages, privileges or pledges. The vote in favor of the concordat entails renunciation. The renunciation may be limited by the secured creditors to only a portion (but representing at least 50% in value) of their claims with corresponding voting rights.

The preventive composition has no effect on the claims secured by a mortgage, a privilege or a pledge and on claims by the tax authorities. If the application results in a preventive composition arrangement sanctioned by the Commercial District Court, the preventive composition could still either be annulled (if it has not been executed) or terminated (in case of fraud or bad faith of the company). In such scenarios, the Commercial District Court may adjudicate bankrupt Milapax Lux. The bankruptcy judgment can decide to set the date of cessation of payment to the date of the application for the preventive composition proceedings. If that date is less than six months prior to the bankruptcy judgment, the court can of course set the cessation of payment date at six months prior to its judgment.

Preventive composition proceedings are rarely used in practice since they are not binding upon secured creditors.

Effects of a preventive composition proceedings

The business activities of Milapax Lux continue during the preventive composition proceedings. While the preventive composition is being negotiated, Milapax Lux may not dispose of, or grant any security over, any assets without the approval of the delegated judge. Once the preventive composition has been agreed by the Commercial District Court, this restriction is lifted. However, the business activities of Milapax Lux will still be supervised by the delegated judge.

Except as provided for in Collateral Act 2005, while the preventive composition is being negotiated, unsecured creditors may not take action against the company to recover their claims. Secured creditors who do not participate in the preventive composition proceedings may take action against Milapax Lux to recover their claims and to enforce their security. Fraudulent transactions which took place before the date on which the Commercial District Court commenced preventive composition proceedings may be set aside (please see the bankruptcy proceedings section above).

Suspension of payments proceedings (sursis de paiements)

General administration of a suspension of payments proceedings

A suspension of payments (*sursis de paiements*) for commercial companies is different from the *sursis de paiement* proceedings available to banks and insurance companies. It can only be applied to a company which, as a result of extraordinary and unforeseeable events, has to temporarily cease its payments but which has on the basis of its balance sheet sufficient assets to pay all amounts due to its creditors. The suspension of payments may also be granted if the situation of the applicant, even though showing a loss, presents serious elements of reestablishment of the balance between its assets and its debts.

The purpose of the suspension of payments proceedings is to allow a business undertaking experiencing financial difficulties to suspend its payments for a limited time after a complex proceeding involving both the Commercial District Court and the *Cour supérieure de justice* and the approval by a majority of the creditors representing, by their claims, three-quarters of the company's debts (excluding claims secured by privilege (*privilège*), mortgage (*hypothèque*) or pledge (*gage*)).

The suspension of payments is, however, not for general application, which is one of the main reasons it has lost its attractiveness. It only applies to those liabilities which have been assumed by the debtor prior to obtaining the suspension of payment and has no effect as far as taxes and other public charges or secured claims (by right of privilege, a mortgage or a pledge) are concerned.

Effects of suspension of payments proceedings

During the suspension of payments, ordinary creditors cannot open enforcement proceedings against Milapax Lux or the assets of Milapax Lux. This stay on enforcement does not extend to preferred creditors, or to creditors which are secured by mortgages (*hypothèques*), pledges (*gages*) or financial collateral arrangements governed by the Collateral Act 2005. Milapax Lux continues to manage its own business under the supervision of a court-appointed administrator who must approve most of the transactions carried out by Milapax Lux.

When a suspension of payments ends, the stay on enforcement is terminated and the managers of Milapax Lux can run the business again.

Judicial liquidation

Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious violation of the Luxembourg commercial code or of Luxembourg act of August 10, 1915 on commercial companies, as amended (the "**Companies Law 1915**").

The management of such judicial liquidation proceedings will generally follow similar rules as those applicable to bankruptcy proceedings.

Exceptional measures taken by the Grand Duchy of Luxembourg in response to the COVID-19 pandemic

It should be noted that the Grand Duchy of Luxembourg has exceptionally taken, in response to the COVID-19 pandemic, certain measures including a suspension of certain procedural deadlines applicable in civil and commercial matters. This suspension of delays applies to the one month procedural time-limit for the insolvency filing obligation provided by article 440 of the Luxembourg commercial code. In principle, such a suspension of delays should (i) not prevent directors / managers of a Luxembourg company from filing for bankruptcy (if the conditions thereof are met) and (ii) not restrict the rights of creditors to petition for bankruptcy of a Luxembourg company. Based on the current legislation, suspension of delays to file for bankruptcy within one month should remain in place until December 31, 2021.

Limitations on Validity and Enforceability of the Security Interests

Creation, perfection and enforcement of security interests

According to Luxembourg conflict of laws rules, the courts in Luxembourg will generally apply the *lex rei sitae* or *lex situs* (the law of the place where the assets or subject matter of the security interests (such as a pledge) are situated) in relation to the creation, perfection and enforcement of security interests over such assets.

As a consequence, Luxembourg law will apply in relation to the creation, perfection and enforcement of pledges over assets located or deemed to be located in Luxembourg, such as registered shares in Luxembourg companies, bank accounts held with a Luxembourg bank, receivables/claims governed by Luxembourg law and/or having debtors located in Luxembourg, tangible assets located in Luxembourg, securities which are held through an account located in Luxembourg, bearer securities physically located in Luxembourg, etc.

The Collateral Act 2005 governs the creation, validity, perfection and enforcement of pledges over shares (such as shares in Luxembourg private limited liability companies) located or deemed to be located in Luxembourg. Under the Collateral Act 2005, the perfection of pledges depends on certain registration, notification and acceptance requirements. A share pledge over shares in a Luxembourg private limited liability company must be (i) acknowledged and accepted by the company which has issued the shares (subject to the pledge) and/or (ii) registered in the shareholders' register of such company. If future shares are pledged, the perfection of such pledge will require additional registration in the shareholders' register of such company. Article 11 of the Collateral Act 2005 sets out enforcement remedies available upon the occurrence of an enforcement event, including, but not limited:

- appropriation by the pledgee or appropriation by a third party of the pledged assets at a value determined in accordance with a valuation method agreed upon by the parties;
- sell or cause the sale of the pledged assets (i) in a private transaction at normal commercial terms (*conditions commerciales normales*), (ii) by a public sale at the stock exchange (if listed shares) or (iii) by way of a public auction;
- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or
- set-off between the secured obligations and the pledged assets.

As the Collateral Act 2005 does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourses, and (iv) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the pledges might be substantially delayed.

The Collateral Act 2005 expressly provides that financial collateral arrangements (including pledges and transfer of title by way of security) including enforcement measures are valid and enforceable, even if entered into during the hardening period, against third parties including supervisory, receivers, liquidators and any other similar persons or bodies irrespective of any bankruptcy, liquidation or other situation, national or foreign, of composition with creditors or reorganization affecting any one of the parties.

The perfection of the pledges created pursuant to pledge agreements does not prevent any third party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, to satisfy their unpaid claims against the pledgor. Such creditor may seek the forced sale of the assets of the security providers through court proceedings, although the beneficiaries of the pledges will in principle remain entitled to priority over the proceeds of such sale (subject to preferred rights by operation of law).

Finally, the appointment of a foreign security agent will be recognized under Luxembourg law (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions depending on the type of security interests. Generally, according to paragraph 2(4) of the Collateral Act 2005, a financial collateral may be granted in favor of a person acting on behalf of the collateral takers, a fiduciary or a trustee in order to secure the claims of third-party beneficiaries, whether present or future, provided that these third-party beneficiaries are determined or may be determined. Without prejudice to their obligations vis-à-vis third-party beneficiaries of such financial collateral, persons acting on behalf of the third-party beneficiaries of a financial collateral, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of a financial collateral under the Collateral Act 2005.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuer is incorporated under the laws of Italy. The documents relating to the Notes Collateral will be governed by the laws of Italy and any jurisdiction where the Notes Collateral is located. The Indenture and the Notes will be governed by New York law. The Intercreditor Agreement will be governed by the laws of England and Wales. The majority of the directors and executive officers of the Issuer are non-residents of the United States. The majority of the Issuer's directors, officers and other executives are expected to be neither residents nor citizens of the United States. Furthermore, the majority of the Issuer's assets are located outside the United States. As a result, any judgment obtained in the United States against the Issuer or any such other non-US resident person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a US court predicated upon civil liabilities under US federal or state securities laws, may not be collectible in the United States. Furthermore, it may not be possible for investors to effect service of process within the United States upon such persons or the Issuer or to enforce against them or the Issuer judgments of US courts predicated upon the civil liability provisions of US federal or state securities laws despite the fact that, pursuant to the terms of the Indentures, the Issuer has appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within other jurisdictions (including Italy) upon those persons or the Issuer or over the Issuer's respective subsidiaries provided that, for example, 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 US court against the Issuer, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of US court judgments outside the United States is described below for the country in which the Issuer is 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.

Recognition and enforcement in Italy of final, enforceable and conclusive judgments rendered by US courts, including judgments obtained in actions predicated upon the civil liability provisions of the US 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*), among others, the following conditions are met:

- the US court which rendered the final judgment had jurisdiction upon the relevant matter according to Italian law principles of jurisdiction;
- the relevant summons and complaint was appropriately served on the defendants in accordance with US 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 US law or, in the event of defendant party's failure to appear before the court, the US court declared such default in accordance with US law;
- the judgment is final and not subject to any further appeal in accordance with US 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 US 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 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, and provided that Italian Courts have jurisdiction over the dispute, the enforceability of liabilities or remedies based solely on the US federal securities law is debatable. If an original action is brought before an Italian court, the Italian court 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 the US law provisions or grant some of the remedies sought (for example, punitive damages) if their application violates Italian public policy and/or any mandatory provisions of Italian law.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Latham & Watkins (London) LLP as to matters of United States federal and New York law, English and Italian law, Studio Legale Tributario Facchini Rossi Michelutti as to matters of Italian tax law and Elvinger Hoss Prussen, société anonyme, as to matters of Luxembourg law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Allen & Overy LLP as to matters of United States federal and New York law, Allen & Overy Studio Legale Associato as to matters of Italian law and Allen & Overy société en commandite simple, inscrite au barreau de Luxembourg, with respect to Luxembourg law.

INDEPENDENT AUDITORS

BIP's financial statements as of December 31, 2018, 2019 and 2020, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers S.p.A., independent accountants, as stated in their reports appearing herein. PricewaterhouseCoopers S.p.A., with registered office in Piazza Tre Torri 2, 20145, Milan, Italy, is registered under No. 119644 in the Register of Accountancy Auditors (Registro Revisori Legali) by the Italian Ministry of Economy and Finance, in compliance with the provisions of Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to paragraph (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the US Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act, upon the written request of any such holder or beneficial owner. We are not currently subject to the periodic reporting or other information requirements of the US Exchange Act.

For so long as the Notes are admitted to trading on the Euro MTF and to listing on the Official List of the Luxembourg Stock Exchange, the rules and regulations of such stock exchange so require, copies of such information will also be available for review during the normal business hours on any business day at the Paying Agent.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to list the Notes on the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF Market in accordance with the rules and regulations of that exchange. The Notes are expected to be accepted for clearance through the facilities of Euroclear and Clearstream.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish or make available any notices (including financial notices) to the public in written form at the places indicated by announcements to be published in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange or by any other means considered equivalent by the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the following documents may be obtained free of charge from the Issuer:

- the organizational documents of the Issuer;
- the Offering Memorandum
- the most recent annual consolidated financial statements, any interim financial statements and any other documents or reports to be published by the Issuer and furnished to holders of the Notes;
- the Indenture (which includes the form of the Notes);
- the Intercreditor Agreement; and
- the security documents.

We have appointed The Bank of New York Mellon SA/NV, Dublin Branch as Registrar and Transfer Agent, and The Bank of New York Mellon, London Branch as Paying Agent to make payments on, when applicable, and transfers of, the Notes. We reserve the right to vary such appointments in accordance with the terms of the Indenture.

Significant Change

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in our prospects since December 31, 2020 and no significant change in our financial position since June 30, 2021; and
- in the previous 12 months, we have not been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts that are material in the context of the issuance of the Notes and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 239029230 and 239030475, respectively. The ISIN for the Notes sold pursuant to Regulation S is XS2390292303 and the ISIN for the Notes sold pursuant to Rule 144A is XS2390304751.

Legal Information

The Issuer

Bach Bidco S.p.A., a joint stock company (*società per azioni*) established under the laws of the Republic of Italy, was formed on June 21, 2021 and has a legal entity identifier (LEI) code 984500C09F0Q4T78B635. The Issuer is registered with the Companies' Registry (*Registro delle Imprese*) of Milan-Monza-Brianza-Lodi under No. 11849130965 and its corporate existence is scheduled to expire on December 31, 2100, unless otherwise extended in accordance with Italian law. The Issuer's financial year ends on December 31.

The registered office of the Issuer is located at Via del Vecchio Politecnico n. 9, 20121 Milan, Italy and its telephone number at that address is +39 02 76316733.

General

The issuance of the Notes was authorized by a resolution (*delibera*) of the board of directors of the Issuer passed on September 28, 2021.

We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Business Integration Partners Group
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2021

		Six months ended 30 June	
(Amounts in Euro)	**Note**	**2021**	**2020**
Revenue from sales and services	7	181,823,170	137,295,490
Other revenues		772,959	815,438
TOTAL VALUE OF PRODUCTION		**182,596,129**	**138,110,928**
Cost of services	8	22,534,497	15,343,023
General and administrative expenses	8	9,965,232	9,386,215
Personnel expenses	8	120,360,087	88,933,847
Other operating costs		126,938	197,560
Earn-out remeasurement		119,405	—
Depreciation, amortisation and impairment	8	8,760,709	6,593,615
Total operating costs		**161,866,868**	**120,454,260**
OPERATING PROFIT		**20,729,261**	**17,656,668**
Finance income	9	443,921	124,752
Finance expenses	9	4,684,934	2,603,750
Net finance expenses		**(4,241,013)**	**(2,478,998)**
Profit before tax		**16,488,248**	**15,177,670**
Income tax expense	10	5,280,964	4,700,732
Profit for the period		**11,207,284**	**10,476,938**
attributable to the Group		9,991,505	10,092,363
attributable to non-controlling interests		1,215,779	384,575
Other items of comprehensive income that will not be reclassified subsequently to profit or loss, net of tax		133,877	(198,555)
Other items of comprehensive income that will be reclassified subsequently to profit or loss, net of tax		2,583,860	(1,842,637)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**13,925,021**	**8,435,746**
attributable to the Group		12,397,948	8,206,308
attributable to non-controlling interests		1,527,073	229,438

The notes form part of these condensed interim consolidated financial statements.

Business Integration Partners Group
Consolidated Statement of Financial Position
As at 30 June 2021

(Amounts in Euro)	Note	30 June 2021	31 December 2020(*)
NON-CURRENT ASSETS			
Property, plant and equipment	12	4,517,150	3,436,715
Intangible assets	11	101,920,091	102,666,088
Right-of-use assets	13	24,497,436	18,087,625
Goodwill	14	169,633,372	167,411,522
Deferred tax assets		39,588,173	40,767,507
Other non-current assets		2,469,031	3,525,767
TOTAL NON-CURRENT ASSETS		**342,625,253**	**335,895,224**
CURRENT ASSETS			
Trade receivables		121,404,663	109,131,260
Other current assets		6,907,468	3,109,030
Cash and cash equivalents		46,536,691	94,757,671
TOTAL CURRENT ASSETS		**174,848,822**	**206,997,961**
TOTAL ASSETS		**517,474,075**	**542,893,185**
SHAREHOLDERS' EQUITY			
Share capital	21	24,223,000	24,039,875
Legal Reserve	21	4,807,975	4,796,146
Translation reserve	21	1,437,560	(256,074)
Other reserves	21	97,791,588	96,688,270
Retained earnings	21	61,994,181	6,359,036
Profit (loss) for the period	21	9,991,505	63,246,975
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**200,245,809**	**194,874,228**
Capital and reserves attributable to non-controlling interests	21	6,318,568	6,910,080
Translation reserve attributable to non-controlling interests	21	323,136	(175,956)
Retained earnings attributable to non-controlling interests	21	1,215,779	773,364
TOTAL SHAREHOLDERS' EQUITY		**208,103,292**	**202,381,716**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	15	9,312,491	104,528,052
Lease liabilities	17	18,276,010	12,390,772
Deferred tax liabilities		7,451,862	7,478,242
Provisions for risks and charges		—	91,464
Other non-current liabilities	16	25,505,790	19,946,513
Employee benefit liabilities		3,574,060	3,515,635
TOTAL NON-CURRENT LIABILITIES		**64,120,213**	**147,950,678**
CURRENT LIABILITIES			
Current financial liabilities	18	123,905,987	57,903,672
Lease liabilities	17	6,596,289	6,024,227
Current tax liabilities		9,021,931	8,202,370
Provisions for risks and charges	19	150,227	15,690
Other current liabilities	20	81,384,406	98,942,790
Trade payables		24,191,730	21,472,042
TOTAL CURRENT LIABILITIES		**245,250,570**	**192,560,791**
TOTAL LIABILITIES		**309,370,783**	**340,511,469**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**517,474,075**	**542,893,185**

(*) Consolidated Statement of Financial Position balances as at 31 December 2020 have been restated following completion of purchase price allocation for the acquisition of Chaucer (see Note 6 below for further details).

The notes form part of these condensed interim consolidated financial statements.

Gruppo Business Integration Partners
Consolidated Statement of Cash Flows
For the six months ended 30 June 2021

(Amounts in Euro)	Note	Six months ended 30 June 2021	Six months ended 30 June 2020
Profit for the period		11,207,284	10,476,938
Current taxes		4,615,296	5,353,885
Deferred taxes		665,668	(653,152)
Depreciation and amortisation	8	8,506,244	6,162,160
Doubtful debt provision and other write-downs	8	254,465	431,454
Interest expense	9	4,241,013	2,478,998
Other non-monetary costs	8	2,802,852	—
Provision for employee severance indemnity		3,625,862	3,623,512
Operating cash flows before movements in working capital		**35,918,684**	**27,873,795**
Movements in working capital			
Trade receivables		(11,833,749)	(2,939,666)
Other current assets		(637,535)	(313,675)
Trade payables		2,693,462	786,878
Payments for provisions for risks and charges		43,073	(113,901)
Taxes paid		(3,976,381)	(1,378,388)
Other current liabilities	20	(2,138,634)	5,077,338
Total movements in working capital		**(15,849,764)**	**1,118,586**
Total cash flow from operating activities		**20,068,920**	**28,992,381**
Cash flow from investing activities			
Changes in property, plant and equipment	12	(1,495,745)	(155,759)
Changes in intangible assets	11	(1,374,361)	(1,120,484)
Changes in other non-current assets/liabilities	16	777,390	(442,256)
Acquisition of subsidiaries net of cash acquired		(1,234,263)	(776,768)
Cash out for minorities acquisition		(14,423,612)	—
Total cash flow used in investing activities		**(17,750,591)**	**(2,495,267)**
Cash flow from financing activities			
Net movements in long-term loans	15	5,073,624	(3,533,061)
Net movements in short-term loans	18	—	(66,335)
Lease payments (IFRS 16)	17	(4,657,937)	(2,623,615)
Net interest (paid and received)		(2,127,591)	(2,478,998)
Dividends paid		(7,600,000)	—
Proceeds on share issue		132	584,354
Other capital movements	21	(2,283,418)	(1,766,769)
Payment of severance indemnity (to funds or employees)		(3,433,550)	(3,128,411)
Total cash flow used in financing activities		**(15,028,740)**	**(13,012,835)**
Net increase/(decrease) in cash and cash equivalents		**(12,710,411)**	**13,484,279**
Opening Cash Availability less short-term fin.Debt		**30,829,774**	**(512,348)**
Closing Cash Availability less short-term fin.Debt		**18,119,363**	**12,971,931**
Cash and cash equivalents		**46,536,691**	**66,192,221**
Current financial liabilities		**(130,502,276)**	**(53,220,290)**
Pool loans reclassification from long-term to short-term		**102,084,948**	**—**
Period-end net short-term financial liquidity/(debt)		**18,119,363**	**12,971,931**

The notes form part of these condensed interim consolidated financial statements.

Business Integration Partners Group
Consolidated Statement of Changes in Equity
As at 30 June 2021

	Share capital	Legal reserve	Translation reserve	Other reserves	Retained earnings	Profit (loss) for the period	Shareholders' equity attributable to the Group	Non-controlling interests	Shareholders' equity
Balance as at 31.12.2019	**23,980,729**	**4,689,977**	**236,709**	**133,557,697**	**1,710,820**	**11,554,385**	**175,730,317**	**562,630**	**176,292,947**
(Amounts in Euro)									
Share capital increase	59,146	—	—	525,208	—	—	**584,354**	**—**	**584,354**
Allocation of prior year profit	—	106,169	—	—	11,448,216	(11,554,385)	**—**	**—**	**—**
Distribution of dividends	—	—	—	—	—	—	**—**	**—**	**—**
Other items of comprehensive income	—	—	(803,888)	(1,082,168)	—	—	**(1,886,056)**	**(155,136)**	**(2,041,192)**
Re-measurement of put minorities	—	—	—	(1,967,225)	—	—	**(1,967,225)**	**—**	**(1,967,225)**
Transactions with non-controlling interests	—	—	—	(689,106)	—	—	**(689,106)**	**(39,624)**	**(728,730)**
Other changes	—	—	(117,139)	130,369	—	—	**13,230**	**754**	**13,984**
Profit for the period	—	—	—	—	—	10,092,363	**10,092,363**	**384,575**	**10,476,938**
Balance for the six months ended 30.06.2020	**24,039,875**	**4,796,146**	**(684,318)**	**130,474,775**	**13,159,036**	**10,092,363**	**181,877,877**	**753,199**	**182,631,076**

	Share capital	Legal reserve	Translation reserve	Other reserves	Retained earnings	Profit (loss) for the period	Shareholders' equity attributable to the Group	Non-controlling interests	Shareholders' equity
Balance as at 01.01.2021 (*)	**24,039,875**	**4,796,146**	**(256,074)**	**96,688,270**	**6,359,036**	**63,246,975**	**194,874,228**	**7,507,487**	**202,381,716**
(Amounts in Euro)									
Share capital increase	183,125	—	—	3,823,671	—	—	**4,006,796**	**—**	**4,006,796**
Allocation of prior year profit	—	11,829	—	—	63,235,145	(63,246,975)	**(1)**	**—**	**(1)**
Distribution of dividends	—	—	—	—	(7,600,000)	—	**(7,600,000)**	**—**	**(7,600,000)**
Other items of comprehensive income	—	—	1,388,941	1,016,837	—	—	**2,405,778**	**311,960**	**2,717,738**
Re-measurement of put minorities	—	—	—	11,012,259	—	—	**11,012,259**	**—**	**11,012,259**
Transactions with non-controlling interests	—	—	—	(17,380,367)	—	—	**(17,380,367)**	**(1,177,514)**	**(18,557,881)**
Other changes	—	—	304,693	2,630,917	—	—	**2,935,610**	**(229)**	**2,935,381**
Profit for the period	—	—	—	—	—	9,991,505	**9,991,505**	**1,215,779**	**11,207,284**
Balance for the six months ended 30.06.2021	**24,223,000**	**4,807,975**	**1,437,560**	**97,791,588**	**61,994,181**	**9,991,505**	**200,245,809**	**7,857,483**	**208,103,292**

(*) Consolidated Statement of Financial Position balances as at 31 December 2020 have been restated following completion of purchase price allocation for the acquisition of Chaucer (see Note 6 below for further details).

Business Integration Partners Group
Notes to the condensed interim consolidated financial statements
As at and for the six months ended 30 June 2021

1. General information

Business Integration Partners S.p.A. (hereinafter "**BIP**" or the "**Company**") having its registered office in Milan, Piazza San Babila, 5, and the companies it directly or indirectly controls (hereinafter, the "**Group**") operate in the management consultancy and business integration, as well as in the research and adoption of disruptive technology solutions. Consulting represents the Group's core business.

The business operates in the following market sectors: Energy and Utilities, Technology, Telco &Media (TMT), Financial Services, Public Sector & Healthcare, Pharma & Biotech, Transportation, Manufacturing and Retail.

BIP Services Srl, wholly controlled by BIP, supplies services in management, financial operations, corporate affairs, cash and bank accounts, management control, IT, logistics and support services, real estate management, HR and other ancillary activities for all the Italian companies of the Group.

These condensed interim consolidated financial statements together with the notes thereto (together the "**Condensed Interim Consolidated Financial Statements**") were approved by the Board of Directors on 14 September 2021.

2. Significant changes in the current period

Despite the impacts related to the diffusion of COVID-19 pandemic, the group remains well placed to increase revenues through ongoing services innovation and the acquisition of Chaucer Group, which took place during 2020. The Group has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments.

In the first half of 2021, the Group continued its growth, both through the developing of new businesses, and the acquisition of Advantis Consultoria Gerencial SAS, a Colombian management consulting firm. For further information, see note 6. Business combination.

On 31 May 2021 CVC Capital Partners Fund VIII ("CVC") reached an agreement for the acquisition of the control of BIP from Apax Partners – France. As a consequence of the agreement signed on May 2021, BIP reclassified from Non-current financial liabilities to Current financial liabilities the loan amount related to the Facility Agreement, which is repayable in the event of a change of control of the Company.

On 10 September 2021 CVC Capital Partners Fund VIII (CVC) completed the acquisition of the majority stake in BIP from Apax Partners.

Through the acquisition CVC reached 75% of BIP share capital while equity partners, with a reinvestment of 25% of BIP share capital, will continue as shareholders.

The transaction has been financed through a mix of equity and debt provided by primary financial institutions.

3. Form and content of the consolidated financial statements

The Condensed Interim Consolidated Financial Statements have been prepared in compliance with IAS 34 – Interim financial reporting. The Condensed Interim Consolidated Financial Statements should be read in conjunction with the Group's consolidated financial statements at and for the year ended 31 December 2020 (the "**Consolidated Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission, pursuant to art. 6 of the EC Regulation 1606/2002 of the European Parliament and the European Council dated 19 July 2002 and pursuant to art. 9 of Legislative Decree 38/2005.

These Condensed Interim Consolidated Financial Statements:

a) have been prepared on a going concern basis, as management has confirmed the absence of financial, operational or other indicators that may suggest an inability on the part of the Group to meet its obligations in the foreseeable future and, in particular, during the 12 months following the reporting date. In reaching such conclusion, management gave due consideration to the impact of the COVID-19 emergency on the

3. Form and content of the consolidated financial statements (continued)

Group capacity to continue to operate as a functioning entity, based on positive performance related to six months ended 30 June 2021, showing an increase of Euro 44,527,681, or 32.4%, in Revenues from sales and services (+11.5% on a like-for-like basis), and of Euro 3,072,594, or 17.4%, in Operating profit compared to six months ended 30 June 2020. In addition, the Group has orders on hand for the second half of 2021 for an amount of Euro 116,972,878, showing an increase of Euro 35,181,515 compared to the second half of 2020. The Group defined the arrangements to redetermine its financial structure for reimbursing the Facility Agreement reclassified as short term as at 30 June 2021 following the acquisition of the Company (see Note 23. Post balance sheet events for further details).

b) have been prepared and are presented in Euro, the main currency in which Group companies operate. Unless otherwise specified, all amounts in this document are expressed in Euro;

c) include the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and these notes to the consolidated financial statements;

d) have been prepared on a historical cost basis, except in relation to the measurement of financial assets and liabilities that under IFRS must be recognized at fair value.

The recognition, classification and measurement criteria and accounting policies adopted in preparing these Condensed Interim Consolidated Financial Statements are the same as those adopted in preparing the Consolidated Financial Statements to which reference is made, except in the case of:

a) income taxes, which in accordance with IAS 34 are recognized based on a best estimate of the expected weighted average income tax rate on an annual basis, unless this would result in distortive effects. In such case, current tax rates for the period are used; and

b) the principles and amendments listed in Note 4 below that became applicable with effect from 1 January 2021 following completion of the relevant endorsement procedures by the competent authorities.

The Group has not opted for early adoption of any standards, interpretations or amendments issued but not yet effective.

Seasonality of business

The activities of the Group are not subject to seasonality.

Scope of consolidation

The Condensed Interim Consolidated Financial Statements include the financial statements of the parent company BIP and its subsidiaries.

Compared to the scope of consolidation as at 31 December 2020, a Colombian entity, Advantis Consultoria Gerencial SAS, was included in the consolidation area, following the acquisition occurred on 22 April 2021.

4. New standards and amendments

New standards and amendments effective from 1 January 2021

The following list illustrates the new standards and interpretations approved by the IASB, endorsed in Europe and applied since 1 January 2021:

- in August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), which is complementary to Interest Rate Benchmark Reform, as issued in September 2019. The amendments, endorsed in January 2021, address issues that arise as a result of implementation of the reforms, including the effects of changes in the contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark;
- in June 2020, the IASB published amendments to IFRS 4 – Insurance Contracts. These amendments extend the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9 until 1 January 2023.

The adoption of these amendments did not have impacts on the Condensed Interim Consolidated Financial Statements.

4. New standards and amendments (continued)

New standards and amendments endorsed by EU and not yet effective

The new standards and interpretations endorsed in Europe and not yet effective are as follows:

- in May 2020, the IASB issued Annual Improvements to IFRSs 2018-2020, which includes amendments to the following standards: updating a reference in IFRS 3 – Business Combinations to the Conceptual Framework for Financial Reporting; in IAS 16 – Property, Plant and Equipment, prohibiting the deduction of amounts received from selling items produced whilst preparing the asset for its intended use; in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, specifying what costs are to be included when assessing whether a contract will be loss-making; and minor amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments, IAS 41 – Agriculture and the Illustrative Examples accompanying IFRS 16 – Leases. The amendments are effective from 1 January 2022.

Management will assess any future impacts of such amendements.

New standards and amendments approved by IASB but not yet endorsed by EU

The following list illustrates the new standards and interpretations approved by IASB but not yet endorsed by EU:

- in June 2020, the IASB issued amendments to IFRS 17 – Insurance Contracts aimed at helping companies in the implementation of the new standard and making it easier for them to explain their financial performance. The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to: reduce costs by simplifying some requirements in the Standard; make financial performance easier to explain; and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time;
- in January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1), which affects the requirements in IAS 1 for the presentation of liabilities, including clarifying one of the criteria for classifying a liability as non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. In July 2020, the IASB deferred the effective date of this amendment to 1 January 2023;
- in February 2021, the IASB issued amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Change in Accounting Estimates and Errors. The amendments to IAS 1 require companies to disclose their material accounting policies rather than their significant accounting policies, including providing guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 8 clarify how companies should distinguish change in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted;
- on 31 March 2021, the IASB published an additional amendment to IFRS 16 'Leases' – COVID-19 related rent concessions extension of the practical expedient to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The effective date refers to annual period beginning on or after April 2021;
- in May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes, to specify how companies should recognize deferred tax on transactions, such as leases and decommissioning obligations, that on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

4. New standards and amendments (continued)

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Management will assess any future impacts of such principles and interpretations.

5. Financial instruments—Risk Management

The Group is exposed to various operational financial risks, including credit, liquidity and financial market risks (relating mainly to exchange and interest rates). The Condensed Interim Consolidated Financial Statements do not include all the information and notes on financial risk management required in the preparation of the annual consolidated financial statements. For a detailed description of this information, reference should be made to Note 26 to the Consolidated Financial Statements.

6. Business combination

Chaucer Purchase Price Allocation

In June 2020, the Board of Directors of BIP approved the acquisition of the controlling stake of Chaucer Management Holdings Limited, the UK parent company of the Chaucer Group. In accordance with IFRS 3, the provisional fair value of the assets acquired and liabilities assumed were recorded with the purchase price allocation process to be completed during the twelve-month measurement period following the acquisition. Following the completion of the purchase price allocation process, in accordance with IFRS 3, the provisional values of the assets acquired and liabilities assumed have been retrospectively adjusted in these Condensed Interim Consolidated Financial Statements to recognize their fair value at the acquisition date, with such adjustment involving the recalculation of goodwill.

As a result, the assets acquired and liabilities assumed are recognized at fair value, together with goodwill amounting to Euro 14,480,618, calculated as shown in the table below.

(Amounts in Euro)	Acquisition date net assets fair value—provisional PPA	Purchase price allocation final PPA update	Net assets fair value
Property, plant and equipment	144,316		144,316
Intangible assets	9,741		9,741
Trade receivables	11,341,585		11,341,585
Other current assets	614,643		614,643
Cash and cash equivalents	8,754,628		8,754,628
Total assets	**20,864,913**	**—**	**20,864,913**
Current financial liabilities	25,074,673		25,074,673
Income tax paybles	284,801		284,801
Other current liabilities	4,885,025		4,885,025
Trade payables	2,154,603		2,154,603
Total liabilities	**32,399,102**	**—**	**32,399,102**
Net assets fair value	**-11,534,189**	**—**	**-11,534,189**
Price consideration	29,442,431	(1,591,410)	27,851,021
Net assets fair value	(11,534,189)		(11,534,189)
Difference	40,976,620	(1,591,410)	39,385,210
Allocation			
Client relationships	20,713,918		20,713,918
Trademark	17,645,189		17,645,189
Deferred tax liabilities	(7,288,230)		(7,288,230)
Non controlling interests	(6,166,285)		(6,166,285)
Goodwill	**16,072,028**	**(1,591,410)**	**14,480,618**

6. Business combination (continued)

Based on the above, the following adjustments have been made to the balances reported as at 31 December 2020.

(Amounts in Euro)	31 December 2020 as reported	Adjustments	31 December 2020 restated
Consolidated Statement of Financial Position			
Goodwill	169,026,652	(1,615,130)*	167,411,522
Other reserves	96,745,513	(57,243)	96,688,270
Profit (loss) for the year	64,578,879	(1,331,904)	63,246,975
Non-current financial liabilities	106,143,183	(1,615,131)	104,528,052
Other non-current liabilities	19,462,499	484,014	19,946,513
Other current liabilities	98,037,658	905,132	98,942,790
Consolidated Statement of Comprehensive Income			
Personnel expenses	187,677,166	1,331,904	189,009,070

* The adjustment amount was converted using the exchange rate as at 31 December 2020

Acquisitions of the period

Acquisition of 85,71% of Chaucer Group

As explained in detail in the Consolidated Financial Statements Note 3—Measurement criteria, during the financial year ended 31 December 2020, the Company acquired 68.44% of the Chaucer Group. The acquisition of the remaining shares (31.56%) has been contractually defined through a mechanism of put/call options to be exercised during the period from 2021 until 2023. As at Febraury 2021, the Group accelerated the acquisition process of Group Chaucer's non controlling interests, by acquiring the 12.5% and 0.6% of Chaucer Management Holdings Ltd owned by Growth Capital Partners LTD (GCP) and by non continuing shareholders respectively for an amount equal to GBP 8,386,905. Following these acquisitions of non controlling interest, the Group owns the 81.55% of Chaucer Group, through BIP Consulting UK Ltd (Newco). The Group has also finalized the acquisition of an additional 4.16% of Chaucer Group owned by Continuing Shareholders, for a total consideration of GBP 4,352,407.

Acquisitions of Advantis

On 22 April 2021, the subsidiary BIP Colombia SAS acquired the 51% of the Colombian entity Advantis Consultoria Gerencial SAS, for a total consideration of Colombian pesos 5,529,000,000, equal to approximately Euro 1,232,372, of which Colombian pesos 4,147,000,000 paid at the acquisition date, and Colombian pesos 1,382,000,000 held in an escrow account releasable by 2024 based on the results achieved by Advantis between FY 2021 and FY 2023. The acquisition of the remaining shares (49%) has been contractually defined through the following mechanism of put/call options:

— Put option granted to minority shareholders related to the disposals of 15% of Advantis shares if company's EBITDA for the year ending 31 December 2022 is higher than Colombian pesos 1,916,000,000;

— Put option granted to minority shareholders related to the disposals of 34% of Advantis shares if company's EBITDA for the year ending 31 December 2023 is higher than Colombian pesos 2,869,000,000.

Based on the Advantis business plan, the redemption amount estimated for the put options exercise is Colombian pesos 8,868,692,613, equal to approximately Euro 1,982,194.

6. Business combination (continued)

As a result, the assets acquired and liabilities assumed are recognized at fair value, together with goodwill amounting to Euro 1,068,500, calculated as shown in the table below:

	Acquisition date net assets fair value—Euro
Property, plant and equipment	36,203
Intangible assets	55,583
Deferred tax assets	23,119
Trade receivables	330,315
Other current financial assets	90,823
Other current assets	155,916
Cash and cash equivalents	137,344
Total assets	**829,303**
Deferred tax liabilities	114
Current financial liabilities	139,235
Income tax payables	94,884
Other current liabilities	257,226
Trade payables	16,526
Total liabilities	**507,985**
Net assets fair value	**321,318**
Price consideration	1,232,372
Net assets fair value	321,318
Difference	911,054
Non-controlling interests	157,446
Goodwill	**1,068,500**

The above purchase price allocation is provisional. The process of obtaining further information regarding facts and events existing at the date of acquisition and analysing and reworking such information could result in modification of certain of the amounts shown. Such analysis will be completed within 12 months from the date of acquisition.

Acquisition of 100% of Anagram

On 8 February 2021, the parent company BIP acquired for a total consideration of GBP 3,375,000 the residual 47% of Anagram, holding the 100% of its shares, following the exercise of the put option by minority shareholders.

7. Revenue from sales and services

Revenue from sales and services, amounting to Euro 181,823,170 refers to consulting services provided by the Group. Compared to the six months ended 30 June 2020, revenue increased by Euro 44,527,680 (+32.4%) mainly due to the new subsidiaries Chaucer and Medley, acquired on July and November 2020 respectively, which in total recorded third parties revenues for Euro 26,702,635 for the six months ended 30 June 2021, and to the subsidiary Advantis, acquired in April 2021, with an impact of Euro 534,552 for the six months ended 30 June 2021. Other Group's companies had a growth of approximately 12% for the six months ended 30 June 2021 compared to the six months ended 30 June 2020 due to the recovery of business after the COVID- 19 pandemic.

Revenues during the period increased across almost all industries, including the retail and manufacturing industries, the most affected by the COVID-19 pandemic. Such increases were the result of the parent company BIP and its subsidiaries consolidating their position with long-standing customers in these sectors, both through the provision of traditional and innovative digital services.

8. Operating costs

The following table provides a breakdown of "Operating costs":

(Amounts in Euro)	Six months ended 30 June 2021	Six months ended 30 June 2020
Cost of services	22,534,497	15,343,023
General and administrative expenses	9,965,232	9,386,215
Personnel expenses	120,360,087	88,933,847
Other operating costs	126,938	197,560
Earn-out remeasurement	119,405	—
Depreciation, amortisation and impairment	8,760,709	6,593,615
Total	**161,866,868**	**120,454,260**

The general increase in operating costs was mainly due to the acquisition of Chaucer, Medley and Advantis, which were not present in the first half of 2020.

A further increase in costs was due to the growth in business in the first half of 2021 (around 11.5% as noted in the previous paragraph) generated by the parent company BIP, BIP Iberia, VDM and Sketchin.

Personnel expenses included also the following costs to be phased out in subsequent periods related to i) the effects of the share based plan (Class Y shares) for Chaucer employee for Euro 377.329, ii) the cash settled incentives benefits for Chaucer continuing shareholders for Euro 729.814, and iii) the recognition of employee benefits for payments in shares under IFRS 2 amounting to Euro 2,802,852 and related expenses for employee contribution amounting to Euro 923,022.

General and administrative expenses slightly increased (6.2%) as a result of the combined effects of the increase in the consolidation area following the Chaucer, Medley and Advantis acquisitions partially offset by the increased focus on overheads and cost saving initiatives implemented in the context of the COVID- 19 pandemic which continued in 2021.

The increase in depreciation and amortisation for the period mainly related to amortisation of the client relationships and the Chaucer brand recorded in the context of the Purchase Price Allocation process, amounting to approximately Euro 1,453,429.

"Cost of services" is summarized in the table below:

(Amounts in Euro)	Six months ended 30 June 2021	Six months ended 30 June 2020
Consulting and technical assistance	20,676,887	12,971,298
Travel expenses	385,044	988,936
Other	1,472,566	1,382,789
Total	**22,534,497**	**15,343,023**

"Consulting and technical assistance", amounting to Euro 20,676,887 for the six months ended 30 June 2021, include costs for subcontractors and qualified technicians for services provided to customers. The increase compared to the six months ended 30 June 2020, from Euro 12,971,298 to Euro 20,676,887, is mainly attributable to the increase in the consolidation area following the Chaucer, Medley and Advantis acquisitions.

"Travel expenses", amounting to Euro 385,044 for the six months ended 30 June 2021, refer to expenses borne by employees and external consultants. The decrease compared to the six months ended 30 June 2020 (-61%), from Euro 988,936 to Euro 385,044, is mainly attributable to travel reduction due to COVID-19 and an increase of smart working activities.

"Other" amounts to Euro 1,472,566 for the six months ended 30 June 2021, and refer to costs incurred for project execution, such as materials purchased to provide services to customers, related mainly to the parent company BIP for Euro 1,144,689.

8. Operating costs (continued)

"Costs for general and administrative expenses" are summarized in the table below:

	Six months ended 30 June	
(Amounts in Euro)	**2021**	**2020**
Canteen	1,684,378	1,474,934
Legal and tax services	1,667,316	2,033,229
Rental of computers and printers	1,338,226	1,017,796
Telephones	750,888	742,830
Training	713,887	574,406
Recruitment	467,852	292,686
Office rental	447,233	468,774
Payroll management	409,024	348,836
Communication and events	192,578	262,565
Vehicle rental	192,366	450,519
Board of Auditors	169,586	136,321
Sundry expenses	1,931,899	1,583,319
Total	**9,965,232**	**9,386,215**

Costs for general and administrative expenses mainly refer to:

Sundry expenses

Sundry expenses amount to Euro 1,931,899 for the six months ended 30 June 2021, and are primarily attributable to the parent company BIP for Euro 858,113, BIP Services for Euro 267,429, BIP Iberia for Euro 114,177, and BIP Brazil for Euro 348,900. It mainly includes expenses related to rentals for the housing of employees working on projects at customers' premises, other duties and taxes. The increase of Euro 348,580 compared to the six months ended 30 June 2020, from Euro 1,583,319 to Euro 1,931,899, is mainly attributable to the increase in the consolidation area related to the acquisitions of Chaucer and Medley (sundry expenses of Euro 162,628, for the six months ended 30 June 2021) and Advantis (sundry expenses of Euro 11,097 for the six months ended 30 June 2021), as well as the Group's business growth.

Canteen

Canteen costs amount to Euro 1,684,378 for the six months ended 30 June 2021, and mainly refers to ticket restaurant. The increase of Euro 209,444 compared to the six months ended 30 June 2020, from Euro 1,474,934 to Euro 1,684,378, is mainly attributable to the increase of employees in the Italian companies (BIP, BIP services, Openknowledge, VDM, Sketchin).

Legal and tax services

Legal and tax services amount to Euro 1,667,316 for the six months ended 30 June 2021, compared to Euro 2,033,229 for the six months ended 30 June 2020, and primarily includes serviced provided by external professionals for ordinary and extraordinary administrative activities (ie M&A, tax declaration, work advice and others). The decrease compared to the previous period is mainly attributable to major extraordinary activities in the first half 2020 due to the involvement of legal and advisors for the acquisition of Chaucer Group (activities finalized in July 2020).

Rental of computers and printers

Rental of computers and printers amounts to Euro 1,338,226 for the six months ended 30 June 2021, compared to Euro 1,017,796 for the six months ended 30 June 2020. The increase compared to the previous period is mainly attributable to the growth in the number of employees related to the Group's business growth, and to the increase in the consolidation area following the Chaucer and Advantis acquisitions.

8. Operating costs (continued)

Training and Recruitment

Training and Recruitment amount to Euro 713,887 and Euro 467,852 respectively for the six months ended 30 June 2021, compared to Euro 574,406 and Euro 292,686 respectively for the six months ended 30 June 2020, and primarily include activities put in place for training activities for employees and costs incurred related to the search for personnel. The increase compared to the previous period is mainly attributable to training activities for digital reskilling and to head-hunter costs for the recruitment of high-profile staff.

Office rental

Office rental amounts to Euro 447,233 for the six months ended 30 June 2021, compared to Euro 468,774 for the six months ended 30 June 2020, and primarily includes costs sustained for the maintenances of offices rented. The decrease primarily refers to the management's decision to not renew rental contracts of several offices, as a result of the rationalization process of operating activities, concentrating the business activities in the new building located in Piazza Liberty -Milan.

Vehicle rental

Vehicle rental amounts to Euro 192,366 for the six months ended 30 June 2021, compared to Euro 450,519 for the six months ended 30 June 2020, and primarily includes costs incurred for fuel and maintenances of rented cars. The decrease compared to the previous period is mainly attributable to reduction in fuel consumption due to the increase in smart working.

The item "Personnel expenses" is summarized in the table below:

	Six months ended 30 June	
(Amounts in Euro)	**2021**	**2020**
Wages and salaries	84,202,470	60,678,604
Social security costs	16,585,201	14,175,916
Severance indemnity	3,625,862	3,623,512
Other personnel costs	15,946,554	10,455,815
Total	**120,360,087**	**88,933,847**

Personnel costs amount to Euro 120,360,087 for the six months ended 30 June 2021, an increase of Euro 31,426,240, or 35.3%, compared Euro 88,933,847 for six months ended 30 June 2020. The increase is mainly attributable to the consolidation of Chaucer Group and Advantis, acquired in July 2020 and April 2021 respectively, other than the Group's business growth compared to the previous period of about 11.5%, primarily generated by the parent company BIP, BIP Iberia, VDM and Sketchin.

"Other personnel costs" mainly refer to bonuses for employees, cost for holiday, leaves and employees' insurances. The increase compared to the previous period mainly related to the benefits to Chaucer's management in relation to the growth shares (Y shares) for an amount of Euro 377,239 and other incentives related to Chaucer's acquisition for an amount of Euro 729,814, as well as the recognition of employee benefits for payments in shares under IFRS 2 amounting to Euro 2,802,852 and related expenses for employee contribution amounting to Euro 923,022.

As at 30 June 2021 the Group had 3,428 employees, compared to 2,740 employees as at 30 June 2020.

8. Operating costs (continued)

The table below shows the number of Group employees by category:

	30 June	
	2021	**2020**
Executives	356	261
Managers	1,032	902
Employees	2,035	1,572
Others	5	5
Total	**3,428**	**2,740**

The item "Depreciation, amortisation and impairment" is summarized in the table below:

	Six months ended 30 June	
(Amounts in Euro)	**2021**	**2020**
Depreciation of property, plant and equipment	419,686	359,932
Amortisation of intangible assets	3,953,195	2,583,105
Depreciation of right-of-use assets	4,133,363	3,219,124
Impairment write-downs	254,465	431,454
Total	**8,760,709**	**6,593,615**

Amortisation of intangible assets amounts to Euro 3,953,195 for the six months ended 30 June 2021, and it mainly includes BIP Client relationships and the BIP trademark for Euro 1,164,723 and Euro 672,824, respectively and Chaucer Client relationships and the Chaucer trademark for Euro 989,725 and Euro 463,704, respectively, which primarily explain the increase of the period. Impairment write-downs amount to Euro 254,465 for the six months ended 30 June 2021, including the accrual for bad debt provision. The amount of Euro 431,454 for the six months ended 30 June 2020 included the accrual for bad debt provision for Euro 241,663 and the write off of tangible assets related to leasehold improvement for Euro 189,791 due to the lease termination for some offices rented by the end of 2020.

The increase in depreciation of right of use is mainly related to the new office of the Company located in piazza Liberty -Milan starting from January 2021.

9. Finance income and expenses

This item "Finance income and expenses" is summarized in the table below:

	Six months ended 30 June	
(Amounts in Euro)	**2021**	**2020**
Finance income	443,921	124,752
Finance expenses	(4,684,934)	(2,603,750)
Total	**(4,241,013)**	**(2,478,998)**

Finance income amounts to Euro 443,921 for the six months ended 30 June 2021, compared to Euro 124,752 for the six months ended 30 June 2020. The increase mainly refers to foreign exchange gains.

Finance expenses are broken down as follows:

	Six months ended 30 June	
(Amounts in Euro)	**2021**	**2020**
Interest expense	1,272,104	1,233,425
Interest expense on PFIs	646,680	514,760
Other	2,766,150	855,565
Total	**4,684,934**	**2,603,750**

9. Finance income and expenses (continued)

Finance expenses, amounting to Euro 4,684,934 for the six months period ended 30 June 2021, mainly consist of interest expense for Euro 1,272,104 related to financial loans, amortized cost release of Euro 2,113,423 and passive interest on Participative Financial Instruments (PFI) of Euro 646,680.

The increase compared to previous period is primarily attributable to the release of the amortized cost related to the financial loans reclassified as short-term following the agreement signed in 2021 between CVC and Apax for the acquisition of BIP; as required by the Facility Agreement stipulated with the Pool of banks, BIP should repay the loans in the event of a change of control.

10. Income tax expense

Income tax expense is recognized based on management best estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 June 2021 is 34%, compared to 31% for the six months ended 30 June 2020.

11. Intangible assets

The following table provides a breakdown of intangible assets and movements during the period under review:

(Amounts in Euro)	Concessions, licenses and trademarks	Client relationships	BIP trademark	Intangible assets in progress	Other intangible assets	Total
Cost at 01.01.2021	**6,213,271**	**67,997,658**	**45,044,190**	**205,055**	**40,871**	**119,501,045**
Accumulated amortisation at 01.01.2021	**(5,192,439)**	**(7,429,116)**	**(4,187,269)**	**—**	**(26,133)**	**(16,834,957)**
Balance as at 01.01.2021	**1,020,832**	**60,568,542**	**40,856,921**	**205,055**	**14,738**	**102,666,088**
Additions	1,054,330	—	—	316,944	3,088	**1,374,362**
Changes in the consolidation area	—	—	—	—	75,491	**75,491**
Exchange differences in cost	2,734	1,004,031	855,285	—	1,900	**1,863,950**
Cost reclassifications	—	—	—	—	(341)	**(341)**
Increase in accumulated amortisation due to changes in the consolidation. area	—	—	—	—	(19,908)	**(19,908)**
Exchange differences in accumulated amortisation	(1,731)	(57,126)	(26,765)	—	(1,075)	**(86,697)**
Accumulated amortisation reclassifications	(1)	—	—	—	342	**341**
Amortisation for the period	(657,659)	(2,154,448)	(1,136,528)	—	(4,560)	**(3,953,195)**
Cost at 30.06.2021	**7,270,335**	**69,001,689**	**45,899,475**	**521,999**	**121,009**	**122,814,507**
Accumulated amortisation at 30.06.2021	**(5,851,830)**	**(9,640,690)**	**(5,350,562)**	**—**	**(51,334)**	**(20,894,416)**
Balance at 30.06.2021	**1,418,505**	**59,360,999**	**40,548,913**	**521,999**	**69,675**	**101,920,091**

The following is a description of the principal capital expenditures in intangible assets for the period.

Concession, licenses and trademarks

Concession, licenses and trademarks amount to Euro 1,418,505 as at 30 June 2021, an increase of Euro 397,673 compared to Euro 1,020,832 as at 31 December 2020 and includes investments to purchase and renew software licenses. The increase in Concession, licenses and trademarks is primarily due to the combined effects of the additions for the period, equal to Euro 1,054,330, mainly related to the purchase of Microsoft licenses during the first half of 2021, and of the amortisation of the period, for Euro 657,659.

11. Intangible assets (continued)

Client relationships

Client relationships amount to Euro 59,360,999 as at 30 June 2021, a decrease of Euro 1,207,543 compared to Euro 60,568,542 as at 31 December 2020. The decrease is primarily due to the combined effects of the amortisation for the period, equal to Euro 2,154,448, and the exchange difference gains, for Euro 1,004,031.

Trademark

Trademark amounts to Euro 40,548,913 as at 30 June 2021, a decrease of Euro 308,008 compared to Euro 40,856,921 as at 31 December 2020. The decrease is primarily due to the combined effects of the amortisation for the period, equal to Euro 1,136,528, and exchange difference gains, for Euro 855,285.

Intangible assets in progress

Intangible assets in progress, amounting to Euro 521,999 as at 30 June 2021, mainly relates to a project developed in-house by the parent company BIP to create a platform for the digital archiving and dissemination of the Group's existing services and past projects able to provide accurate cataloguing and a global approach to the services offered.

The additions during the period relates to activities performed in relation to the completion of the platform, which is expected to become operational by the end of the year.

12. Property, plant and equipment

The following table provides a breakdown of property, plant and equipment and movements during the period under review:

(in Euro)	Plant and machinery	Industrial and commercial equipment	Other assets	Improvements on third parties' assets	Assets in progress	Total
Cost at 01.01.2021	**676,998**	**1,592,044**	**2,416,378**	**2,734,535**	**417,825**	**7,837,780**
Accumulated depreciation at 01.01.2021	**(411,180)**	**(966,381)**	**(1,386,792)**	**(1,636,712)**	**—**	**(4,401,065)**
Balance as at 01.01.2021	**265,818**	**625,663**	**1,029,586**	**1,097,823**	**417,825**	**3,436,715**
Additions	3,085	234,441	40,000	69,592	1,147,250	**1,494,368**
Changes in the consolidation area	—	54,651	—	—	—	**54,651**
Exchange differences in cost	(3,195)	17,112	(10,159)	(27,001)	—	**(23,243)**
Cost reclassifications	67,428	84,722	(171,554)	14,005	—	**(5,399)**
Increase in accumulated depreciation due to changes in the consolidation. Area	—	(18,448)	1,336	—	—	**(17,112)**
Exchange differences in accumulated depreciation	3,219	(13,087)	853	432	—	**(8,583)**
Accumulated depreciation reclassifications	(135,480)	(5,301)	149,359	(3,139)	—	**5,439**
Depreciation for the period	(47,060)	(116,848)	(115,954)	(139,824)	—	**(419,686)**
Cost at 30.06.2021	**744,316**	**1,982,970**	**2,274,665**	**2,791,131**	**1,565,075**	**9,358,157**
Accumulated depreciation at 30.06.2021	**(590,501)**	**(1,120,065)**	**(1,351,198)**	**(1,779,243)**	**—**	**(4,841,007)**
Balance at 30.06.2021	**153,815**	**862,905**	**923,467**	**1,011,888**	**1,565,075**	**4,517,150**

Property, plant and equipment amount to Euro 4,517,150 as at 30 June 2021, an increase of Euro 1,080,435 compared to Euro 3,436,715 as at 31 December 2020. The increase is primarily due to the combined effects of

12. Property, plant and equipment (continued)

the additions for the period, equal to Euro 1,494,368, mainly due to the assets in progress related to the improvements on the new building located in piazza Liberty—Milan, and of the depreciation of the period, for Euro 419,686.

13. Right-of-use assets

The following table provides a breakdown right-of-use assets:

(in Euro)	Property rentals	Vehicles	Total
Cost at 01.01.2021	**13,490,987**	**15,088,615**	**28,579,602**
Accumulated depreciation at 01.01.2021	**(4,935,657)**	**(5,556,320)**	**(10,491,977)**
Balance as at 01.01.2021	**8,555,330**	**9,532,295**	**18,087,625**
Additions	10,393,087	174,320	**10,567,407**
Disposals	(634,486)	(254,530)	**(889,016)**
Decrease in accumulated depreciation	634,485	230,298	**864,783**
Depreciation for the period	(2,282,003)	(1,851,360)	**(4,133,363)**
Cost at 30.06.2021	**23,249,588**	**15,008,405**	**38,257,993**
Accumulated depreciation at 30.06.2021	**(6,583,175)**	**(7,177,382)**	**(13,760,557)**
Balance at 30.06.2021	**16,666,413**	**7,831,023**	**24,497,436**

Right-of-use assets, amounting to Euro 24,497,436 as at 30 June 2021, with an increase of Euro 6,409,811 compared to Euro 18,087,625 as at 31 December 2020, relates to the lease of office buildings and vehicles used by employees.

The increase in relation to vehicles reflects new lease contracts entered into during the period due to the increase in employee numbers and contract renewals.

The increase in the period regarding Property rentals was due to the lease of new offices in Milan in Piazza Liberty (Palazzo Liberty—contract commencing 1 January 2021). The new offices will enable to combine the digital business of the Italian companies BIP, Openknowledge and Sketchin in one location, thereby rationalising the number of offices in the Milan area.

As a result of the opening of the Palazzo Liberty offices, certain leases for offices in Milan were terminated in the second half of 2020 (the Openknowledge offices in via Olona 2, Milan) and in the early months of 2021 (the Sketchin offices in via piazza San Babila 5, Milan).

14. Goodwill

The following table provides a breakdown of goodwill and movements during the period under review:

(Amounts in Euro)	
Balance as at 01.01.2021	**167,411,522**
Goodwill relating to Advantis	1,068,500
Exchange rate effect on Goodwill relating to Chaucer Group	701,894
Exchange rate effect on Goodwill relating to Medley	320,481
Exchange rate effect on Goodwill relating to FBM Group	130,975
Balance as at 30.06.2021	**169,633,372**

Goodwill amounts to Euro 169,633,372 as at 30 June 2021, an increase of Euro 2,221,850 compared to Euro 167,411,522 as at 31 December 2020. The increase primarily relates on the goodwill for the acquisition of Advantis, in April 2021, for Euro 1,068,500, and to exchange rate effects on the goodwill related to Chaucer Group, for Euro 701,894, Medley, for Euro 320,481, and FBM Group, for Euro 130,975.

14. Goodwill (continued)

In July 2020, the Group completed the acquisition of Chaucer Group. In accordance with IFRS 3, the provisional values of the assets acquired, and liabilities assumed were then subsequently retrospectively adjusted during the twelve-month measurement period following the acquisition to recognize their fair value at the acquisition date, with such adjustment involving the recalculation of goodwill (see Note 6. Business combinations for further details).

No impairment indicators were were noted at 30 June 2020 and 30 June 2021.

15. Non-current financial liabilities

The following table sets forth the movements in non-current financial liabilities for the period:

(Amounts in Euro)	Value as at 01.01.2021	Decreases	Increases	short term portion	Other changes/ remeasurement at Fair value	Exchange differences	Value as at 30.06.2021
Credem loan	376,556	—	5,200,000	(2,948,238)	—	—	2,628,318
Banco Desio loan	1,427,897	—	—	(501,253)	—	—	926,644
Escow for Anagram acquisition	—	—	844,940	—	—	—	844,940
Pool loan	56,916,987	—	—	(56,916,987)	—	—	—
Pool loan 2	36,167,962	—	9,000,000	(45,167,962)	—	—	—
Derivative	1,600,321	—	—	(437,657)	(1,162,664)	—	—
Participative financial instruments	2,808,000	(7,500)	52,500	—	—	—	2,853,000
Deferred consideration for Medley acquisition	3,615,007	—	—	(3,058,852)	—	26,562	582,717
COVID-loan Sketchin Sagl	462,877	—	—	—	—	(7,504)	455,373
Deferred consideration for VDM acquisition	99,502	—	—	(66,335)	—	—	33,167
Escrow for FBM acquisition	393,551	—	5,335	—	—	31,224	430,110
REFIS	51,231	—	(2,539)	—	—	4,065	52,756
Santander loan	584,261	(89,770)	—	—	—	—	494,491
Sabadell loan	23,901	(12,926)	—	—	—	—	10,975
Total	**104,528,052**	**(110,196)**	**15,100,236**	**(109,097,284)**	**(1,162,664)**	**54,347**	**9,312,491**

In view of the M&A activities currently in progress regarding the ownership of BIP, all loans subject to repayment clauses in the event of a change of control (Pool Loan and Pool Loan 2) were classified as short-term at 30 June 2021. The decrease relating to the Pool Loan and Pool Loan 2 reflected the reclassification from long-term to short-term following the agreement between CVC and Apax related to the change of control of the Company, while the increase reflected the additional loan obtained during 2021.

The derivatives relate to the IRS arrangements entered into related to the Pool Loan and Pool Loan 2, which will also be subject to repayment and are therefore classified as short-term at 30 June 2021. The decrease relates to the change in fair value between December 2020 and June 2021.

15. Non-current financial liabilities (continued)

Bank loans are repayable as follows:

(Amounts in Euro)	As at 30 June 2021	As at 31 December 2020
Repayable as follows:		
Under 1 year	113,637,466	41,891,444
2-5 year	4,393,512	31,506,378
Greater than 5 years	137,098	64,505,293
Total	**118,168,076**	**137,903,115**

16. Other non-current liabilities

Other non-current liabilities included:

- Euro 201,210 relating to the earn-out on the acquisition of FBM based on the agreement signed on 30 August 2019, which, in addition to payment of part of the purchase consideration at the acquisition date, provided for the payment of earn-out payments in the periods 2020-2022 based on the achievement of certain EBIT levels for the years 2020 and 2021 and the first half of 2022 agreed at the time of acquisition. The amount recorded as non-current liabilities is related to the earn-out estimated based on H1 2022 expected results.
- Euro 486,950 relating to the earn-out on the acquisition of Vidiemme Consulting S.r.l. based on the agreement signed on 20 February 2020, which, in addition to payment of part of the purchase consideration at the acquisition date, provided for the payment of earn-out payments in the periods 2021-2023 based on the achievement of certain EBIT levels for the years 2020, 2021 and 2022 agreed at the time of acquisition. The amount recorded as non-current liabilities is related to the earn-out estimated based on 2022 expected results.
- Euro 19,027,816 representing the present value of the put option granted for the years 2022 and 2023 to the minority shareholders of Chaucer if certain conditions are met.
- Euro 3,307,621 relating to the present value of the put option granted for the year 2022 to the minority shareholder of BIP Iberia if certain conditions are met.
- Euro 1,982,194 relating to the present value of the put option granted for the years 2022 and 2023 to the minority shareholder of Advantis if certain conditions are met.

17. Lease liabilities

Lease liabilities represent the current and non-current portion of the residual debt for rentals to be paid in relation to leased assets, as at 30 June 2021, in accordance with IFRS 16.

The increase of the period is mainly due to the new BIP office located in piazzale Liberty (Milan) starting from January 2021.

18. Current financial liabilities

Current financial liabilities amount to Euro 123,905,987 as at 30 June 2021, of which Euro 118,998,429 refer to payable to financing institutions and Euro 4,907,558 refer to payable to banks.

18. Current financial liabilities (continued)

The following table sets forth the movements in current financial liabilities for the period:

(in Euro)	Value as at 01.01.2021	Increases	Reimbursements	Short-term portion of long-term loans	Other changes/ remeasurement at Fair value	Exchange differences	Value as at 30.06.2021
Banco Desio loan	2,338,437	—	(1,502,494)	501,253	—	—	1,337,196
Deferred consideration for Sketchin Sagl	154,432	—	—	—	—	—	154,432
Derivative	—	—	—	437,657	—	—	437,657
Ex Advantis Shareholder loan	—	143,604	—	—	—	—	143,604
Escow for Anagram	—	466,174	—	—	—	—	466,174
Escow for Advantis	—	308,883	—	—	—	—	308,883
Deferred consideration for VDM	66,335	—	—	66,335	—	—	132,670
Deferred consideration for Chaucer	9,328,838	—	(9,774,378)	—	—	445,540	—
Deferred consideration for Medley	2,118,626	—	(1,593,615)	3,058,852	—	171,163	3,755,026
Revolving line	25,000,000	—	(25,000,000)	—	—	—	—
Bmw loans	1,317	—	(852)	—	—	—	465
Short-term portion of BNL 7-year loan	4,727,273	—	(2,363,636)	56,916,987	992,104	—	60,272,728
Short-term portion of BNL loan for Chaucer acquisition	3,710,718	—	(2,061,797)	45,167,962	1,121,319	1,225,142	49,163,344
Unicredit loan	2,500,000	—	(2,500,000)	—	—	—	—
UBI loan	333,333	—	(333,333)	—	—	—	—
Credem loan	3,281,684	—	(3,403,672)	2,948,238	—	—	2,826,250
Total	**53,560,993**	**918,661**	**(48,533,777)**	**109,097,284**	**2,113,423**	**1,841,845**	**118,998,429**

In addition to reclassification of the payables relating to the Pool and Pool 2 loans described in Note 15 above, the main changes during the period relate to payment of the deferred considerations in relation to the acquisitions of Chaucer and Medley.

With regard to the deferred considerations to be paid in relation to the acquisition of Chaucer, in February 2021 the Group, in agreement with the minority shareholders of Chaucer Management Holdings Ltd, purchased (through BIP Consulting UK Ltd) the remaining shares held by GCP and the non-continuing shareholders, thereby increasing its shareholding by 13.1%. Specifically, the transaction was completed through the advance purchase of the additional 13.1% stake in 2021 for a consideration of GBP 8,386,905, rather than waiting until January 2022 as originally agreed. In addition, the deferred consideration relating to the first 13.1% stake was settled in February 2021 as contractually agreed.

The total consideration for these two transactions, totalling GBP 16,774 thousand, was paid to GCP and the non-continuing shareholders on 10 February 2021, bringing BIP's indirect interest in Chaucer Management Holdings Ltd to 81.55%. In addition, as explained in the Note 6. Business combination the Group has also finalized the acquisition of an additional 4.16% of Chaucer Group owned by Continuing Shareholders.

18. Current financial liabilities (continued)

The item related to payables to banks is broken down as follows:

(Amounts in Euro)	Value as at 30.06.2021	Value as at 01.01.2021
Advances on invoices	167,658	175,308
Short-term cash advances	4,710,084	4,110,069
Bank overdrafts	29,816	57,301
Total	**4,907,558**	**4,342,678**

19. Provisions for risks and charges

Provisions for risks and charges amounted to Euro 150,227 as at 30 June 2021 and mainly included Euro 20,000 in respect of legal risks relating to the subsidiary BIP Tunisia and Euro 70,000 in respect of legal risks relating to the subsidiary BIP Consultoria.

20. Other current liabilities

The item related to Other current liabilities is broken down as follows:

(Amounts in Euro)	Value as at 30.06.2021	Value as at 01.01.2021
Payables due to directors and auditors	4,299,913	3,551,799
Payables due to self-employed staff	167,871	88,581
Withholding tax payables	240,655	451,616
Tax payables	8,706,626	10,876,551
Payables due to social security institutes	7,737,452	7,416,418
Payables to employees for 13th monthly salary, holidays and leave	17,918,615	6,624,772
Employee bonuses	19,661,746	25,296,629
Interest payables	134,194	78,275
Interest payable on PFIs	1,961,080	1,314,400
Other payables	20,556,254	43,243,749
Total	**81,384,406**	**98,942,790**

"Employee bonuses" amount to Euro 19,661,746 as at 30 June 2021 and refers to extraordinary compensation for Group managers, which will be settled in several tranches upon completion of the sale of BIP Group shares by APAX, and to bonus accrued in the first half of 2021.

In addition to the points above, the decrease in other current liabilities mainly depends on the payments for the acquisition of the minority interests in Chaucer (GBP 8,386,905 related to acquisition of the 13,1% paid in February 2021) and Anagram (GBP 3,375,000 paid in January 2021) following the exercise of the put options granted to minority shareholders of the two entities, and on the decrease in deferred income.

In addition, "Other payables" as at 30 June 2021 also include:

- the earn-out relating to the FBM acquisition amounting to Euro 387,329, payable on the achievement of agreed results for 2021;
- the earn-out relating to the MeA Consulting acquisition amounting to Euro 120,000, payable on the achievement of agreed results for 2021 as set out in the agreement entered into on 22 October 2019;
- the earn-out relating to the VDM Consulting acquisition amounting to Euro 1,947,802, payable on the achievement of agreed results for 2020 and 2021 as set out in the agreement entered into on 20 February 2020; the amount related to the 2020 results was paid in July 2021, while the. portion of the earn-out relating to the 2021 results will be due for payment by 30 June 2022;

20. Other current liabilities (continued)

— the present value of the current portion of the put option granted to the minority shareholders of Sketchin if certain conditions are met, amounting to Euro 4,264,000. Euro 2,648,000 of such amount was paid in July 20 21 and the balance will be settled in shares by the end of September 2021.

"Interest payable on PFIs", amounting to Euro 1,961,080, refers to interest accrued on PFI in the financial year 2020 and in the second half of 2021.

21. Shareholders' Equity

Share capital

The share capital of BIP amounts to Euro 24,223,000 and comprises 24,223,000 shares with a nominal value of Euro 1 each.

On June 2021, BIP approved a share capital increase, which was fully subscribed by Runbip S.r.l., involving the issue of 183,126 new shares for a nominal amount of Euro 183,126 plus a share premium of Euro 3,823,671.

Reserves and retained earnings

Movements in reserves and retained earnings are reported in the consolidated statement of changes in equity.

Non-controlling interests

Non-controlling interests represents the interest of minorities in Group companies. Related movements in such minority interests are reported in the relevant statements of these condensed interim consolidated financial statements.

During the period, through exercise of the put options as described above, the Group acquired 17,27% of Chaucer and 47% of Anagram increasing its controlling interest to 85,71% and 100% respectively. As a result of such acquisitions there was a decrease in non-controlling interests.

22. Other information regarding financial instruments

Fair value assessment hierarchy

In relation to the financial instruments recognized at fair value in the statement of financial position, IFRS 13 requires that these values are classified based on a hierarchy of levels that reflects the materiality of input data used in determining the fair value. The following levels are defined:

- Level 1: listed prices recognized in an active market for the asset or liability to be measured;
- Level 2: input data other than the above, that can be observed, either directly (prices) or indirectly (price derivatives) on the market;
- Level 3: input data that are not based on observable market data.

22. Other information regarding financial instruments (continued)

The book value of financial instruments and the related economic and equity effects are shown hereunder:

	As at 30 June 2021					
	Classes of financial instruments				Information on the fair value	
(amounts in Euro)	Assets/liabilities measured at fair value through profit or loss	Assets/liabilities measured at fair value through other comprehensive income	Investment held to maturity	Investments held for sale	Fair Value	Hierarchy level
Other non-current assets	2,469,031				2,469,031	3
Trade receivables	121,404,663				121,404,663	3
Other current assets	6,907,468				6,907,468	3
Non-current financial liabilities	9,312,491				9,312,491	3
Current financial liabilities	123,468,330	437,657			123,905,987	3
Lease liabilities	24,872,299				24,872,299	3
Other current liabilities	81,384,406				81,384,406	3
Trade payables	24,191,730				24,191,730	3

There were no changes compared to valuation techniques applied as at 31 December 2020.

23. Post balance sheet events

On 10 September 2021 CVC Capital Partners Fund VIII (CVC) completed the acquisition of the majority stake in BIP from Apax Partners.

Through the acquisition CVC reached 75% of BIP share capital while equity partners, with a reinvestment of 25% of BIP share capital, will continue as shareholders.

The transaction has been financed by a mix of equity and debt provided by primary financial institutions.

On 10 September 2021, the Board of Directors, with the aim of simplifying the existing governance structure of the Company business, decided to nominate Carlo Cape as the sole Company CEO. The relationship and board membership of the previous co-CEO Fabio Troiani was terminated.

In September 2021, the financial loans granted by a pool of banks during 2019 and 2020 under the "Facility Agreement" have been refinanced through a new loan ("bridge facility agreement") of Euro 275,000,000 and a revolving credit facility loan of Euro 50,000,000. At the date of preparation of these Condensed Interim Financial Statements, the Group is considering a potential bond issuance to reimburse the above bridge facilities.

In July and September 2021, through the purchase of 35% of the capital of Sketchin Sagl from the minority shareholder, Bip achieved 100% ownership of the shares of the company.

24. Related party transactions

Related parties are companies which directly or indirectly, by means of one or more broking companies, control or are controlled by the companies of the Group and in which the same hold a participation capable of exerting a strong influence; executives having key responsibilities of the group parent and of the companies directly and/or indirectly controlled by the same, and in which the group parent company has a strong influence.

Many transactions with related parties were carried out during the period; the applied conditions are the ones usually applied in transactions with third parties.

24. Related party transactions (continued)

The table below summarizes the trade and financial transactions with related parties as at and for the six months ended 30 June 2021:

(Amounts in Euro)	Revenue	Costs	Financial income/(expenses)	Receivables	Payables
Immobiliare 4.0 Srl		291,556			
M.L. Consulting		269,500			127,833
Compagnia Finanziaria Immobiliare		470,000			207,500
Zagodin di Airaghi Andrea		390,000			153,500
Lumiere SaS di Paolo Roberti		225,500			70,500
Jesus Ruiz Iban		441,260			37,547
Chris Laslett		3,802			
De Marco Martino		303,500			156,000
Mip Politecnico di Milano Scpa	147,614	10,000		84,811	10,000
Mecctek Srl	371,500			1,076,803	
Hernando Baquero					134,103
Total	**519,114**	**2,405,118**	**—**	**1,161,614**	**896,983**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including all the executive directors of the Company.

BIP's key management's compensation for six months ended 30 June 2021 amounts to Euro 1,371,000 (Euro 1,371,000 for six months ended 30 June 2020).

Independent auditor's report

To the shareholders of Business Integration Partners SpA

Opinion

We have audited the consolidated financial statements of Business Integration Partners SpA (the "Company") and its subsidiaries ("Business Integration Partners Group"), which comprise the statement of financial position as of 31 December 2020, the statement of comprehensive income, the statement of changes in Shareholders' equity and the cash flows statement for the year then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" of this report. We are independent of the Company based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the group ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the group financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- we identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we 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;

- we 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 internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management 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 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;
- we 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;
- we 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 on the consolidated financial statements

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.

Milan, 30 June 2021

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

Business Integration Partners S.p.A.
Consolidated Statement of Financial Position
As at 31 December 2020

(Euro)	Note	As at 31 December 2020	2019
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,436,715	3,759,380
Intangible assets	5	102,666,088	68,783,716
Right-of-use assets	6	18,087,625	20,699,854
Goodwill	7	169,026,652	143,098,282
Deferred tax assets	8	40,767,507	1,550,522
Other non-current assets	9	3,525,767	3,241,403
TOTAL NON-CURRENT ASSETS		**337,510,355**	**241,133,157**
TOTAL NON-CURRENT ASSETS HELD FOR SALE			
CURRENT ASSETS			
Trade receivables	10	109,131,260	114,868,110
Other current assets	11	3,109,030	1,456,720
Cash and cash equivalents	12	94,757,671	31,516,501
TOTAL CURRENT ASSETS		**206,997,961**	**147,841,331**
TOTAL ASSETS		**544,508,316**	**388,974,488**
SHAREHOLDERS' EQUITY			
Share capital	13	24,039,875	23,980,729
Legal Reserve	13	4,796,146	4,689,977
Translation reserve	13	(256,074)	236,709
Other reserves	13	96,745,513	133,557,697
Retained earnings	13	6,359,036	1,710,820
Profit (loss) for the year	13	64,578,879	11,554,385
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**196,263,374**	**175,730,317**
Capital and reserves attributable to non-controlling interests	13	6,910,080	265,537
Translation reserve attributable to non-controlling interests	13	(175,956)	48,929
Retained earnings attributable to non-controlling interests	13	773,364	248,164
TOTAL SHAREHOLDERS' EQUITY		**203,770,862**	**176,292,947**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	14	106,143,183	66,865,983
Lease liabilities	15	12,390,772	15,165,108
Deferred tax liabilities	16	7,478,242	19,136,176
Provisions for risks and charges	17	91,464	91,464
Other non-current liabilities	18	19,462,499	3,142,600
Employee benefit liabilities	19	3,515,635	1,922,811
TOTAL NON-CURRENT LIABILITIES		**149,081,795**	**106,324,142**
CURRENT LIABILITIES			
Current financial liabilities	20	57,903,672	26,287,104
Lease liabilities	21	6,024,227	5,741,744
Current tax liabilities	22	8,202,370	1,929,559
Provisions for risks and charges	23	15,690	126,213
Other current liabilities	24	98,037,658	53,587,575
Trade payables	25	21,472,042	18,685,203
TOTAL CURRENT LIABILITIES		**191,655,658**	**106,357,399**
TOTAL LIABILITIES		**340,737,454**	**212,681,541**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**544,508,315**	**388,974,488**

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

(Euro)	Note	Year ended 31 December 2020	Year ended 31 December 2019
Revenue from sales and services	27	286,194,467	242,785,820
Other revenues	28	2,107,464	1,798,247
TOTAL VALUE OF PRODUCTION		**288,301,930**	**244,584,067**
Cost of services	29	36,329,750	35,111,847
General and administrative expenses	30	20,324,066	18,794,695
Personnel expenses	31	187,677,166	149,993,229
Other operating costs	32	298,139	262,287
Depreciation, amortisation and impairment	33	15,151,640	12,331,379
Total operating costs		**259,780,761**	**216,493,438**
OPERATING PROFIT		**28,521,169**	**28,090,629**
Finance income	34	561,699	533,377
Finance expenses	34	6,227,928	9,498,027
Net finance expenses		**(5,666,228)**	**(8,964,650)**
Profit before tax		**22,854,941**	**19,125,980**
Income tax expense / (benefit)	36	(42,497,302)	7,323,430
Profit for the year		**65,352,242**	**11,802,549**
attributable to the Group		64,578,879	11,554,385
attributable to non-controlling interests		773,364	248,164
Other items of comprehensive income that will not be reclassified subsequently to profit or loss, net of tax	37	(160,758)	(137,654)
Other items of comprehensive income that will be reclassified subsequently to profit or loss, net of tax	37	(1,804,532)	679,079
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**63,386,952**	**12,343,975**
attributable to the Group		62,688,305	12,046,881
attributable to non-controlling interests		698,647	297,094

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Changes in Equity
As at and for the year ended 31 December 2020

	Share capital	Legal reserve	Translation reserve	Other reserves	Retained earnings	Profit (loss) for the year	Shareholders' equity attributable to the Group	Non-controlling interests	Shareholders' equity
Balance as at 01.01.2019	**23,449,884**	**4,689,977**	**(150,935)**	**133,629,095**		**1,710,820**	**163,328,841**	**1,090,251**	**164,419,092**
Share capital increase	530,845	—	—	4,713,904	—	—	5,244,749	—	5,244,749
Allocation of prior year profit	—	—	—	—	1,710,820	(1,710,820)	—	—	—
Other items of comprehensive income	—	—	630,150	(137,654)	—	—	492,496	48,929	541,425
Re-measurement of put minorities	—	—	—	2,397,101	—	—	2,397,101	—	2,397,101
Transactions with non-controlling interests	—	—	(300,274)	(6,901,531)	—	—	(7,201,805)	(871,624)	(8,073,429)
Other changes	—	—	57,768	(143,218)	—	—	(85,450)	46,909	(38,541)
Profit for the year	—	—	—	—	—	11,554,385	11,554,385	248,164	11,802,549
Balance as at 31.12.2019	**23,980,729**	**4,689,977**	**236,709**	**133,557,697**	**1,710,820**	**11,554,385**	**175,730,317**	**562,630**	**176,292,947**
Share capital increase	59,146	—	—	525,208	—	—	584,354	—	584,354
Allocation of prior year profit	—	106,169	—	—	11,448,216	(11,554,385)	—	—	—
Distribution of dividends	—	—	—	—	(6,800,000)	—	(6,800,000)	—	(6,800,000)
Other items of comprehensive income	—	—	(513,572)	(1,377,002)	—	—	(1,890,574)	(74,716)	(1,965,291)
Re-measurement of put minorities	—	—	—	(35,292,749)	—	—	(35,292,749)	—	(35,292,749)
Transactions with non-controlling interests	—	—	—	(658,064)	—	—	(658,064)	6,093,227	5,435,164
Other changes	—	—	20,789	(9,577)	—	—	11,212	152,983	164,195
Profit for the year	—	—	—	—	—	64,578,879	64,578,879	773,363	65,352,242
Balance as at 31.12.2020	**24,039,875**	**4,796,146**	**(256,074)**	**96,745,512**	**6,359,036**	**64,578,879**	**196,263,374**	**7,507,487**	**203,770,862**

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Cash Flows
As at and for the year ended 31 December 2020

	Statement of cash flows (Euro)	Note	Year ended 31 December 2020	2019
	Profit for the year		65,352,242	11,802,549
	Current taxes	36	9,480,755	8,317,419
	Tax realignment of goodwill	36	(55,407,979)	—
	Depreciation and amortisation	33	13,951,732	11,759,175
	Doubtful debt provision and other write-downs	33	1,199,909	572,204
	Impairment losses		—	—
	Interest expense	34	5,666,228	8,964,650
	Provisions for risks and charges		—	—
	Provision for employee severance indemnity	31	7,339,759	6,323,410
I	**Operating cash flows before movements in working capital**		**47,582,646**	**47,739,406**
	Movements in working capital			
	Trade receivables	10	25,996,125	(16,738,747)
	Other current assets	11	389,313	(244,256)
	Trade payables	25	(526,664)	2,981,118
	Payments for provisions for risks and charges		(110,523)	(59,893)
	Taxes paid		(9,816,262)	(8,272,030)
	Other current liabilities	24	17,902,663	2,803,430
II	**Total movements in working capital**		**33,834,653**	**(19,530,378)**
A) (I+II)	**Total cash flow from operating activities**		**81,417,298**	**28,209,028**
	Cash flow from investing activities			
	Changes in property, plant and equipment	4	(635,168)	(1,359,753)
	Changes in intangible assets	5	(2,247,106)	(968,157)
	Changes in other non-current assets/liabilities	9	(5,358,262)	(4,884,107)
	Acquisition/disposal of non-controlling interests		—	(6,956,461)
	Acquisition of subsidiaries net of cash acquired		(36,643,169)	(3,018,607)
B)	**Total cash flow used in investing activities**		**(44,883,705)**	**(17,187,085)**
	Cash flow from financing activities			
	Net movements in long-term loans	14	33,845,452	769,627
	Net movements in short-term loans		(11,378,162)	—
	Lease payments (IFRS 16)	18	(6,736,127)	(6,150,134)
	Net interest (paid and received)		(6,758,978)	(6,610,946)
	Dividends paid	13	(6,800,000)	(1,253,860)
	Proceeds on share issue		584,354	5,244,749
	Other capital movements	13	(1,315,975)	2,942,124
	Payment of severance indemnity (to funds or employees)	19	(6,632,038)	(5,846,520)
C)	**Total cash flow used in financing activities**		**(5,191,474)**	**(10,904,958)**
D)=(A+B+C)	**Net increase in cash and cash equivalents**		**31,342,119**	**116,985**
E)	**Net short-term financial liquidity/(debt) at beginning of year**	**20**	**(512,347)**	**5,112,412**
F)=(D+E)	**Net short-term financial liquidity/(debt) at end of year**	**20**	**30,829,772**	**5,229,397**
Cash and cash equivalents (G)			**94,757,671**	**31,516,501**
Current financial liabilities (H)			**(63,927,898)**	**(32,028,848)**
Year-end net short-term financial liquidity/(debt) (I)=(G)+(H)			**30,829,772**	**(512,347)**

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Notes to the Consolidated Financial Statements
As at and for the year ended 31 December 2020

1. General Information

The parent company Business Integration Partners S.p.A. (hereinafter "BIP S.p.A." or "BIP"), which has its registered office in Milan, Piazza San Babila, 5, and the companies it directly or indirectly controls (hereinafter, the "Group") operate in the management consultancy and business integration sector, in the research and adoption of disruptive technology solutions. The Group's core business is consultancy.

The service offer is addressed to the following market segments:

Energy & Utilities;
Telecommunications, Media & Entertainment (TMT);
Financial Services;
Public Sector;
Pharma and Healthcare;
Manufacturing.

BIP Services S.r.l., a wholly owned subsidiary of BIP S.p.A., provides services to all of the Group's Italian companies in the areas of administration, accounting and financial reporting, corporate affairs, treasury management, management and control, IT, logistics and support, real estate management, HR and other ancillary activities.

The consolidated financial statements were authorised for issuance by the Board of Directors of BIP S.p.A. on 30 April 2021.

As described in more detail in the notes below, in light of the decision to realign the tax values of certain balances included in the financial statements of BIP S.p.A. to their accounting values, management approved certain amendments to the financial statements on 31 May 2021.

2. Form and content of the financial statements and accounting policies

These consolidated financial statements together with the notes thereto (the "Consolidated Financial Statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS" or "international accounting standards") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union in accordance with the procedures provided for in Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Article 9 of Legislative Decree 38/05.

These Consolidated Financial Statements have been prepared on a historical cost basis, subject to value adjustments where appropriate, except in relation to the measurement of financial statement balances that under IFRS must be recognised at fair value, as indicated in the measurement criteria set out below.

The Consolidated Financial Statements comprise the financial statements of the parent company (BIP S.p.A.) and those of the Italian and overseas companies directly or indirectly controlled by the parent company, which determines the relevant financial and management decisions and receives the related benefits.

The Consolidated Financial Statements have been prepared based on the financial statements as at 31 December 2020 of the companies included within the scope of consolidation, prepared in accordance with the accounting policies adopted by the Group in compliance with IAS/IFRS. The Consolidated Financial Statements have been prepared in Euro, the currency of the main economic area in which the Group operates. Unless otherwise specified, all amounts in this document are presented in Euro.

The Consolidated Financial Statements have been prepared on a going concern basis, as management has confirmed the absence of financial, operational or other indicators that may suggest an inability on the part of the Group to meet its obligations in the foreseeable future and, in particular, during the 12 months following the reporting date. Business related risks and uncertainties, together with details regarding how these are managed, are described in Note 23, "Management of financial risks".

2. Form and content of the financial statements and accounting policies (continued)

Financial statements

The format of the Consolidated Financial Statements and related classification criteria adopted by the Group (among the options available under IAS 1—Presentation of financial statements) are described below.

Statement of financial position items are classified as current and non-current, while income statement items are classified according to their nature as such presentation is considered most appropriate to represent the Group's business and is in line with internal management reporting.

The consolidated statement of comprehensive income sets out the profit or loss for the year, together with other income and costs that, in accordance with IFRS, are recognised directly in equity.

The consolidated statement of changes in equity shows the total income (costs) for the year, transactions with shareholders and other changes in shareholders' equity.

The consolidated statement of cash flows is prepared using the indirect method, adjusting profit for the year to exclude non-monetary items.

The Consolidated Financial Statements have been audited by the independent auditor PricewaterhouseCoopers S.p.A..

Seasonality

Group operations are not subject to seasonality.

Principles of consolidation

The following table lists the companies included within the scope of consolidation in addition to BIP S.p.A..

Company	Registered office	Share Capital (in local currency)	Share Capital (in Euro)	investment % Direct	investment % Indirect
BIP Iberia S.L.	Madrid	200,000 EUR	200,000	58.50%	0.00%
BIP Desarrollo Global S.r.l.	Madrid	10,000 EUR	10,000	100.00%	0.00%
Openknowledge S.r.l.	Milano	100,000 EUR	100,000	100.00%	0.00%
BIP Tunisia S.a.r.l.	Tunisi	18,550 TND	9,764	95.00%	0.00%
BIP HOLDING DO BRASIL S.A.	San Paolo	8,376,671 BRL	1,884,939	0.00%	100.00%
BIP Business Integration Partners do Brasil Ltda	Rio de Janeiro	25,000 BRL	11,273	0.00%	99.00%
BIP Business Intcgration Partners do Brasil Consultoria Ltda	San Paolo	250,000 BRL	55,706	0.00%	100.00%
BIP Business Integration Partnership San Paolo	San Paolo	184,333 BRL	57,233	0.00%	99.90%
FBM CONTABTLIDADE E PARTlCIPAçÒES LTDA	San Paolo	425,015 BRL	92,638	0.00%	66.25%
FBM - GESTÀO E PROCESSOS LTDA.	San Paolo	500,000 BRL	108,982	0.00%	62.00%
Anagram Consulting LTD	London	170,213 GBP	195,885	53.00%	0.00%
Sketchin Sagl	Manna	100,000 CHF	92,022	65.00%	0.00%
Sketchin Italia S.r.l.	Milan	10,000 EUR	10,000	0.00%	65.00%
BIP Turchia	Istanbul	50,000 TRY	16,770	0.00%	100.00%
BIP Cile	Santiago del Cile	200,000 CLP	259	0.00%	100.00%
BIP Colombia	Bogotà	350,000,000 COP	117,877	0.00%	100.00%
BIP USA	Wilmington	100,000 USD	88,402	100.00%	0.00%
BIP UAE offshore	AbuDhabi	448,700 AED	112,216	100.00%	0.00%

2. Form and content of the financial statements and accounting policies (continued)

Company	Registered office	Share Capital (in local currency)	Share Capital (in Euro)	investment %	
				Direct	Indirect
BIP Belgio S.A.	Bruxelles	20,000 EUR	20,000	100.00%	0.00%
BIP Services S.r.l.	Milan	100,000 EUR	100,000	100.00%	0.00%
Smartenup Consulting GmbH	Vienna	35,000 EUR	35,000	100.00%	0.00%
VIDIEMME CONSULTING SRL	Milan	100,000 EUR	100,000	100.00%	0.00%
VDM Labs, Inc	San Francisco	10,000 USD	9,110	0.00%	100.00%
BIP Consulting Uk Limited	London	1,319 GBP	1,446	78.76%	0.00%
Chaucer Management Holdings Limited	London	176,658 GBP	193,613	0.00%	68.44%
Chaucer Management Services Limited	London	8,195 GBP	8,982	0.00%	68.44%
Chaucer Group Limited	London	105,735 GBP	115,883	0.00%	68.44%
Chaucer America Inc	Houston	1,000 USD	893	0.00%	68.44%
Chaucer Computing Limited	Faversham	2 GBP	2	0.00%	68.44%
Chaucer Consulting Limited	Faversham	2 GBP	2	0.00%	68.44%
Chaucer Resources Limited	Faversham	I GBP	I	0.00%	68.44%
Chaucer Systems Limited	Faversham	I00 GBP	110	0.00%	68.44%
Resource Provider Limited	Faversham	I GBP	1	0.00%	68.44%
Virtrium Limited	Faversham	99 GBP	109	0.00%	68.44%
Medley Business Solutions Limited	London	2,301 GBP	2,561	0.00%	68.44%

The assets, liabilities, revenues and expenses of fully consolidated companies are consolidated on a line-by-line basis; the book value of the investment is eliminated and replaced by the relevant share owned of the net equity of the investee companies.

On the acquisition date when control is obtained, the equity of subsidiaries is determined by valuing individual assets and liabilities at their fair value. If the total is less than the purchase consideration, the difference is recognized in the balance sheet as "Goodwill" (hereinafter goodwill); if the total is greater than the purchase consideration, the difference is recognized in the income statement.

The shares of net equity and profit for the year attributable to non-controlling interests are recognized separately within equity and in the income statement. In the event full control is not assumed, the share of equity attributable to non-controlling interests is determined based on the share of the fair value attributed to the assets and liabilities on the acquisition date when control is obtained, less any goodwill relating to them (so-called partial goodwill method).

In the case in which additional shares are acquired subsequent to assuming control (acquisition of minority interests) any excess of the purchase consideration over the corresponding portion of equity acquired is recognized in equity; in the same way, the effects of the sale of minority shareholdings without loss of control are recognized in equity.

All Group company financial statements have been prepared as at the same reporting date, 31 December 2020. In the case of subsidiaries belonging to the Chaucer Group with an accounting and tax year from 1 November – 31 October, interim financial statements were prepared at the reporting date of 31 December 2020 were prepared.

Changes within the BIP Group during financial year 2020, in chronological order, related to:

Acquisition of 10% of Sketchin Sagl

On 10 January 2020, BIP S.p.A. acquired a further 10% of the share capital of Sketchin S.a.g.l., taking its controlling interest to 65%.

2. Form and content of the financial statements and accounting policies (continued)

Acquisition of 100% of the share capital of Vidiemme Consulting S.r.l.

On 10 February 2020, BIP's Board of Directors approved the acquisition of the entire share capital of Vidiemme Consulting S.r.l, a company that offers IT, business processing and research and programming services, delivering web, mobile, wearable device and new technology digital innovation projects. The transaction was completed on 20 February 2020. For further details, see the section below on "Acquisitions that qualify as business combinations".

Acquisition of 5.75% of the share capital of Consorzio Laboratorio Energia e Ambiente Piacenza (LEAP)

On 24 February 2020, BIP's Board of Directors approved the acquisition of 1.6% of the share capital of the non-profit limited liability consortium company LEAP (Laboratorio Energia & Ambiente Piacenza), specialised in applied research, experimentation, development, and transfer of energy technologies with high efficiency and low environmental impact. Subsequently, on 9 April 2020, BIP's Board of Directors approved the acquisition of a further 4.15% of LEAP, bringing its total shareholding to 5.75%.

Acquisition of the Chaucer Group

In June 2020, the Board of Directors of BIP approved the acquisition in several tranches of the entire share capital of Chaucer Management Holdings Limited, the UK parent company of the Chaucer Group. The Chaucer Group is a leading business consultancy in the UK market in the fields of energy, life sciences and public administration, with specific expertise in (i) technology & data, (ii) digital strategy & business and (iii) cultural & behavioural changes. It performs its consulting activities through the operating companies Chaucer Group Ltd and its subsidiary Virtrium Ltd, both well established in the UK market and with an important focus on multinational clients, and through the operating company Chaucer America Inc, active in the US market. Chaucer Group Ltd and Chaucer America Inc are both wholly owned subsidiaries of the subholding company Chaucer Management Services Ltd, which in turn is wholly owned by Chaucer Management Holdings Ltd.

In order to facilitate BIP's acquisition of the Chaucer Group, on 15 June 2020, BIP Consulting UK Ltd (Newco), a company incorporated under English law, was established with share capital held directly by BIP, which provided funding for Newco, and the minority shareholders of Chaucer Management Holdings Ltd (Continuing Shareholders), which exchanged part of their shareholdings in Chaucer for shares in Newco, in percentages of 74.99% and 25.01% respectively.

The agreement signed with the shareholders of the Chaucer Group provides for the acquisition by BIP of 100% of the share capital of Newco and, in turn, 100% of the share capital of Chaucer Management Holdings Ltd originally held by the majority shareholder, the UK investment fund Growth Capital Partners Ltd (GCP), by the operating Continuing Shareholders and by a further minority of Non-Continuing Shareholders. Specifically, such acquisition is divided into several stages, as summarised below:

- the acquisition of a 55.33% (indirect) shareholding in Chaucer Management Holdings Ltd through payment by Newco of the related consideration upon signing the share purchase agreement, as well as a further 13.1% (indirect) interest in Chaucer Management Holdings Ltd through payment of a deferred consideration to be paid to the GCP Fund and the Non-Continuing Shareholders in the first quarter of 2021.
- the acquisition of the remaining shares (an indirect shareholding of 31.57%) through put/call option mechanisms for the purchase by BIP or sale by the minority shareholders of Newco (Continuing Shareholders) and Chaucer Management Holdings Ltd (GCP and Non-Continuing Shareholders), to be exercised during the period from Q1 2021 until Q1 2023.

As part of the transaction, the Chaucer Group repaid an outstanding loan with the previous shareholder GCP through an intercompany loan received from BIP S.p.A..

For further details, see the section below on "Acquisitions that qualify as business combinations".

2. Form and content of the financial statements and accounting policies (continued)

Acquisition of Medley Consulting Ltd (Chaucer Group)

On 30 November 2020, Chaucer Group Ltd acquired the entire share capital of Medley Business Solution Ltd, a company specialised in the provision of consultancy services in the UK public sector. For further details, see the section below on “Acquisitions that qualify as business combinations”.

Sale of 41.50% of the share capital of the subsidiary Business Integration Partners Consulting Iberia S.L.

On 30 November 2020, the Board of Directors of BIP approved the sale of 41.50% of the share capital of Business Integration Partners Consulting Iberia S.L to certain local partners. The transaction was completed on 21 December 2020.

MeA Consulting S.r.l. merger

On 14 December 2020, the deed of merger of MeA Consulting S.r.l. into BIP was signed. The merger was valid for tax and accounting purposes with effect from 1 January 2020.

Subsidiaries

Subsidiaries are consolidated from the date the Group obtains control of the investee and cease to be consolidated from the date such control is transferred to third parties.

The book value of investments in subsidiaries is eliminated against the corresponding share of equity at the date of acquisition and replaced by the assets acquired and liabilities assumed resulting from the respective financial statements in accordance with the full consolidation method. The capital and reserves of subsidiaries attributable to non-controlling interests is recorded under the equity item “Capital and reserves attributable to non-controlling interests” and the share of consolidated profit or loss attributable to non-controlling interests is recorded under the item “Net profit or loss of non-controlling interests”.

Intra-group transactions

Profits resulting from transactions between consolidated group companies that have not yet been realized with third parties at the end of the reporting period are eliminated, as are receivables, payables, income and costs, guarantees, commitments and risks between consolidated group companies. Losses on intra-group transactions are not eliminated as it is considered that they represent a reduction in value of the asset transferred.

Translation of financial statements in currencies other than Euro

The financial statements of companies operating in currencies other than the Euro are translated into Euro, the functional currency of the parent company, with assets and liabilities being translated at the exchange rates in effect on the closing date, equity balances at their historical rates and costs and revenues being translated at the average exchange rate for the year (source: Bank of Italy).

Exchange differences arising on the translation of the financial statements of companies operating in currencies other than the Euro resulting from the different exchange rates applied to assets and liabilities, equity balances and income statement amounts are recognized in the account “Translation reserve”, to the extent attributable to the Group, and in the account “Translation reserve attributable to non-controlling interests”, to the extent attributable to non-controlling interests. The foreign exchange translation reserve is reversed to the income statement on disposal of a subsidiary or when a subsidiary cease to qualify as a subsidiary. On partial disposal, without loss of control, the share of exchange rate differences relating to the percentage share of the equity investment disposed of is allocated to shareholders’ equity attributable to non-controlling interests.

The financial statements subject to translation are expressed in the functional currencies of the countries in which the Group companies operate.

2. Form and content of the financial statements and accounting policies (continued)

The following tables show the exchange rates used:

End of period exchange rates as at 31 December 2020			Average yearly exchange rates in 2020		
Country	**Currency**	**1 Euro equals to:**	**Country**	**Currency**	**1 Euro equals to:**
Brazil	Real	6.3735	Brazil	Real	5.8943
Tunisia	Dinaro	3.2943	Tunisia	Dinaro	3.1997
Turkey	Lira	9.1131	Turkey	Lira	8.0547
Colombia	Peso Col	4,202.3400	Colombia	Peso Col	4,217.0561
United Arab Emirates	Dirham	4.5065	United Arab Emirates	Dirham	4.1947
Chile	Peso Cil	872.5200	Chile	Peso Cil	903.1370
USA	Dollar	1.2271	USA	Dollar	1.1422
United Kingdom	Pound	0.8990	United Kingdom	Pound	0.8897
Switzerland	Franc	1.0802	Switzerland	Franc	1.0705

3. Measurement criteria

The following paragraphs describe the main measurement criteria adopted in preparing the Consolidated Financial Statements:

In accordance with IFRS 9 and IAS 32, financial assets are classified in the following three categories:

1) Financial assets measured at amortised cost;

2) Financial assets measured at fair value through other comprehensive income (FVOCI). This category includes only equity instruments not held for sale that the Group irrevocably decides to classify as such upon initial recognition or at the transition date. In accordance with IFRS 9, equity instruments measured at FVOCI are not tested for impairment;

3) Financial assets measured at fair value through profit or loss, which include derivatives and listed equity instruments that the Group has not irrevocably decided to classify as FVOCI upon initial recognition or at the transition date. This category also includes debt instruments whose cash flows do not pass the SPPI test or which are held within a business model whose objective is achieved both by collecting contractual cash flows and by collecting contractual cash flows and selling financial assets.

On initial recognition, financial assets are measured at cost, which corresponds to fair value plus transaction costs relating to the acquisition. Subsequent measurement depends upon the nature of the instrument.

Financial assets are measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model, the objective of which is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

3. Measurement criteria (continued)

The fair value of listed financial instruments is based on the quoted market price. If the market in question is not active (or the securities are not listed) Group companies determine fair value applying measurement techniques. Investments in equity instruments that do not have quoted prices in active markets and whose fair value cannot be measured reliably are measured at cost.

Impairment

The adoption of IFRS 9 fundamentally changed the accounting for the impairment of financial assets, replacing the incurred loss model envisaged by IAS 39 with the forward-looking expected credit loss (ECL) model. IFRS 9 requires that the Group record expected credit losses (ECLs) in relation to all loans and other receivables representing financial assets not measured at fair value through profit or loss. Expected credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive. This difference is discounted at the original effective interest rate of the asset. For contract assets, trade receivables and other receivables, the Group adopts the simplified approach and calculates the ECL based on expected losses over the entire life of the receivable (the lifetime ECL). For other financial assets, ECL is based on 12-month expected credit losses, calculated based on the probability of a default occurring on the instrument in the 12 months following the reporting date. In any case, when there is a significant increase in credit risk following initial recognition of the receivable, the provision is made based on lifetime expected credit losses.

Current assets

Receivables are initially recognised at fair value and subsequently measured at amortised cost. In the presence of objective evidence of impairment loss, the write-down is determined by comparing the receivable's book value with the present value of estimated cash flows discounted at the effective interest rate as defined upon initial recognition. Expected losses are considered over the entire life of the receivable from initial recognition. Receivables are reported net of doubtful debt provisions; in the event an asset impairment is ascertained, the doubtful debt provision is used to cover charges; conversely it is released as surplus if no longer required. The effects of measurement at amortized cost are recognized under "Finance income (expenses)".

Financial assets are derecognized when the rights to the cash flows from the asset have been transferred together with all risks and rewards of ownership of the financial asset.

Cash and cash equivalents are recognised, depending on their nature, at nominal value or at amortized cost. Other cash equivalents refer to short-term highly liquid financial investments with an original maturity of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value.

Non-current assets

Property, Plant and Equipment

Property, plant and equipment includes fixed assets held for use in the production or supply of goods and services or for leasing or administrative purposes. Real estate held for the primary or exclusive purpose of earning rental income or for capital appreciation or both ("Investment Property") is not included in this asset category.

Items of property, plant and equipment are recognised at purchase price, which is represented by the fair value of the price paid to acquire the asset and any other direct cost incurred to prepare the asset for use.

Costs related to the expansion, modernisation or improvement of owned or leased assets are capitalised to the extent that they meet the requirements to be classified as an asset or part of an asset.

Subsequent to initial recognition, property, plant and equipment is recognised at cost less any accumulated depreciation and any accumulated impairment losses.

3. Measurement criteria (continued)

Items of property, plant and equipment are depreciated on a straight-line basis over the useful economic life of individual assets, which is the estimated period over which the asset will be used by the Group. This period starts from when the asset is available for use. When the asset includes several significant components with different useful lives, each component is depreciated separately. The value to be depreciated is represented by the book value prior to depreciation and net of any write-downs, reduced by the presumable net realisable value at the end of the asset's useful life if significant and capable of being reliably determined.

Considering the homogeneous nature of the assets included within the categories of property, plant and equipment, the estimated useful lives of the various asset categories, subject to specific exceptions, is as follows:

Category	Estimated useful life
Plant and machinery	3-6 years
Electronic and electromechanical machinery	3-6 years
Office furniture and equipment	6-8 years

The depreciation criteria used, the useful lives and the residual values are reviewed and redefined at least at the end of each financial period in order to take account of any significant changes.

The book value of individual items of property, plant and equipment is maintained in the financial statements to the extent that there is evidence that such value can be recovered through use. If evidence suggests there may be difficulties in recovering the net book value, an impairment test is carried out.

Improvement, upgrading and transformation costs that increase the value of the assets are recognised as assets in the balance sheet.

Intangible assets (other than goodwill)

Intangible assets are recognized when they can be identified, are under the control of the company expected to produce future economic benefits.

Intangible assets are initially recognised at purchase price or production cost. Purchase price is represented by the fair value of the price paid to acquire the asset and any other direct cost incurred to prepare the asset for use. In the case of internally produced intangible assets, the production of the asset is split into the two phases of research (the costs of which are not capitalised) and development (the related costs of which may be capitalised). If the two phases cannot be distinguished, the entire process is considered as research. Finance expenses incurred in relation to the acquisition of intangible assets are not capitalised.

Subsequent to initial recognition, intangible assets are recognised at cost less any accumulated depreciation and any accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over the expected useful economic life of individual assets,

Considering the homogeneous nature of the assets included within the categories of intangible assets, the estimated useful lives of the various asset categories, subject to specific exceptions, is as follows:

Category	Estimated useful life
Patents and licences	5 years
Trademarks	20 years
Client relationships	20 years
Other	10 years

The amortisation criteria used, the useful lives and the residual values are reviewed and redefined at least at the end of each financial period in order to take account of any significant changes.

3. Measurement criteria (continued)

The book value of individual intangible assets is maintained in the financial statements to the extent that there is evidence that such value can be recovered through use. If evidence suggests there may be difficulties in recovering the net book value, an impairment test is carried out.

Costs associated with the purchase for use of patents and licenses are capitalized as intangible assets. The cost is represented by the fair value of the price paid to acquire the right and any direct costs incurred to adapt and implement it in the entity's operating and production environment. The amortization period cannot exceed the shorter of the useful life and the duration of the legal or contractual right.

Right-of-use assets

In accordance with IFRS 16, lease contracts (not involving the provision of services) are accounted for by recognising a lease liability, representing the present value of future lease payments, and a right-of-use asset.

The accounting for leases previously classified under IAS 17 as finance leases has not changed and the accounting treatment is therefore consistent with the past.

The contracts that fall within the scope of application of IFRS 16 mainly relate to office buildings and motor vehicle rental.

With regard to the options and exemptions provided for by IFRS 16, the Group has opted not to apply the standard to short-term leases (i.e. leases of less than 12 months) and leases for which the underlying asset is of low value.

The right of use and financial liabilities relating to lease contracts are classified under dedicated line items in the statement of financial position as " Right-of-use assets", within non-current assets, and "Lease liabilities", within non-current liabilities or current liabilities respectively, depending upon the instalment repayment terms.

Any service-related component included in lease payments is generally excluded from the scope of IFRS 16.

Goodwill

Goodwill is measured as the excess of the sum of the acquisition cost, the acquirer's previously held equity interest in the acquiree (measured at fair value or proportionate share of the current value of the identifiable net assets of the acquiree) and the amount of any non-controlling interests in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill arising at the acquisition date is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies generated by the business combination.

Goodwill is not amortised but is tested for impairment at least annually and in any event whenever events indicate that goodwill may be impaired.

The impairment test is carried out at the level of the smallest unit on the basis of which management directly or indirectly assesses the return on the investment that includes the goodwill itself. If the carrying amount of the cash-generating unit is greater than the recoverable amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

The recoverable amount of a CGU (or group of CGUs) is the higher of its fair value less costs of disposal and its value in use. An asset's value in use is the present value of its estimated future cash flows calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Future cash flows refer to those expected over a five-year time horizon, as well as those extrapolated from

3. Measurement criteria (continued)

the final year of such time horizon for the purpose of estimating the terminal value. The long-term growth rate used to estimate the terminal value of the cash-generating unit (or group of units) is assumed to be no higher than the average long-term growth rate for the market sector in which the cash-generating unit (or group of units) operates.

Future cash flows are estimated with reference to the current conditions of the cash-generating unit (or group of units) and, therefore, neither the benefits resulting from future restructuring to which the entity is not yet committed nor future investments to improve or optimise the unit are considered. For the purpose of impairment testing, the carrying amount of a cash-generating unit is determined in accordance with the method used to determine the recoverable amount of the cash-generating unit, excluding surplus assets (i.e. financial assets, deferred tax assets and net non-current assets held for sale) and including the portion of goodwill attributable to non-controlling interests.

Non-current assets held for sale

Non-current assets and the current and non-current assets in disposal groups, whose carrying amount will be recovered through a sale transaction rather than through continuing use, are classified as held for sale. Non-current assets and the current and non-current assets included in disposal groups, as well as the directly related liabilities, are recognized in the Statement of Financial Position separately from the company's other assets and liabilities.

Non-current assets held for sale are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell.

Any difference between the carrying amount and the fair value less costs to sell is recognised as an impairment loss in the income statement; any subsequent reversals are recognised up to the amount of the previously recognised impairment losses, including those recognised before the asset was classified as held for sale.

Financial liabilities

Payables are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities also include participative financial instruments (PFIs) issued by the Company and classified under this item in accordance with IAS 32. Such participative financial instruments were issued by BIP S.p.A., pursuant to Article 2346, Paragraph 6 of the Italian Civil Code, following approval of the resolution of the ordinary shareholders' meeting of 13 September 2018 and represent debt instruments issued to subscribers against payment in cash of an amount equal to the nominal value of the instruments issued by the company.

Each participative financial instrument confers the following rights:

(a) the right to a share of the profits for the financial year, to the extent that the ordinary shareholders' meeting approves such distribution;

b) the right to a share of the reserves representing retained earnings from the financial year 2018, to the extent that the ordinary shareholders' meeting approves such distribution during the company's lifetime;

c) the right to a share in the distribution of the remaining liquidation assets, following dissolution of the company, after payment of all of the Company's creditors.

The amount paid by subscribers is classified within financial liabilities (long-term or short-term depending on the maturity of the instrument) while the amount paid annually on such participative financial instruments is recognized in the income statement as "finance expenses" and until payment is recognized in the Statement of Financial Position as "other payables".

In accordance with IFRS 9, debt instruments are subsequently recognised at fair value through profit or loss (FVPL), at amortised cost, or at fair value through other comprehensive income (FVOCI). The classification is based on two criteria:

- the Group's business model for managing the assets;

3. Measurement criteria (continued)

- whether the cash flow of the contractual instruments represents “solely the payment of principal and interest” with respect to the outstanding principal (the ‘SPPI’ criterion).

The new classification and measurement of debt instruments are as follows:

- Debt instruments at amortised cost for financial assets that are held in a business model that has the objective of holding the financial assets to collect cash flows that meet the SPPI criterion. This category includes Trade and other Group receivables, as well as Loans classified as Other non-current financial assets.
- debt instruments measured at FVOCI, with gains or losses being taken to the income statement upon derecognition. Financial assets classified in this category are listed debt instruments that meet the SPPI criterion and are held in a business model that provides for both the receipt of cash flows and the sale of the instruments. Under IAS 39, listed debt instruments were classified as available-for-sale (AFS) financial assets.

Provisions for risks and charges

Provisions for risks and charges are recognized when: (i) there is a current (legal or constructive) obligation for a future outflow of resources deriving from a past event; (ii) it is likely that the outflow of resources required to satisfy the obligation is significant; and (iii) the amount of the obligation can be estimated reliably. Provisions are based on best estimates at the reporting date of the present value of the expenditure required to extinguish the obligation or transfer it to third parties; provisions for onerous contracts are recognised at the lower of the cost of fulfilling the obligation, net of expected economic benefits arising from the contract, and the cost of terminating the contract. If the time value of money is material and the payment date of the obligations can be reasonably estimated, provisions are calculated, using the company’s average cost of debt, as the present value of the expected cash flows, taking into account the risks associated with the obligation. Increases in the amount of the provision due to changes in the time value of money are recognized as “Finance expenses” in the income statement.

Bank loans and other financial liabilities

Financial liabilities are initially recognised at cost, representing the fair value of the amount received net of directly attributable loan transaction costs. Subsequently, loans are measured at amortized cost, calculated using the effective interest method.

Employee benefits

Short-term employee benefits consist of wages, salaries, related social security charges, holiday pay and incentives paid in the form of bonuses payable within twelve months of the reporting date. These benefits are recognised in the income statement as a component of personnel expenses in the period the related service is rendered.

Post-employment benefits are defined on the basis of plans, even if not formalised, which depending upon their characteristics are split into “defined contribution” and “defined benefit” plans. In the case of defined-contribution plans, the company’s obligation, limited to the payment of contributions to the State or to a legally separate entity (a fund), is determined on the basis of the contributions due.

The liability relating to defined benefit plans, net of any plan assets, is determined on the basis of actuarial assumptions and is recognised on an accrual basis over the period of service necessary to obtain the benefits.

Changes in actuarial gains/losses (‘remeasurements’) are recognised in other comprehensive income.

Long-term employee benefit obligations are calculated using actuarial assumptions; the effects of changes in actuarial assumptions or changes in benefit characteristics are recognised in full in profit or loss.

3. Measurement criteria (continued)

The Employee Severance Indemnity (TFR), a mandatory requirement for Italian companies pursuant to Article 2120 of the Italian Civil Code, has the nature of deferred compensation and is related to the length of the working life of employees and the salary received during the period of service rendered. In application of IAS 19 (Employee benefits), the TFR so calculated is considered a "defined benefit plan" and the related obligation recognised in the financial statements (the Employee Severance Indemnity provision) is determined each year by an independent actuary using the "Projected Unit Credit Method".

The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of bonds issued in Euro which reflects the duration of the related pension plan.

The service cost for the Group's Italian companies with less than 50 employees, as well as interest expense relating to the time value component of actuarial calculations (the latter classified among finance expenses) are recognised in the consolidated income statement.

With effect from 1 January 2007, Italian law allowed employees to choose whether to allocate their accruing severance indemnity to alternative external pension plans or elect for them to be retained by the employer. Companies with at least 50 employees are obliged to pay severance indemnity to the "Treasury Fund" managed by INPS. As a result, in accordance with IAS 19, the obligation towards INPS and the contributions to external pension plans assumed the nature of "defined contribution plans". In the case of allocation to external pension plans, the company is only obliged to make defined contributions to such plans and, accordingly, from the aforementioned date, the related new TFR flows are deemed to be payments to a defined contribution plan not subject to actuarial valuation.

With regard to the classification of costs relating to employee severance indemnities, costs for services rendered by employees are accounted for in "Personnel expenses", interest costs are included within "Finance expenses" and actuarial gains/losses are recognised among other items of comprehensive income.

Treasury shares and dividends

Purchases and sales of treasury shares, as well as any gains or losses arising thereon, are recognised as movements in equity. Dividend distributions to shareholders are recognised as a reduction in equity and as a payable in the period in which the dividend payment is approved by the shareholders' meeting.

Revenues and costs

In accordance with IFRS 15, revenue is recognised at an amount that reflects the consideration to which the company believes it is entitled in exchange for the transfer of goods or services to the client. Variable consideration that the company believes it should pay to direct or indirect clients is recognised as a reduction in revenue. Accordingly, revenue is recognised when the performance obligations to clients are satisfied and the amount can be measured reliably. Performance obligations are satisfied when the actual transfer of control over the goods and services occurs.

Revenues are reported net of returns, discounts, allowances and bonuses, as well as directly related taxes.

In the case of work in progress when the outcome of a specific contract can be estimated reliably, the company's performance does not create an asset of alternative use to the company and it has the enforceable right to payment for performance completed to date. Revenue and expenses attributable to the related contract are recognised as revenue and expenses respectively in relation to the stage of completion of the activity at the reporting date, based on the ratio of costs incurred for work performed to date to the estimated total contract costs, unless this is not considered representative of the stage of completion of the contract.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are expected to be recovered. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed contract revenue, the

3. Measurement criteria (continued)

expected loss is recognised as an expense immediately. Advances paid by clients are deducted from inventories to the extent of the amounts accrued; any excess is recognised as a liability.

Changes to the contract, price revisions and incentives are recognised to the extent that they have been agreed with the client.

Costs are recognised on an accrual basis and are directly related to the provision of services. Costs incurred in relation to the acquisition of new knowledge or discoveries, the study of alternative products or processes, new techniques or models, the design and construction of prototypes or, in any case, costs incurred for other scientific research or technological development activities are generally considered current costs and are recognised in the income statement in the period in which they are incurred.

Interest is recognised at the effective interest rate on an accrual basis.

Government grants

Government grants are recognised in the financial statements when there is reasonable assurance that the Group will comply with all conditions for receiving the grants and that the grants will be received. Grants are recognised in the income statement over the period in which the related costs are recognised.

Foreign exchange differences

Transactions in currencies other than the functional currency are recognised at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period and the effect is recognised in the income statement. Non-monetary assets and liabilities denominated in currencies other than the functional currency and measured at cost are recognised at the exchange rate in effect at the time of initial recognition; when the assets and liabilities are measured at fair value or at recoverable or realisable value, the exchange rate in effect at the date the value is determined is used.

Dividends from equity investments

Dividends are recognised at the date of the shareholders' resolution, unless it is reasonably certain that the shares will be sold before the ex-dividend date.

Income taxes

Current income taxes are calculated based on estimated taxable income; the expected liability is recognised under 'Current tax liabilities'. Tax payables and receivables for current income taxes are recognised at the amount expected to be paid/recovered to/from the tax authorities by applying the tax rates and tax regulations in force or substantially approved at the reporting date.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes based on tax rates and regulations approved or substantially approved for future periods. Deferred tax assets are recognised when their recovery is considered probable.

With regard to temporary differences associated with investments in subsidiaries, associates and joint ventures, the related deferred tax liability is not recognised if the investor is able to control the reversal of the temporary difference and it is probable that it will not occur in the foreseeable future.

3. Measurement criteria (continued)

Deferred tax assets and liabilities are classified as non-current assets and liabilities and are offset at the individual company level if they relate to taxes that can be offset. The offsetting balance, if positive, is recorded under "Deferred tax assets"; if negative, under "Deferred tax liabilities". When the results of transactions are recognised directly in equity, current taxes, deferred tax assets and deferred tax liabilities are also recognised in equity.

Changes in accounting policies

The accounting policies adopted in 2020 are the same as those adopted in the previous year, except in relation to the changes described below in the section "Accounting standards, amendments and interpretations effective from this 1 January 2020".

Use of accounting estimates

The application of generally accepted accounting principles for the preparation of financial statements requires management to make accounting estimates based on complex and/or subjective judgements, past experience and assumptions considered reasonable and realistic given the information known at the time. The use of these accounting estimates affects the carrying amount of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, as well as the amount of revenues and expenses during the reporting period. Actual results may differ from estimates as a result of the uncertainty surrounding the assumptions and conditions on which the estimates are based. Changes in the conditions underlying the judgments, assumptions and estimates made may have a material impact on actual results.

The items most often requiring the use of estimates are the provision for doubtful debts, goodwill, valuations used in the impairment process, deferred tax assets, provisions for risks and charges, onerous contracts and valuations relating to business combinations, put options and earn-out amounts.

Business combinations

Business combinations are accounted for using the acquisition method described in IFRS 3 as revised in 2008. In accordance with this method, the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair values of the assets transferred and liabilities assumed by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognised in the statement of comprehensive income as incurred.

Contingent consideration, which is considered part of the transfer price, is measured at fair value at the acquisition date. Any subsequent changes in fair value are recognised in the statement of comprehensive income.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at fair value.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the equity attributable to non-controlling interests and the fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed at the acquisition date. If the amount of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the equity attributable to non-controlling interests and the fair value of the acquirer's previously held equity interest, if any, in the acquiree, such excess is recognised immediately in other comprehensive income as income resulting from the completed transaction.

The equity attributable to non-controlling interests at the acquisition date may be measured either at fair value or in proportion to the non-controlling interests' interest in the acquiree's identifiable assets. The choice of valuation method is made on a transaction-by-transaction basis.

3. Measurement criteria (continued)

Business combinations achieved in stages

When a business combination is achieved in stages, the Group's previously held equity interest in the acquired entity is measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of comprehensive income. The previously held equity interest is then treated as if it were sold and reacquired at the date control is obtained.

Transactions involving non-controlling interests

Changes in the ownership interest of a subsidiary that do not constitute a loss of control are treated as equity transactions. Accordingly, for acquisitions subsequent to gaining control, any positive or negative difference between the acquisition cost and the corresponding share of book equity is recognised directly in the Group's equity; in the case of partial disposals of subsidiaries without loss of control, any gain is recognised directly in the Group's equity.

In the event that partial sales of subsidiaries result in the loss of control, the investment retained is adjusted to its fair value and the revaluation is included in the formation of the gain (loss) arising from the transaction.

Acquisitions that qualify as business combinations

1. Acquisition of 100% of Vidiemme Consulting S.r.l

On 20 February 2020, BIP acquired the entire share capital of Vidiemme Consulting S.r.l, ("VDM") a company that offers IT, business processing and research and programming services, delivering web, mobile, wearable device and new technology digital innovation projects. The purchase price of the transaction was Euro 5,201,179 payable as follows:

- Euro 2,000,000 upon transfer of ownership;
- Euro 600,590 paid on 20 July 2020 following definition of the financial position as at the date of the share transfer.
- The remainder to be paid based on the results achieved in subsequent years. Specifically:
  - if EBITDA 2020 is between 80% and 100% of target EBITDA based on the business plan shared with VDM, a maximum earn-out of Euro 1,040,236 will be paid.
  - if EBITDA 2021 is between 80% and 100% of target EBITDA based on the business plan shared with VDM, a maximum earn-out of Euro 1,040,236 will be paid.
  - if EBITDA 2022 is between 80% and 100% of target EBITDA based on the business plan shared with VDM, a maximum earn-out of Euro 520,117 will be paid.

VDM's identifiable assets acquired and liabilities assumed were measured at fair value at the date of acquisition of control and are summarised below (Amounts in Euro):

Non-current assets	441,236
Trade receivables	2,011,779
Other assets	374,189
Cash and cash equivalents	1,215,347
Total	4,042,551
Equity and non-current liabilities	2,230,071
Trade payables	680,513
Other payables	1,131,967
Total	4,042,551

The purchase price allocation resulted in goodwill of Euro 3,856,576 being recognised in the consolidated financial statements, based on the synergies expected to be achieved from the combination of the activities of the acquiree and acquirer.

3. Measurement criteria (continued)

2. Acquisition of 68.44% of the share capital of the Chaucer Group

In June 2020, the Board of Directors of BIP approved the acquisition in several tranches of the entire share capital of Chaucer Management Holdings Limited, the UK parent company of the Chaucer Group. The Chaucer Group is a leading business consultancy in the UK market in the fields of energy, life sciences and public administration, with specific expertise in (i) technology & data, (ii) digital strategy & business and (iii) cultural & behavioural changes. It carries out its consulting activities through the operating companies Chaucer Group Ltd and its subsidiary Virtrium Ltd, both well established in the UK market and with an important focus on multinational clients, and through the operating company Chaucer America Inc, active in the US market. Chaucer Group Ltd and Chaucer America Inc are both wholly owned subsidiaries of the subholding company Chaucer Management Services Ltd, which in turn is wholly owned by Chaucer Management Holdings Ltd.

In order to facilitate BIP's acquisition of the Chaucer Group, on 15 June 2020, BIP Consulting UK Ltd (Newco), a company incorporated under English law, was established, directly owned by BIP, which provided funding for Newco, and the minority shareholders of Chaucer Management Holdings Ltd (Continuing Shareholders), which exchanged part of their shareholdings in Chaucer for shares in Newco, in percentages of 74.99% and 25.01% respectively.

The agreement signed with the shareholders of the Chaucer Group provides for the acquisition by BIP of 100% of the share capital of Newco and, in turn, 100% of the share capital of Chaucer Management Holdings Ltd originally held by the majority shareholder, the UK investment fund Growth Capital Partners Ltd (GCP), by the operating Continuing Shareholders and by a further minority of Non-Continuing Shareholders. Specifically, such acquisition is divided into several stages, as summarised below:

— the acquisition of a 55.33% (indirect) shareholding in Chaucer Management Holdings Ltd through payment by Newco of the related consideration upon signing the share purchase agreement, as well as a further 13.1% (indirect) interest in Chaucer Management Holdings Ltd through payment of a deferred consideration to be paid to the GCP Fund and the Non-Continuing Shareholders in the first quarter of 2021.

— the acquisition of the remaining shares (an indirect shareholding of 31.57%) through put/call option mechanisms for the purchase by BIP or sale by the minority shareholders of Newco (Continuing Shareholders) and Chaucer Management Holdings Ltd (GCP and Non-Continuing Shareholders), to be exercised during the period from Q1 2021 until Q1 2023.

As part of the transaction, the Chaucer Group repaid an outstanding loan with the previous shareholder GCP through an intercompany loan received from BIP S.p.A..

In February 2021, BIP accelerated the process by acquiring all of the shares in Chaucer Management Holdings Ltd held directly by GCP (12.5%) and the Non-Continuing Shareholders (0.6%), thereby obtaining an overall 81.55% interest in Chaucer Group (through Newco). Arrangements are also in place for the purchase of the 4.16% held by the Continuing Shareholders which, once realised, will take the Group's total shareholding (through Newco) to 85.71%.

Chaucer Group's identifiable assets acquired and liabilities assumed were measured at fair value at the date of acquisition of control and are summarised below:

Assets acquired	GBP 30.06.2020	Euro 30.06.2020
Property, plant and equipment	131,678	144,316
Intangible assets	8,888	9,741
Trade receivables	10,348,402	11,341,585
Other current assets	560,819	614,643
Cash and cash equivalents	7,987,985	8,754,628
Total assets acquired	**19,037,772**	**20,864,912**

3. Measurement criteria (continued)

Liabilities assumed	**GBP 30.06.2020**	**Euro 30.06.2020**
Current financial liabilities	22,878,884	25,074,673
Current tax liabilities	259,861	284,801
Other current liabilities	4,457,243	4,885,025
Trade payables	1,965,924	2,154,603
Total liabilities assumed	***29,561,912***	***32,399,101***
Fair value of net assets acquired	**(10,524,140)**	**(11,534,189)**
Consideration for the acquisition	26,864,158	29,442,431
Fair value of net assets acquired	(10,524,140)	(11,534,189)
Difference	37,388,298	40,976,620
Allocation:		
Client relationships	18,900,000	20,713,918
Trademark	16,100,000	17,645,189
Deferred tax liabilities	(6,650,000)	(7,288,230)
Fair value measurement of non-controlling interests	(5,626,303)	(6,166,285)
Goodwill	14,664,601	16,072,028

It is noted that the above purchase price allocation is provisional. The process of obtaining further information regarding facts and events existing at the date of acquisition and analysing and reworking such information, could result in modification of certain of the values shown. Such analysis will be completed within 12 months from the date of acquisition.

The provisional purchase price allocation resulted in the recognition in the consolidated financial statements of the Chaucer brand for an amount of GBP 16.1 million, the client relationship for an amount of GBP 18.9 million, deferred taxes for an amount of GBP 6.7 million, and goodwill for an amount of GBP 14.7 million (Euro 16.1 million).

This final amount is based on the synergies expected to be achieved from the combination of the activities of the acquired and the acquirer.

3. Acquisition of 100% of the share capital of Medley Consulting Ltd

On 30 November 2020, Chaucer Group Ltd acquired the entire share capital of Medley Business Solution Ltd, a company specialised in the provision of consultancy services in the UK public sector. The purchase price of the transaction was £9,654,708, payable as follows:

- GBP 1,500,000 upon transfer of ownership (on closing);
- GBP 3,000,000 within a month of closing;
- GBP 1,132,708 as a price adjustment following the calculation of Working Capital;
- GBP 300,000 representing guaranteed deferred consideration to be paid by 30 September 2021;
- GBP 472,000 representing guaranteed deferred consideration to be paid within 12 months of the closing date;
- GBP 1,000,000 representing guaranteed deferred consideration to be paid within 18 months of the closing date;
- GBP 500,000 representing guaranteed deferred consideration to be paid within 24 months of the closing date;
- GBP 1,750,000 representing contingent deferred consideration to be paid within 12 months of the closing date;

3. Measurement criteria (continued)

Medley's identifiable assets acquired and liabilities assumed were measured at fair value at the date of acquisition of control and are summarised below:

	GBP	Euro
Non-current assets	25,021	27,849
Trade receivables	721,950	803,551
Other assets	45,819	50,998
Cash and cash equivalents	4,119,773	4,585,423
Total	4,912,563	5,467,820
Equity and non-current liabilities	4,134,385	4,601,687
Trade payables	432,153	480,999
Other liabilities	346,024	385,135
Total	4,912,563	5,467,820

The purchase price allocation resulted in goodwill of GBP 5,520,323 (Euro 6,144,273) being recognised in the financial statements of Chaucer Group LTD, based on the synergies expected to be achieved from the combination of the activities of the acquiree and acquirer.

Transactions involving non-controlling interests

1. Acquisition of 10% of Sketchin Sagl

On 10 January 2020, BIP S.p.A. acquired a further 10% of the share capital of Sketchin S.a.g.l. for a consideration of CHF 630,000, increasing its controlling interest from 55% to 65%.

The difference between the value of the non-controlling interest and the value of the acquired share of shareholders' equity, amounting to Euro 509,998, was recorded in the share premium reserve in Total Shareholders' Equity attributable to the Group.

3.1 Accounting standards, amendments and interpretations effective from 1 January 2020

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the new accounting standards, amendments and interpretations effective from 1 January 2020 are described below:

Amendments to IAS 1 and IAS 8 (Definition of material)

On 29 November 2019, the European Commission issued Commission Regulation (EU) No. 2019/2104 which adopted certain amendments to IAS 1 and IAS 8 "Definition of material" (hereinafter amendments to IAS 1 and IAS 8) to clarify the definition of 'material' and align the definition used in the Conceptual Framework with that used in individual IFRSs and other documents and to make it easier for companies to make materiality judgements. Specifically, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Interest Rate Benchmark Reform—phase 1

On 15 January 2020, the European Commission issued Commission Regulation (EU) No. 2020/34, which adopted certain amendments to IFRS 9, IAS 39 and IFRS 7 contained in the document "Interest Rate Benchmark Reform"—phase 1 (hereinafter amendments to IFRS 9, IAS 39 and IFRS 7) to provide temporary exemptions from certain hedge accounting provisions for all hedging relationships directly impacted by the benchmark interest rate reform. The replacement of benchmark interest rates such as LIBOR and other interbank rates ("IBOR") has become a priority for global regulators. Many uncertainties remain, but the roadmap for substitution is becoming clearer.

3.1 Accounting standards, amendments and interpretations effective from 1 January 2020 (continued)

Amendment to IFRS 3—Definition of a Business

On 22 October 2018, the IASB issued amendments to IFRS 3 "Business Combinations", effective for annual periods beginning on or after 1 January 2020, aimed at providing clarification on the definition of a business. For an acquisition to qualify as a business combination, it must include inputs and processes that contribute substantially to an output. The definition of output has been amended in a restrictive sense, specifying precisely that any cost savings and other financial benefits cannot be considered outputs.

The adoption of these standards, amendments and interpretations had no impact on the consolidated financial statements as at and for the year ended 31 December 2020.

3.2 Accounting standards, amendments and interpretations endorsed by the EU, not yet mandatorily applicable and not adopted in advance by the Group

As required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", new standards, interpretations and amendments to existing standards, interpretations and amendments issued by the IASB and IFRIC and endorsed by the EU but not yet effective at the reporting date are listed below.

On 13 January 2021, the European Commission issued Commission Regulation (EU) No. 2021/25, which adopted certain amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Reform of Benchmark Interest Rates—Phase 2" (hereinafter the amendments) aimed at introducing practical expedients and temporary exemptions from the application of certain IFRS provisions in the presence of financial instruments measured at amortised cost and/or hedging relationships subject to change as a result of the benchmark interest rate reform. The amendments are effective for annual periods beginning on or after 1 January 2021.

3.3 Accounting standards, amendments and interpretations not yet endorsed by the EU,

With regard to the accounting standards issued by the IASB and not yet endorsed by the European Commission, the following changes are noted.

On 18 May 2017, the IASB issued IFRS 17 'Insurance Contracts' (hereinafter IFRS 17), which defines the accounting for insurance contracts issued and reinsurance contracts held. On 25 June 2020, the IASB issued amendments to IFRS 17 'Amendments to IFRS 17' and IFRS 4 'Extension of the Temporary Exemption from Applying IFRS 9', relating to insurance activities, providing, *inter alia*, for a two-year deferral of the effective date of IFRS 17. Accordingly, the requirements of IFRS 17, which supersede those currently set out in IFRS 4 'Insurance Contracts', are effective for annual periods beginning on or after 1 January 2023.

On 23 January 2020, the IASB issued amendments to IAS 1 "Classification of Liabilities as Current or Non-current" to clarify the classification of liabilities as current or non-current that will become effective on or after 1 January 2023 as a result of the deferral defined in the amendments issued on 15 July 2020 ("Classification of Liabilities as Current or Non-current—Deferral of Effective Date").

On 14 May 2020, the IASB issued:

- the amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract" (hereinafter the amendments) to clarify how to determine the onerous nature of a contract. The amendments are effective for annual periods beginning on or after 1 January 2022;
- the amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use" (hereinafter the amendments), which are intended to clarify that revenue from the sale of goods produced by an asset before it is ready for its intended use is recognised in profit or loss together with the related production costs. The amendments are effective for annual periods beginning on or after 1 January 2022;
- the amendments to IFRS 3 "Reference to the Conceptual Framework" (hereinafter the amendments), to: (i) complete the update of the references to the Conceptual Framework for Financial Reporting in the accounting standard; (ii) provide clarification on the conditions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (so-called levies) assumed as part of a business

3.3 Accounting standards, amendments and interpretations not yet endorsed by the EU, (continued)

combination; (iii) clarify the fact that contingent assets cannot be recognised as part of a business combination. The amendments are effective for annual periods beginning on or after 1 January 2022;

— the document "Annual Improvements to IFRS Standards 2018-2020", containing amendments, mainly of a technical and editorial nature, to the international accounting standards. The amendments to the accounting standards are effective for annual periods beginning on or after 1 January 2022.

On 12 February 2021, the IASB issued:

— amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" (hereinafter the amendments), which are intended to provide clarification in identifying the materially significant accounting policies to be disclosed in the financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023;

— the amendments to IAS 8 "Definition of Accounting Estimates" (hereinafter the amendments), which introduce the definition of accounting estimates primarily to facilitate the distinction between changes in accounting estimates and changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023.

Preliminary analyses have shown that the impact on the Group's consolidated financial statements of the new standards, amendments and interpretations referred to above is not significant.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A) NON-CURRENT ASSETS

4. Property, plant and equipment

All items of property, plant and equipment are available for use and used effectively in the company's business activities and there are no obsolete assets of significant value or assets which require to be replaced in the short term that have not been depreciated.

"Property, plant and equipment" amounted to Euro 3,436,715 as shown in the following table:

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

(Amounts in Euro)

Description	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction	Total
Cost at 31.12.2019	**674,780**	**1,145,726**	**2,128,098**	**2,626,768**	**0**	**6,575,372**
Accumulated depreciation at 31.12.2019	**(329,568)**	**(545,196)**	**(982,609)**	**(958,620)**	**0**	**(2,815,992)**
Balance at 31.12.2019	**345,213**	**600,531**	**1,145,489**	**1,668,148**	**0**	**3,759,380**
Additions	42,043	94,905	198,747	57,507	417,825	**811,028**
Changes in the consolidation area	61,036	505,075	112,224	58,605	0	**736,939**
Disposals	(100,861)	(153,661)	(22,692)	(8,347)	0	**(285,560)**
Impairments	0	0	(23,080)	(259,791)	0	**(282,871)**
Increase in accumulated depreciation due to changes in the consolidation. area	(38,845)	(367,894)	(83,830)	(83,523)	0	**(574,092)**
Decrease in accumulated depreciation	32,349	140,938	23,142	13,537	0	**209,966**
Depreciation for the year	(75,116)	(194,228)	(320,416)	(348,314)	0	**(938,075)**
Cost at 31.12.2020	676,998	1,592,044	2,416,378	2,734,533	417,825	**7,837,779**
Accumulated depreciation at 31.12.2020	(411,180)	(966,381)	(1,386,793)	(1,636,711)	0	**(4,401,064)**
Balance at 31.12.2020	**265,819**	**625,664**	**1,029,585**	**1,097,822**	**417,825**	**3,436,715**

4. Property, plant and equipment (continued)

The various asset categories and year on year movements are described below:

Plant and machinery

Plant and machinery amounting to Euro 265,819 net of annual depreciation of Euro 75,116 mainly related to costs incurred by BIP S.p.A., BIP Iberia and Sketchin Italia for the extension and improvement of communication and telecommunication systems at the Milan, Rome and Madrid offices, as well as the effects of the consolidation of the subsidiaries VDM, Chaucer and Medley acquired during the year.

Industrial and commercial equipment

Industrial and commercial equipment amounting to Euro 625,664 net of annual depreciation of Euro 194,228 mainly related to office equipment at the headquarters offices of the various Group companies.

Other assets

Other assets amounted to Euro 1,029,585 net of annual depreciation of Euro 320,416. The year-on-year increase was mainly due to the inclusion of VDM and Chaucer within the scope of consolidation. The item mainly relates to furniture and fittings in the offices of group companies.

Leasehold improvements

Leasehold improvements amounting to Euro 1,097,822 net of annual depreciation of Euro 348,314 related to work carried out on buildings leased to Group companies. The increase in the period mainly related to work carried out by BIP Services to purchase equipment and devices to make access points compliant with Covid-19 regulations.

Following the Group's decision to rationalise office space and concentrate activities, a lease agreement was signed for a larger office located in the centre of Milan and, at the same time, certain expiring contracts were not renewed and other leases were terminated early. Certain of the improvements previously made on such sites, no longer recoverable as a result of the transfer of office space, were written down.

Assets under construction

Assets under construction amounting to Euro 417,825 related to the work that the subsidiary BIP Service is undertaking to set up offices in a new building in Milan, which will become operational in the second half of 2021.

The depreciation rates for the various asset categories described above are the same as those used in the previous year and are detailed in section 3) "Measurement criteria".

5. Intangible assets

"Intangible assets" amounted to Euro 102,666,088 as shown in the following table:

CHANGES IN INTANGIBLE ASSETS

(Amounts in Euro)

Description	Patents and intellectual property rights	Concessions, licenses and trademarks	Client relationships	BIP trademark	Intangible assets in progress	Other intangible assets	Total
Cost at 31.12.2019	**26,063**	**4,900,340**	**46,975,000**	**27,136,000**	**149,233**	**15,401**	**79,202,037**
Accumulated amortisation at 31.12.2019	**(18,385)**	**(3,889,776)**	**(4,118,356)**	**(2,379,047)**		**(12,758)**	**(10,418,322)**
Balance at 31.12.2019	**7,678**	**1,010,565**	**42,856,644**	**24,756,953**	**149,233**	**2,643**	**68,783,716**

5. Intangible assets (continued)

(Amounts in Euro)

Description	Patents and intellectual property rights	Concessions, licenses and trademarks	Client relationships	BIP trademark	Intangible assets in progress	Other intangible assets	Total
Additions	0	1,359,823	20,713,918	17,645,189	350,749	**5,643**	**40,075,322**
Changes in the consolidation area	0	(46,893)	308,740	263,001	0	**19,827**	**544,675**
Disposals	(26,063)	0	0	0	0	**0**	**(26,063)**
Impairments					(294,927)		**(294,927)**
Increase in accumulated amortisation due to changes in the consolidation. area	0	34,669	(5,465)	(2,560)	0	**(11,606)**	**15,038**
Decrease in accumulated amortisation	18,385	(10,421)	0	0	0	**0**	**7,964**
Amortisation for the year	0	(1,326,910)	(3,305,296)	(1,805,662)	0	**(1,768)**	**(6,439,636)**
Cost at 31.12.2020		6,213,271	67,997,658	45,044,190	205,055	**40,871**	**119,501,044**
Accumulated amortization at 31.12.2020		(5,192,439)	(7,429,116)	(4,187,269)		**(26,132)**	**(16,834,956)**
Balance at 31.12.2020	**0**	**1,020,832**	**60,568,541**	**40,856,921**	**205,055**	**14,738**	**102,666,088**

Concessions and licences

"Concessions and licences" amounting to Euro 1,020,832 related to investments made for the purchase and renewal of software licences. The increase during the year related to costs incurred by the parent company BIP S.p.A. for the purchase of new Microsoft licences and other operating systems, as well as the renewal of pre-existing licences.

Client relationships

The item, amounting to Euro 60,568,541, included:

— the purchase price allocation on acquisition of the BIP Group by the Apax Partners France Fund on 27 March 2018. The item was recognised at a cost of Euro 46,975,000 and the amortisation charge for 2020 (the item is amortised over a period of 20 years) amounted to Euro 2,355,185, resulting in accumulated amortisation as at 31 December 2020 of Euro 6,473,541;

— the purchase price allocation on acquisition of the Chaucer Group in June 2020 amounting to GBP 18,900,000 (Euro 20,713,918). The item will be amortised over a period of 11 years and in 2020 amortisation was charged for a period of 6 months in the amount of GBP 859,091 (Euro 950,111).

Trademarks

"Trademarks" amounting to Euro 40,856,921, included:

— the purchase price allocation on acquisition of the BIP Group by the Apax Partners France Fund on 27 March 2018. The BIP trademark was recognised at a cost of Euro 27,136,000 and the amortisation charge for 2020 (the item is amortised over a period of 20 years) amounted to Euro 1,360,517, resulting in accumulated amortisation as at 31 December 2020 of Euro 3,739,564;

5. Intangible assets (continued)

— the purchase price allocation on acquisition of the Chaucer Group in June 2020 amounting to GBP 16,100,000 (Euro 17,645,189). The item will be amortised over a period of 20 years and in 2020 amortisation was charged for a period of 6 months in the amount of GBP 402,500 (Euro 445,145).

Intangible assets in progress

"Intangible assets in progress" amounting to Euro 205,055 related to a project developed in-house by BIP S.p.A. to create a document platform for the digital archiving and dissemination of the Group's existing services and past projects able to provide accurate cataloguing and a global approach to the services offered.

During the previous year, development work was undertaken on a project aimed at the sale of telemedicine services and an internal CRM project for client management. Following strategic changes at Group level, both projects were suspended during the year and written down accordingly.

6. Right-of-use assets

The adoption from 1 January 2019 of IFRS 16 resulted in the recognition of right-of-use assets recorded at amounts equal to the related lease liabilities at the date of transition, net of any accrued income/expenses relating to the leases. The following table shows right-of-use assets by category and movements during the year. "Right-of-use assets" amounted to Euro 18,087,625 as shown below:

(Amounts in Euro)

Description	Property rentals	Vehicles	Total
Cost at 31.12.2019	**17,358,076**	**8,740,677**	**26,098,753**
Accumulated depreciation at 31.12.2019	**(2,829,298)**	**(2,569,600)**	**(5,398,899)**
Balance at 01.01.2019	**14,528,778**	**6,171,076**	**20,699,854**
Additions		2,826,762	2,826,762
Instalment adjustment	(2,977,667)	4,231,401	1,253,734
Changes in the consolidation area	374,377	141,440	515,816
Disposals	(1,161,108)	(319,834)	(1,480,942)
Instalment adjustment decreases	(102,690)	(531,831)	(634,521)
Increase in accumulated amortisation due to changes in the consolidation area			
Decrease in accumulated depreciation	1,161,108	319,834	1,480,942
Depreciation	(3,267,467)	(3,306,553)	(6,574,020)
Cost at 31.12.2020	13,490,987	15,088,615	28,579,602
Accumulated depreciation at 31.12.2020	**(4,935,657)**	**(5,556,320)**	**(10,491,977)**
Balance at 31.12.2020	**8,555,330**	**9,532,296**	**18,087,625**

The item relates to the to the lease of office buildings and vehicles used by employees.

The increase in relation to vehicles reflects new lease contracts entered into during the year due to the increase in employee numbers, new contracts to replace expiring contracts and the addition of contracts relating to VDM Consulting.

"Instalment adjustment" relates to the restatement of certain liabilities and the renegotiation of existing contracts. Specifically, it relates to the early termination of certain rental contracts as a result of unused space and renegotiations with car rental suppliers in relation to lease contracts which were revised due to the lower use of vehicles linked to Covid and have now been updated with an extension of expiry dates.

7. Goodwill

	(Amounts in Euro)
Balance as at 31.12.2019	**143,098,281**
Exchange rate effect on Goodwill relating to FBM Group	(679,160)
Goodwill relating to Vidiemme Group	3,856,576
Goodwill relating to Chaucer Group	16,610,646
Goodwill relating to Medley Group	6,140,310
Balance as at 31.12.2020	**169,026,652**

Goodwill recorded in the financial statements related to the following:

— the acquisition of the group by the Apax Partners France fund in 2018 and the related purchase price allocation amounting to Euro 139,849,670;

— goodwill amounting to Euro 918,636 generated on the acquisition of 100% of the share capital of MeA Consulting S.r.l. on 22 October 2019;

— goodwill of Euro 2,329,975 (R$ 10,521,468) generated on the acquisition of 66.25% of the share capital of FBM Contabilidade e Partecipacoes LTDA, a holding company which in turn holds 93.58% of FBM Gestão e Processos LTDA, on 30 August 2019. At 31 December 2020, such goodwill amounted to Euro 1,650,815 as a result of the exchange rate effect of Euro 679,160 recorded during the year;

— goodwill of Euro 3,856,576 generated on the acquisition of 100% of the share capital of the Vidiemme Consulting S.r.l. group on 20 February 2020.

— the acquisition of the Chaucer group in 2020 and the related purchase price allocation amounting to GBP 14,669,242. At 31 December 2020, goodwill amounted to Euro 16,610,646.

— goodwill of GBP 5,520,323 generated on the acquisition of 100% of the capital of Medley by the Chaucer Group on 30 November 2020. At 31 December 2020, goodwill amounted to Euro 6,140,310.

Goodwill is not amortised but is tested for impairment at the end of each financial year.

The recoverable amount of CGUs was determined applying the value in use method and considering the estimated future cash flows of the individual CGUs. For impairment test purposes, the individual Group companies were considered to be separate CGUs except for certain specific cases that required different considerations. Operating cash flow forecasts were based on the 2021 budget and the strategic plans prepared for the period 2022-2026.

Value in use was determined by applying the discounted cash flow (DCF) method, discounting operating cash flows based on four-year forecasts for the CGUs representing the subsidiaries, and six-year forecasts for BIP S.p.A. and the entire group, as it was deemed appropriate to consider such time horizon for consistency with the plans submitted to obtain new financing in the previous year. Specifically, for impairment test purposes, management updated the Business Plan to reflect the latest expectations in terms of the general economic performance in those countries in which it operates and the sector to which the Group belongs, as well as development expectations regarding activities already implemented in the previous financial year and those to be implemented in the near future. Management assessed the consistency of the cash flows envisaged in the plan with the financial requirements determined by the existing debt structure without identifying any critical issues.

In performing the impairment test in relation to the goodwill described above, management based their calculations on the following assumptions:

— results for financial year 2021 were estimated taking into account undelivered order trends in the early months of the year (as at the date of preparing the Consolidated Financial Statements) and order forecasts for the coming months;

— for subsequent years, forecast revenue growth (CAGR) was estimated at approximately 10% for the Group;

7. Goodwill (continued)

— group profitability (operating result/revenues) was conservatively expected to remain constant over the years of the plan;

— average collection and payment timelines were estimated to be in line with historical data;

— growth in perpetuity for the period after the timeframe of the plan was conservatively estimated for each CGU at a group-wide rate of 1.4%.

It is noted that the terminal value was calculated by extrapolating the cash flows, as reported above, at a WACC specific for each CGU. The average WACC calculated for the Group was 8.8%.

Sensitivity analyses carried out varying the discount rate also confirmed that the value of goodwill is fully maintained.

8. Deferred tax assets

	(Amounts in Euro)
Balance as at 31.12.2019	1,550,522
Balance as at 31.12.2020	40,767,507
Changes	**39,216,985**

Deferred tax assets amounted to Euro 40,767,507 and included deferred tax assets relating to temporary differences between statutory financial statement balances and their related tax values (provision for doubtful debts, other provisions, prior year losses, employee benefit provisions) and temporary differences relating to adjustments made to statutory financial statements to bring them into line with the international accounting principles used by the Group.

The year on year increase mainly related to the recognition of deferred tax assets amounting to Euro 37,576,926 following the decision of the parent company BIP S.p.A. to opt for the tax realignment option permitted by Law 126/2020 in relation to goodwill, the BIP brand and the BIP client relationship, which generated a temporary difference (between the statutory financial statement balance and the related tax equivalent) in respect of the value of goodwill.

The amount was calculated based on the value of goodwill, amounting to Euro 134,684,324 considering the IRES and IRAP tax rates in force.

See Note 36 below for further details regarding such transaction.

Based on detailed analysis and having reviewed the business plans of the various subsidiaries, Group management believes it will be possible to recover the deferred tax assets recognised in the financial statements at 31 December 2020 in future years.

The following table provides a breakdown of deferred tax assets:

	2019		2020	
Description	**Difference**	**Tax effect**	**Difference**	**Tax effect**
Doubtful debt provision	356,793	90,938	252,686	60,644
Fair value of financial instruments			1,600,321	384,077
Prior period losses	2,772,134	675,369	2,551,051	624,439
Tax realignment of goodwill			134,684,324	37,576,926
Other	3,147,817	784,215	8,704,999	2,121,420
Total	**6,276,744**	**1,550,522**	**147,793,382**	**40,767,507**

8. Deferred tax assets (continued)

"Prior period losses" mainly relate to Bip Turkey, Sketchin Italia and BIP Desarrollo; the decrease with respect to the previous year was due to the offset of prior period tax losses against 2020 profits.

"Other" included deferred tax assets of Euro 2,121,420 mainly in relation to unpaid directors' and other variable compensation relating to Bip S.p.A. and BIP Service, amounting to Euro 1,328,640 and Euro 231,600 respectively.

9. Other non-current assets

	(Amounts in Euro)
Balance as at 31.12.2019	3,241,403
Balance as at 31.12.2020	3,525,767
Changes	**284,364**

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
a) Investments in other companies	0	29,928	29,928
b) Non-current financial assets	2,513,763	3,442,228	928,465
e) Others	727,640	53,611	(674,029)
Total	**3,241,403**	**3,525,767**	**284,364**

(Amounts in Euro)

a) Investments in other companies

"Investments in other companies" amounted to Euro 29,928 and mainly related to the acquisition of 5.75% of the share capital of Consorzio Laboratorio Energia e Ambiente Piacenza (LEAP) for a consideration of Euro 22,429 in 2020.

b) Non-current financial assets

"Non-current financial assets" amounted to Euro 3,442,228 at 31 December 2020 (Euro 2,513,763 at 31 December 2019) and included:

— Euro 393,551 (Euro 544,107 in 2019) relating to an escrow account in BRL opened following the acquisition of FBM in August 2019 representing guarantees issued by the shareholders of FBM at the time of the sale of the shares to the BIP group. The balance on the account will be released in tranches over the course of the years until 2024 as the guarantees lapse. The decrease with respect to the previous year was mainly attributable to the depreciation of the BRL against the Euro. See Note 14 below for further details.

— Euro 1,904,200 representing the long-term portion of loans granted in previous years and during 2020 to certain executives of BIP. The loans were granted by BIP S.p.A and are governed by a contract that provides for a rate of EURIBOR 360 + 1% spread. The short-term portion due by the end of 2021, amounting to Euro 452,400 at the reporting date, is classified under current assets.

— Euro 326,338 representing the long-term insurance policy of the subsidiary VDM.

— security deposits relating to rented buildings and certain tenders.

c) Other

"Other" amounted to Euro 53,611 at 31 December 2020 (Euro 727,640 at 31 December 2019) and mainly related to receivables of Euro 41,163 due from Equitalia.

9. Other non-current assets (continued)

The decrease with respect to the previous year was mainly due to the collection of receivables in the amount of Euro 680,300 from the tax authorities following the IRES/IRPEF refund request submitted in previous years (Article 2 of Law Decree No. 201 of 6 December 2011).

B) CURRENT ASSETS

10. Trade receivables

	(Amounts in Euro)
Balance as at 31.12.2019	114,868,110
Balance as at 31.12.2020	109,131,260
Changes	**(5,736,850)**

Receivables, all of which are due within one year, relate to the normal professional services provided to corporate clients.

The following tables provide a breakdown of the item:

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
a) Trade receivables	113,843,499	108,584,584	(5,258,915)
b) Other receivables	1,024,611	546,677	(477,935)
Total	**114,868,110**	**109,131,260**	**(5,736,850)**

a) Trade receivables

(Amounts in Euro)

Description	Value as at 31.12.2020	
For invoices issued	75,239,424	
o/w overdue		*13,218,801*
For invoices to be issued	36,088,802	
Doubtful debt provision	(2,743,642)	
Total	**108,584,584**	

During the year, the parent company BIP S.p.A. implemented a series of initiatives aimed at improving credit management and cash collection. One such initiative was an increase in the use of receivables factoring without recourse, both in terms of the number of client receivables factored and also in terms of the number of credit institutions involved (at 31 December 2020, receivables factored without recourse totalled Euro 26.9 million compared to Euro 10.5 million at 31 December 2019).

As a result of the initiatives taken by management, the group’s average collection days decreased from 173 in 2019 to 126 in 2020.

Past due receivables totalling Euro 13.2 million includes amounts overdue by between 0 and 30 days amounting to approximately Euro 8.4 million and amounts overdue by between 30 and 60 days amounting to approximately Euro 1.8 million. Approximately Euro 11.9 million of past due receivables as at 31 December 2020 had been collected by 30 April 2021.

It is noted that of total invoices not yet issued as at 31 December 2020 (Euro 36,088,802) invoices totalling more than Euro 26.3 million had been issued by 30 April 2021, while the remaining invoices will be issued in the coming months.

10. Trade receivables (continued)

The following table shows movements in the provision for doubtful debts:

	(Amounts in Euro)
Balance as at 31.12.2019	**2,186,750**
Increases from business combinations	67,433
Provisions	602,661
Uses/releases	(113,202)
Balance as at 31.12.2020	**2,743,642**

"Increases from business combinations" refers to the provisions for doubtful debts of Chaucer (amounting to Euro 37,672) and VDM Consulting (amounting to Euro 29,761) both acquired during the year.

The provision for the year is intended to cover the risk of uncollectible receivables from certain clients whose payments are overdue.

The fair value of trade and other receivables does not differ significantly from the carrying value given the short period of time between the receivable arising and its due date.

Receivables from and payables to related parties are detailed in Note 35 "Related party transactions".

At the date of preparing these Consolidated Financial Statements, the maximum exposure to credit risk is represented by the nominal value of the receivables. There are no guarantees in place to mitigate such risk.

b) Other receivables

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
Prepayments	1,024,611	546,677	(477,935)
Total	**1,024,611**	**546,677**	**(477,935)**

"Other receivables" amounting to Euro 546,677 mainly related to prepayments in respect of services pertaining to future years, including prepaid rentals and hire charges, office rent, insurance and software package maintenance.

11. Other current assets

	(Amounts in Euro)
Balance as at 31.12.2019	1,456,720
Balance as at 31.12.2020	3,109,030
Changes	**1,652,310**

The following table provides a breakdown of other current assets:

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
a) Current financial assets	741,591	1,076,391	334,800
b) Others	715,129	2,032,639	1,317,510
Total	**1,456,720**	**3,109,030**	**1,652,310**

11. Other current assets (continued)

a) Current financial assets

The following table provides a breakdown of current financial assets:

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
Receivables due from the tax authorities	113,854	382,529	268,675
Withholding Tax	262,116	128,516	(133,600)
Other	365,621	565,345	199,724
Total	**741,591**	**1,076,391**	**334,800**

"Receivables due from the tax authorities" mainly related to amounts due to the subsidiaries BIP Services (Euro 136,110) and Skecthin Sagl (Euro 202,931) relating to VAT receivables.

"Withholding tax" mainly related to BIP S.p.A.

"Other" mainly related to the short-term portion of loans granted to certain of the company's managers during the year. The loans were granted at market conditions. See Note 9 for further details.

b) Others

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
Tax receivables	164,459	305,213	140,754
Miscellaneous	550,670	1,727,426	1,176,756
Total	**715,129**	**2,032,639**	**1,317,510**

Tax receivables

"Tax receivables" amounting to Euro 305,213 related to receivables of Group companies in respect of advance payments on taxes for the year 2020.

Miscellaneous

"Miscellaneous" amounting to Euro 1,727,426 mainly included advances to suppliers and other sundry receivables. The significant increase compared to the previous year was mainly due to the inclusion of the Chaucer Group (which had made advance payments to strategic suppliers and in respect of training activities amounting to approximately Euro 450 thousand) and VDM within the scope of consolidation.

12. Cash and cash equivalents

(Amounts in Euro)

Balance as at 31.12.2019	31,516,501
Balance as at 31.12.2020	94,757,671
Changes	**63,241,169**

Cash and cash equivalents included cash on hand and amounts held in bank and post office accounts.

12. Cash and cash equivalents (continued)

The following table provides a breakdown of cash and cash equivalents:

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
Bank and post office deposits	31,494,547	94,747,232	63,252,685
Cash on hand	21,954	10,439	(11,515)
Total	**31,516,501**	**94,757,671**	**63,241,169**

See the consolidated statement of cash flows for details regarding movements during the year.

C) SHAREHOLDERS' EQUITY

13. Share Capital and Reserves

(Amounts in Euro)

Balance as at 31.12.2019	176,292,947
Balance as at 31.12.2020	203,770,862
Changes	**27,477,915**

	Share capital	Legal reserve	Translation reserve	Other reserves	Retained earnings	Profit (loss) for the year	Shareholders' equity attributable to the Group	Non-controlling interests	Shareholders' equity
Balance as at 01.01.2019	**23,449,884**	**4,689,977**	**(150,935)**	**133,629,095**	**—**	**1,710,820**	**163,328,841**	**1,090,251**	**164,419,092**
Share capital increase	530,845	—	—	4,713,904	—	—	5,244,749	—	5,244,749
Allocation of prior year profit	—	—	—	—	1,710,820	(1,710,820)	—	—	—
Other items of comprehensive income	—	—	630,150	(137,654)	—	—	492,496	48,929	541,425
Re-measurement of put minorities	—	—	—	2,397,101	—	—	2,397,101	—	2,397,101
Transactions with non-controlling interests	—	—	(300,274)	(6,901,531)	—	—	(7,201,805)	(871,624)	(8,073,429)
Other changes	—	—	57,768	(143,218)	—	—	(85,450)	46,909	(38,541)
Profit for the year	—	—	—	—	—	11,554,385	11,554,385	248,164	11,802,549
Balance as at 31.12.2019	**23,980,729**	**4,689,977**	**236,709**	**133,557,697**	**1,710,820**	**11,554,385**	**175,730,317**	**562,630**	**176,292,947**
Share capital increase	59,146	—	—	525,208	—	—	584,354	—	584,354
Allocation of prior year profit	—	106,169	—	—	11,448,216	(11,554,385)	—	—	—
Distribution of dividends	—	—	—	—	(6,800,000)	—	(6,800,000)	—	(6,800,000)
Other items of comprehensive income	—	—	(513,572)	(1,377,002)	—	—	(1,890,574)	(74,716)	(1,965,291)
Re-measurement of put minorities	—	—	—	(35,292,749)	—	—	(35,292,749)	—	(35,292,749)
Transactions with non-controlling interests	—	—	—	(658,064)	—	—	(658,064)	6,093,227	5,435,164
Other changes	—	—	20,789	(9,577)	—	—	11,212	152,983	164,195
Profit for the year	—	—	—	—	—	64,578,879	64,578,879	773,363	65,352,242
Balance as at 31.12.2020	**24,039,875**	**4,796,146**	**(256,074)**	**96,745,512**	**6,359,036**	**64,578,879**	**196,263,374**	**7,507,487**	**203,770,862**

13. Share Capital and Reserves (continued)

Share capital

Share capital comprises 24,039,875 shares with a nominal value of Euro 1 each.

On 4 December 2019, the Shareholders' Meeting resolved two share capital increases:

— the first for the issue of 530,845 new Class B shares for a total sum of Euro 5,244,748.60, of which Euro 530,845.00 representing nominal value and Euro 4,713,903.60 the share premium;

— the second for the issue of 120,746 new Class B shares for a total sum of Euro 1,192,970.48, of which Euro 120,746.00 representing nominal value and Euro 1,072,224.48 the share premium.

The first capital increase was fully subscribed by the shareholder Runbip in 2019, while the second was subscribed by the shareholder Runbip on 16 June 2020 in the amount of 59,145 new Class B shares for a total value of Euro 584,354.00, of which Euro 59,146.00 representing nominal value and Euro 525,208.00 the share premium. The remaining approved capital increase has not yet been subscribed.

Accordingly, as at 31 December 2020, share capital comprised:

— 14,438,001 Class A shares with dividend and voting rights held by Milapax S.r.l.;

— 9,151,873 Class B shares with dividend and voting rights held by Runbip S.r.l.; and

— 450,000 Class C shares with dividend rights but without voting rights held by Racbip S.r.l..

The Facility Agreement entered into on 11 December 2019 and then increased on 30 June 2020 for a total amount of Euro 140,000,000 is guaranteed by a pledge of the entire shareholding of BIP S.p.A. (see Note 14 for further details).

Legal reserve

The legal reserve amounted to Euro 4,796,146 and included the share of profits from previous years set aside in accordance with Article 2430 of the Italian Civil Code.

At 31 December 2020, it represented 19.95% of BIP's share capital.

Translation reserve

The foreign exchange translation reserve, which had a negative balance of Euro 256,074, included exchange differences arising from the translation into Euro of the financial statements of companies operating in areas with functional currencies other than the Euro.

Other reserves

Other reserves totalled Euro 96,745,512 and included:

a) Other reserves amounting to Euro 137,687,083. The main changes in the reserve were an increase of Euro 525,208 relating to the share premium for the capital increase on 16 June 2020 in accordance with the shareholders' resolution of 4 December 2019 and a decrease of Euro 658,064 relating to transactions with minorities.

b) A negative non-distributable reserve comprising post-tax actuarial gains/losses amounting to Euro 248,911, recognised following the accounting for termination benefits in accordance with the provisions of IAS 19. The significant increase in the negative balance was due to the inclusion of VDM within the scope of consolidation during the year;

c) A negative reserve amounting to Euro 39,476,416 representing the present value of the put options granted to the minority shareholders of Sketchin, Anagram Consulting and Chaucer requiring BIP S.p.A. to purchase their shareholdings if certain conditions are met, as well as the right to a reserved

13. Share Capital and Reserves (continued)

BIP S.p.A. share capital increase. Valuation of the put options resulted in an amount of Euro 17,347,943 being recognised within "other non-current liabilities" in relation to the non-current portion of the liability and an amount of Euro 22,188,705 being recognised within "other payables" in relation to the current portion.

d) A negative reserve for gains/losses arising from the fair value measurement of hedging derivatives amounting to Euro 1,216,244, net of tax.

Retained earnings

Retained earnings amounted to Euro 6,359,036 and reflected the allocation of the previous year's profit net of the Euro 6,800,000 dividend paid during the year by the parent company BIP S.p.A. as approved by the shareholders' meeting of 21 July 2020.

Profit (loss) for the year

Profit for the year amounted to Euro 65,352,242, of which Euro 64,578,879 was attributable to the Group and Euro 773,363 attributable to non-controlling interests.

As described above, the parent company BIP S.p.A. opted for the tax realignment option permitted by Law 126/2020 in relation to goodwill, the BIP brand and the BIP client relationship, involving the payment of substitute tax. In this regard, it is noted that the related equity is restricted in a reserve amounting to Euro 192.5 million for which tax has been suspended. The tax on the reserve has been suspended because the company opted not to have the surplus franked (or partially franked) and the equity reserve will therefore be subject to taxation in the event of distribution. Such tax suspension in relation to the reserve results in a temporary difference between the book value of the reserve and its tax value, however, the company does not recognise deferred taxes in relation to the reserve as it considers the possibility of distribution of such reserve to be low.

D) NON-CURRENT LIABILITIES

14. Non-current financial liabilities

	(Amounts in Euro)
Balance as at 31.12.2019	66,865,983
Balance as at 31.12.2020	106,143,183
Changes	**39,277,199**

The following table provides a breakdown of non-current financial liabilities and movements during the year:

(Amounts in Euro)	Value as at 31.12.2019	Decreases	Increases	Short-term portion	Value as at 31.12.2020
Credem loan	775,929	—	376,556	(775,929)	376,556
Banco Desio loan	1,342,228	—	1,427,897	(1,342,228)	1,427,897
UBI loan	333,333	—	—	(333,333)	—
Pool loan	61,480,720	—	163,540	(4,727,273)	56,916,987
Pool loan 2	—	—	39,878,680	(3,710,718)	36,167,962
Derivative	—	—	1,600,321	—	1,600,321
Equity financial instruments	2,206,500	(114,000)	715,500	—	2,808,000
Deferred consideration for Chaucer acquisition	—	—	1,615,130	—	1,615,130
Deferred consideration for Medley acquisition	—	—	3,615,007	—	3,615,007
Covid loan Sketchin Sagl	—	—	462,877	—	462,877

14. Non-current financial liabilities (continued)

(Amounts in Euro)	Value as at 31.12.2019	Decreases	Increases	Short-term portion	Value as at 31.12.2020
Deferred consideration for VDM acquisition	—	—	99,502	—	99,502
Escrow for FBM acquisition	538,188	(156,876)	63,469	—	444,782
Santander loan	79,313	—	572,808	(67,861)	584,261
Bankinter loan	60,800	(60,800)	—	—	—
Sabadell loan	48,973	—	—	(25,072)	23,901
Total	**66,865,983**	**(331,676)**	**50,591,288**	**(10,982,413)**	**106,143,183**

Pool loan

On 11 December 2019, the parent company BIP S.p.A. entered into a Facility Agreement granted by a pool of banks for a total of Euro 90,000,000 as follows:

— Bullet loan amounting to Euro 39,000,000 maturing on 11 December 2026 with interest payable semi-annually at the 6-month Euribor rate plus a spread based on the Group's Net Financial Debt/EBITDA ratio with a minimum value of 1.7% and a maximum value of 2.8%;

— Amortising loan amounting to Euro 26,000,000 with repayment in semi-annual instalments starting from 31 December 2020 and ending on 11 December 2025. Interest is payable semi-annually at the six-month Euribor rate plus a spread based on the Group's Net Financial Debt/EBITDA ratio, with a minimum of 1.45% and a maximum of 2.55%;

— Availability of a Revolving facility up to a maximum amount of Euro 25,000,000 that can be used to finance working capital and investments. If the facility is utilised, interest is calculated at Euribor plus a spread determined based on the Group's Net Financial Debt/EBITDA ratio with a minimum value of 1.35% and a maximum value of 2.45%;

— Availability of an uncommitted line of up to Euro 50,000,000 to finance potential future acquisitions;

— BIP committed to enter into an Interest Rate Swap (IRS) contract by 31 March 2020 to cover at least 70% of the loan for a duration of at least three years.

— Guarantees granted:

  — pledge involving BIP's shares, representing 100% of BIP's share capital;

  — assignment as security by BIP of its receivables arising from (a) the acquisition contract for the equity investments; and (b) intra-group loans granted by BIP to Group companies;

  — any pledges relating to the shares of companies falling within the definition of Material Subsidiaries, pursuant to the Bond Regulations, and belonging to the BIP group (at present, based on the contractual conditions, no Group company falls within the definition of "Material Subsidiaries").

— The entire loan is subject to compliance with the Net Financial Debt/EBITDA financial covenant to be measured every six months, which is set at 3.0 until 30 June 2021 and at 2.5 for the remaining semi-annual reference dates.

In 2020, in the context of the Chaucer Group acquisition, BIP, as provided for in the Facility Agreement, in agreement with the banking syndicate signed an Amendment and Restatement Agreement to obtain funds in the amount of Euro 23,477,823 and GBP 23,680,515 to finance the acquisition.

Such additional funds were granted on the following terms:

— Bullet loan amounting to Euro 7,238,912 maturing on 30 June 2027 with interest payable semi-annually at the 6-month Euribor rate plus a spread based on the Group's Net Financial Debt/EBITDA ratio with a minimum value of 2.3% and a maximum value of 3.05%;

14. Non-current financial liabilities (continued)

- Amortising loan amounting to Euro 7,238,912 with repayment in semi-annual instalments starting from 30 June 2021 and ending on 30 June 2026. Interest is payable semi-annually at the six-month Euribor rate plus a spread based on the Group's Net Financial Debt/EBITDA ratio with a minimum value of 1.95% and a maximum value of 2.70%;
- Bullet loan amounting to GBP 11,840,258 maturing on 30 June 2027 with interest payable semi-annually at the six-month Euribor rate plus a spread based on the Group Net Financial Debt/EBITDA ratio with a minimum of 2.65% and a maximum of 3.40%;
- Amortising loan amounting to GBP 11,840,258 with payment in semi-annual instalments starting from 30 June 2021 and ending on 30 June 2026. Interest is payable semi-annually at the six-month Euribor rate plus a spread based on the Group's Net Financial Debt/EBITDA ratio with a minimum value of 2.30% and a maximum value of 3.05%;
- BIP committed to sign an Interest Rate Swap (IRS) contract by 30 September 2020 to cover at least 70% of the loan for a duration of at least three years.

The business plan for the period 2021-2026 confirms BIP S.p.A.'s ability to fully repay the interest for the period in addition to the principal of the existing loans.

At 31 December 2020, the contractual covenant was complied with and was equal to 1.34, resulting in interest equal to the six-month Euribor plus a spread of:

- 1.85% for the Bullet Loan in the original amount of Euro 39,000,000
- 1.60% for the amortising loan in the original amount of Euro 26,000,000
- 1.50 % for the Revolving Loan in the original amount of Euro 25,000,000
- 2.45% for the amortising loan in the original amount of GBP 11,840,258
- 2.80% for the Bullet Financing in the original amount of GBP 11,840,258
- 2.10% for the amortising loan in the original amount of Euro 7,238,912
- 2.45% for the Bullet financing in the original amount of Euro 7,238,912
- 2.10% for the amortising loan in the original amount of Euro 4,500,000
- 2.45% for the bullet loan in the original amount of Euro 4,500,000

As required by IAS 39, the loans are accounted for using the amortised cost method. Accordingly, transaction costs incurred for their subscription, totalling Euro 1,155,644 for the first two loan agreements entered into in 2019 and Euro 1,092,750 for the loan agreements entered into in 2020, are considered in future cash flows for the purpose of determining the effective interest rate.

It is noted that in order to hedge future cash flows relating to the payment of interest on the loans described above, BIP S.p.A. entered into several Interest Rate Swap (IRS) contracts during the year at the following conditions:

- With regard to the amortising loan for an original amount of Euro 26,000,000, interest at a fixed rate of 0.06% on an amount equal to 70% of the loan amount for the period until 11 December 2025
- With regard to the Bullet loan for an original amount of Euro 39,000,000, interest at a fixed rate of 0.20% on an amount equal to 70% of the loan amount for the period until 11 December 2026
- With regard to the amortising loan for an original amount of Euro 7,238,912, interest at a fixed rate of -0.19% on an amount equal to 70% of the loan amount for the period until 30 June 2026
- With regard to the amortising loan for an original amount of GBP 11,840,258, interest at a fixed rate of 0.296% for the derivatives granted by BNL and Credit Agricole and 0.280% on the derivative granted by UBI on an amount equal to 100% of the loan amount for the period until 30 June 2026

14. Non-current financial liabilities (continued)

— With regard to the bullet loan for an original amount of GBP 11,840,258, interest at a fixed rate of 0.366% for the derivatives granted by BNL and Credit Agricole and 0.350% on the derivative granted by UBI on an amount equal to 100% of the loan amount for the period until 30 June 2027

— With regard to the bullet loan for an original amount of Euro 7,238,912, interest at a fixed rate of -0.13% on an amount equal to 70% of the loan amount for the period until 30 June 2027

The interest rate swap agreements were entered into for hedging purposes, as their maturities and payment amounts coincide with the instalments of the existing loans, and therefore the changes in fair value as at 31 December 2020 (a negative amount of Euro 1,600,321) were classified as "non-current financial liabilities" with a balancing entry in an equity reserve.

If average interest rates had been one percentage point higher in 2020, the finance expenses charged to the income statement would have been approximately Euro 1,151,222 higher, corresponding to 0.40% of Group revenues and 4.04% of Group operating income (EBIT). Following the stipulation of the aforementioned IRS agreements, management deemed the risk associated with interest rate variability to be sustainable and capable of being absorbed by the company's operations.

Santander, Bankinter and Sabadell loans

In order to better manage its working capital, the subsidiary BIP Iberia undertook a process of rationalising its loans. In addition, the subsidiary had access to a loan guaranteed by the Spanish government under the ongoing pandemic-related support measures. The loans have fixed interest rates of between 2 and 4.1% and a portion was repaid during the year with the balance to be repaid over the next two years.

Credem, Desio and UBI loans

This item relates to the long-term portion of the two loans granted by Credem and Banco di Desio in previous years:

— The Credem loan amounting to Euro 3,000,000 is repayable in 8 instalments and bears interest at a fixed rate of 0.65%. At 31 December 2020, the non-current portion of the loan outstanding amounted to Euro 376,556

— The Banco di Desio loan amounting to Euro 3,000,000.00, repayable in 36 instalments at an interest rate of 1%. At 31 December 2020, the non-current portion of the loan outstanding amounted to Euro 1,427,897.

The portion to be repaid in 2021 is reported in Note 20 "Current financial liabilities".

Sketchin Sagl loans

During the year, as a result of the financial emergency related to the Covid pandemic, the subsidiary Sketchin Sagl received a state loan amounting to CHF 500,000, in respect of which, again due to the pandemic, no repayment schedule has been defined. The loan must, however, be fully repaid within 8 years (by 31/12/2028) in accordance with the "Law on COVID-19 solidarity guarantees" which regulates the purpose, use and repayment terms of such financing.

Escrow for FBM acquisition

"Escrow for FBM acquisition", amounting to Euro 444,782 (R$ 2,834,817), represents the deferred consideration due to the shareholders of FBM.

Following the purchase of 62% of the shares in FBM, an escrow account in the amount of R$2,430,296.46 was established as a guarantee for the agreed price and can only be released in the period 2022-2024 to pay the deferred consideration after verifying compliance with the guarantees granted. See Note 9 above for further details.

14. Non-current financial liabilities (continued)

The decrease with respect to the previous year is related to the interest accrued during the year, net of the decrease due to the depreciation of the BRL against the Euro.

Participative financial instruments

Participative financial instruments were issued by BIP S.p.A., pursuant to Article 2346, Paragraph 6 of the Italian Civil Code, following approval of the resolution of the ordinary shareholders' meeting of 13 September 2018 and represent debt instruments issued to subscribers against payment in cash of an amount equal to the nominal value of the instruments issued by the company.

Each participative financial instrument (PFI) confers the following rights:

a) the right to a share of the profits for the financial year, to the extent that the ordinary shareholders' meeting approves such distribution;

b) the right to a share of the reserves representing retained earnings from the financial year 2018, to the extent that the ordinary shareholders' meeting approves such distribution during the company's lifetime;

c) the right to a share in the distribution of the remaining liquidation assets, following dissolution of the company, after payment of all of the Company's creditors.

Such financial instruments are subject to a term of four years from the date of their issue.

The amount paid by subscribers is classified within financial liabilities (long-term or short-term depending on the duration of the instrument in accordance with IAS 32) and amounted to Euro 2,808,000 at 31 December 2020. The amount paid annually on such participative financial instruments is recognized in the income statement as "finance expenses" and until payment is recognized in the Statement of Financial Position as "other payables".

Non-current financial liabilities linked to deferred consideration

This item included:

— The long-term portion of the deferred consideration due for the acquisition of the Chaucer Group relating to the growth shares component estimated at Euro 1,615,130 (GBP 1,452,050).

— The long-term portion of the deferred consideration due for the acquisition of Medley Consulting by Chaucer Group Ltd, totalling Euro 5,733,633 (GBP 5,154,708), of which Euro 3,615,007 (GBP 3,250,000) payable by the end of 2022 and Euro 2,118,626 (GBP 1,904,708) payable by the end of 2021.

— The long-term portion of the deferred consideration due for the acquisition of VDM Consulting by BIP S.p.A., totalling Euro 165,837, which provides for payment of Net Financial Debt-related price adjustments of Euro 99,502 to be paid by 30 June 2023 and Euro 66,335 to be paid by 30 June 2021.

15. Lease liabilities

The item, which is recognised in accordance with IFRS 16, represents the non-current portion of the residual amounts payable in relation to leased assets at 31 December 2020, totalling Euro 12,390,772.

Such long-term debt has the following repayment schedule:

— 2022: Euro 4,771,947

— 2023: Euro 3,534,516

— 2024: Euro 1,993,559

— 2025: Euro 791,124

15. Lease liabilities (continued)

— 2026: Euro 701,209

— After 2026: Euro 598,417

Lease instalments totalling approximately Euro 6.7 million were paid during the year.

16. Deferred tax liabilities

	(Amounts in Euro)
Balance as at 31.12.2019	19,136,176
Balance as at 31.12.2020	7,478,242
Changes	**(11,657,934)**

The balance at 31 December 2020 included deferred tax liabilities amounting to GBP 6,410,298 (Euro 7,130,238) recognised following the valuation of the Chaucer Group client list for GBP 18,900,0000 and the Chaucer brand for GBP 16,100,000 in the financial statements as at 30 June 2020.

The year on year decrease mainly related to the release of deferred tax liabilities of Euro 17,831,053 following the decision of the parent company BIP S.p.A. to opt for the tax realignment option permitted by Law 126/2020 in relation to goodwill, the BIP brand and the BIP client relationship. Exercise of the option resulted in the elimination of temporary differences relating to the values of the BIP brand and the BIP client relationship. See Note 36 for further details regarding this transaction.

During 2020, deferred tax liabilities amounting to Euro 1,301,374 were reversed to the income statement on amortisation of the aforementioned assets.

Other deferred taxes related to the temporary differences generated on the conversion of the financial statements of subsidiaries from local accounting standards to the international accounting standards used by the Group.

17. Provisions for risks and charges (non-current portion)

	(Amounts in Euro)
Balance as at 31.12.2019	91,464
Balance as at 31.12.2020	91,464
Changes	**0**

Provisions for risks and charges, amounting to Euro 91,464 included approximately Euro 20,000 in respect of legal risks relating to the subsidiary BIP Tunisia and Euro 70,000 in respect of legal risks relating to the subsidiary BIP Consultoria.

18. Other non-current liabilities

	(Amounts in Euro)
Balance as at 31.12.2019	3,142,600
Balance as at 31.12.2020	19,462,499
Changes	**16,319,900**

Other non-current liabilities included:

— Euro 120,000 relating to the earn-out on the acquisition of Mea Consulting S.r.l. based on the agreement signed on 22 October 2019, which, in addition to payment of part of the purchase consideration at the acquisition date, provided for the payment of earn-out payments, two of which in the years 2021 and 2022 based on the achievement of certain EBIT levels for the years 2020 and 2021 agreed at the time of acquisition.

18. Other non-current liabilities (continued)

— Euro 483,705 relating to the earn-out on the acquisition of FBM based on the agreement signed on 30 August 2019, which, in addition to payment of part of the purchase consideration at the acquisition date, provided for the payment of earn-out payments in the periods 2020-2022 based on the achievement of certain EBIT levels for the years 2020 and 2021 and the first half of 2022 agreed at the time of acquisition.

— Euro 1,460,851 relating to the earn-out on the acquisition of Vidiemme Consulting S.r.l. based on the agreement signed on 20 February 2020, which, in addition to payment of part of the purchase consideration at the acquisition date, provided for the payment of earn-out payments in the periods 2021-2023 based on the achievement of certain EBIT levels for the years 2020, 2021 and 2022 agreed at the time of acquisition.

— Euro 17,347,943 representing the present value of the option granted for the years 2022 and 2023 to the minority shareholders of Chaucer requiring BIP S.p.A. purchase their shareholdings if certain conditions are met. The value of the put options was recognised in the financial statements together with a balancing entry adjusting “Other reserves” in shareholders’ equity.

19. Employee benefits

	(Amounts in Euro)
Balance as at 31.12.2019	1,922,811
Balance as at 31.12.2020	3,515,635
Changes	**1,592,824**

Employee benefits amounted to Euro 3,515,635 and related to the severance indemnity (TFR) for Group companies with registered offices in Italy.

Pursuant to Law No. 296 of 27 December 2006 and subsequent decrees and regulations issued in the early months of 2007, with effect from 1 January 2007, the Employee Severance Indemnity (TFR) was transformed from a “defined benefit plan” to a “defined contribution plan” with the result that the accounting treatment differs depending on whether the TFR was accrued before or after 31 December 2006.

The severance indemnity accruing from 1 January 2007 is a “defined contribution plan”. The company makes periodic accrued severance indemnity contributions to a separate entity (e.g. INPS and/or external funds) and in so doing fulfils its obligation towards its employees. The accounting treatment is similar to contributions of any other nature and therefore the severance indemnity accrued is recorded as a cost in the period and the related payable recorded among short-term payables. The employee severance indemnity accrued until 31 December 2006 is a “defined benefit plan”, the existence and amount of which is known but the timing of which is uncertain.

The liability is determined as the present value of the defined benefit obligation at the reporting date, in accordance with applicable Italian law, adjusted for actuarial gains/losses. The amount of the defined benefit obligation is calculated and certified each year by an independent actuary using the projected unit credit method.

The main financial assumptions adopted in the actuarial calculations made to determine the employee severance indemnity are summarized below:

Annual inflation rate:	0.80%
Annual rate of wage/salary growth:	
Executives	2.60%
Managers	1.70%
Employees	1,40%
Annual rate of growth in employee severance indemnity (TFR):	2.100%
Annual discount rate	0.34%

19. Employee benefits (continued)

In accordance with Paragraph 83 of IAS 19, the annual discount rate used to calculate the present value of the obligation was based on the Iboxx Corporate AA index with duration 10+ as at the valuation date. Accordingly, the term of the corporate bond yield selected was consistent with the term of the post-employment benefit obligations.

The annual rate of increase of the TFR is 75% of inflation plus 1.5 percentage points.

The main demographic assumptions adopted were as follows:

Death:	RG48 mortality tables published by the General State Accounting Body
Disability:	INPS tables by age and gender
Retirement:	100% on achieving AGO requirements

The following table shows movements in employee benefit liabilities during the year:

	(Amounts in Euro)
Balance as at 31.12.2019	1,922,811
Fund allocation and revaluation (Current Service Cost+Interest Cost)	7,168,381
Amounts paid to other social security funds	(6,368,235)
Actuarial (gains)/losses	99,798
Changes in the scope of consolidation	885,104
Benefits paid	(192,222)
Balance as at 31.12.2020	3,515,635

Changes in the scope of consolidation refers to the inclusion during the year of Vidiemme Consulting S.r.l. within the scope of consolidation.

The employee severance indemnity provision, governed by article 2120 of the Italian Civil Code, includes the estimated obligation, determined based on actuarial techniques, related to the amount to be paid to employees of Italian companies upon termination of employment.

The indemnity, which is paid in the form of a lump sum, is equal to the sum of the provisions calculated on remuneration paid in relation to the employment relationship, revalued up to the time of termination of the same. As a result of legislative changes introduced as of 1 January 2007, the accrued severance pay is allocated to pension funds, to the treasury fund managed by INPS or, in the case of companies with fewer than 50 employees, may remain with the company. This implies that a significant portion of the accrued termination benefits is classified as a defined contribution plan as the company's obligation is represented exclusively by the payment of contributions to the pension fund or to INPS. The liability relating to the employee severance indemnity prior to 1 January 2007 continues to represent a defined benefit plan subject to actuarial valuation.

E) CURRENT LIABILITIES

20. Current financial liabilities

	(Amounts in Euro)
Balance as at 31.12.2019	26,287,104
Balance as at 31.12.2020	57,903,672
Changes	**31,616,568**

20. Current financial liabilities (continued)

The following table provides a breakdown of current financial liabilities:

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
Due to lending institutions/other	20,109,018	53,560,992	33,451,975
Due to banks	6,178,086	4,342,679	(1,835,407)
Total	**26,287,104**	**57,903,672**	**31,616,568**

The following table provides a breakdown of the current portion of due to lending institutions/other and movements during the year:

(Amounts in Euro)	Value as at 31.12.2019	Reimbursements	Increases	Short-term portion of long-term loans	Value as at 31.12.2020
Banco Desio loan	1,996,646	(4,000,437)	3,000,000	1,342,228	2,338,437
Deferred consideration for Mea Consulting	56,028	(56,028)	—	—	—
Deferred consideration for Sketchin Sagl	154,432	—	—	—	154,432
Deferred consideration for BIP Yonetim Danismanligi Anonirn Sirketi (Bip Turchia)	158,000	(158,000)	—	—	—
Deferred consideration for VDM	—	—	—	66,335	66,335
Deferred consideration for Chaucer	—	—	9,328,838	—	9,328,838
Deferred consideration for Medley	—	—	2,118,626	—	2,118,626
Revolving line	10,000,000	—	15,000,000	—	25,000,000
Bmw loans	4,538	(4,538)	1,317	—	1,317
Escrow for Openknowledge acquisition	110,000	(110,000)	—	—	—
Short-term portion of BNL 7-year loan	2,363,636	(2,363,636)	—	4,727,273	4,727,273
Short-term portion of BNL loan for Chaucer acquisition	—	—	—	3,710,718	3,710,718
Unicredit loan	2,500,000	—	—	—	2,500,000
Cariparma loan	—	—	—	—	—
UBI loan	666,667	(333,334)	—	—	333,333
Credem loan	2,099,071	(4,593,317)	5,000,000	775,929	3,281,684
Total	**20,109,018**	**(11,619,289)**	**34,448,781**	**10,622,483**	**53,560,992**

Short-term portion of long-term loans

This item includes Euro 8,437,991 relating to payments due within 12 months, as detailed in the table, in relation to the loans in place with the pool of banks described in Note 14 above.

It also includes the short-term portions of the UBI, Credem, Unicredit and Banco Desio loans totalling Euro 8,453,454

Short-term loans

In order to support the Group's business and in view of potentially lower cash availability related to the COVID pandemic, during the year the parent company BIP S.p.A. arranged short-term loans in addition to drawing down Euro 25,000,000 against the Revolving Credit Facility (RCF) in accordance with the Facility Agreement.

20. Current financial liabilities (continued)

The interest rate applied to the RCF line was 1.75%, while the average interest rate applied to short-term loans was approximately 1%.

Short-term financial liabilities linked to deferred consideration

These included:

— part of the deferred consideration relating to the Sketchin Sagl acquisition in 2016 amounting to Euro 154,434;

— the deferred consideration relating to the acquisition of Medley Consulting by Chaucer Group Ltd amounting to Euro 2,118,626 (GBP 1,904,708) to be paid by the end of 2021;

— the deferred consideration relating to the acquisition of VDM Consulting by BIP S.p.A. amounting to Euro 66,335 to be paid by 30 June 2021;

— the deferred consideration relating to the Chaucer Group acquisition amounting to Euro 9,328,838 (GBP 8,386,905) to be paid by the end of 2021. The transaction was completed in February 2021;

If average interest rates had been one percentage point higher in 2020, the finance expenses charged to the income statement would have been approximately Euro 90,194 higher, corresponding to 0.03% of Group revenues and 0.32% of Group operating income (EBIT). Management deemed the risk associated with interest rate variability to be sustainable and capable of being absorbed by the company’s operations.

Payables due to banks

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
Advances on invoices	1,035,139	175,309	(859,830)
Short-term cash advances	3,167,308	4,110,069	942,761
Bank overdrafts	1,975,639	57,301	(1,918,338)
Total	**6,178,086**	**4,342,679**	**(1,835,407)**

The item includes payables due to banks for advances against invoices, short-term cash advances (“hot money”) and current account overdrafts.

Such short-term financial liabilities mainly incur a variable interest rate of Euribor plus a spread.

The Group’s net financial debt at 31 December 2020 was as follows:

(Amounts expressed in Euro)

	31 December 2020	31 December 2019
A. Cash (including bank deposits)	*94,757,671*	*31,516,501*
B. Other cash equivalents	*393,551*	*544,107*
C. Securities held for trading	—	—
D. Cash (A+B+C)	**95,151,221**	**32,060,608**
E. Current financial receivables		
- E.1 of which current financial receivables due from subsidiaries	—	—
F. Short term bank borrowing	*4,342,679*	*8,541,722*
G. Current portion of non-current debt	*53,560,992*	*17,745,382*
H. Other current financial liabilities (Lease liabilities)	*6,024,227*	*5,741,744*
I. Current financial debt (F+G+H)	**63,927,898**	**32,028,848**
J. Net current financial debt (cash) (I-E-D)	**(31,223,323)**	**(31,760)**
K. Non-current bank loans and participative financial instruments	*106,143,183*	*66,865,983*

20. Current financial liabilities (continued)

(Amounts expressed in Euro)

	31 December 2019	31 December 2020
L. Other non-current financial liabilities (Lease liabilities)	*12,390,772*	*15,165,108*
M. Non-current financial debt	**118,533,955**	**82,031,091**
Net Financial debt (cash) relating to continuing activities (J+L)	**87,310,632**	**81,999,331**
Net Financial debt (cash) relating to assets held-for-sale	**—**	**—**
N. Net financial debt (cash)	**87,310,632**	**81,999,331**

"Other cash equivalents" includes the balance of the escrow account opened during the year in the context of the FBM acquisition.

See the consolidated statement of cash flows for further details of movements in net financial debt during the period from 1 January to 31 December 2020.

21. Lease liabilities

The item, amounting to Euro 6,024,227, represents the current portion of the lease liabilities outstanding at 31 December 2020 for the lease of office buildings and vehicles, calculated in accordance with IFRS 16. Lease instalments totalling approximately Euro 6.7 million were paid during the year.

22. Current tax liabilities

	(Amounts in Euro)
Balance as at 31.12.2019	1,929,559
Balance as at 31.12.2020	8,202,370
Changes	**6,272,810**

The balance of Euro 8,202,370 represents the liability for current taxes, calculated in accordance with the rates in force in the various countries where the Group companies operate.

The year-on-year increase was mainly due to the substitute tax payable as a result of the decision of the parent company BIP S.p.A. to opt for the tax realignment option permitted by Law 126/2020 in relation to goodwill, the BIP trademark and BIP client relationships.

The substitute tax, equal to 3% of the realigned values, amounts to Euro 5,957,467 of which Euro 1,985,822 (short-term portion) to be paid within 12 months and Euro 3,971,645 in the subsequent 24 months. Payment is split into three annual instalments starting on 30 June 2021.

The following table provides a breakdown of current tax liabilities:

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
IRES	736,285	8,523	(727,762)
IRAP	259,820	295,643	35,823
Others	933,454	7,898,204	6,964,749
Total	**1,929,559**	**8,202,370**	**6,272,810**

23. Provisions for risks and charges (current portion)

Provisions for risks and charges, amounting to Euro 15,690, related to a provision to cover the risk of legal costs in relation to a former employee of the Brazilian company BIP Do Brasil Consultoria.

24. Other current liabilities

	(Amounts in Euro)
Balance as at 31.12.2019	53,587,575
Balance as at 31.12.2020	98,037,658
Changes	**44,450,083**

The following table provides a breakdown of other current liabilities:

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
Payables due to directors and auditors	4,225,101	3,551,799	(673,301)
Payables due to self-employed staff	126,136	88,581	(37,555)
Withholding tax payables	237,609	451,616	214,007
Tax payables	7,398,914	10,876,551	3,477,637
Payables due to social security institutes	6,060,796	7,416,418	1,355,622
Payables to employees.for 13th monthly salary, holidays and leave	6,338,302	6,624,772	286,470
Employee bonuses	9,917,596	23,964,725	14,047,129
Interest payable	39,357	78,275	38,918
Interest payable on PFIs	992,760	1,314,400	321,640
Derivatives fair value	41,903	—	(41,903)
Other payables	18,209,102	43,670,521	25,461,419
Total	**53,587,575**	**98,037,658**	**44,450,083**

"Employee bonuses" amounting to Euro 23,964,725 related to bonuses earned by employees in 2020 mainly payable in the early months of 2021.

Other current liabilities also included extraordinary compensation for Group managers, which will be settled in several tranches upon completion of the sale of BIP Group shares by APAX.

In addition to the items described above, the increase in other current liabilities was linked to the positive results achieved by the group, both by BIP S.p.A. and by certain subsidiaries, as well as the inclusion within the consolidation of the Chaucer Group, Medley and VDM.

"Interest payable on PFIs", amounting to Euro 1,314,400, related to interest accrued on participative financial instruments in 2020, payable in June 2021.

"Other payables" mainly related to:

- liabilities arising from contracts (deferred income relating to revenues accruing in the following year) amounting to Euro 19,938,540, of which Euro 17,073,637 relating to the parent company BIP S.p.A.;
- the earn-out relating to the FBM acquisition amounting to Euro 279,629 (R$ 1,782,217), payable on the achievement of agreed results for 2020;
- the earn-out relating to the MeA Consulting acquisition amounting to Euro 120,000, payable on the achievement of agreed results for 2020 as set out in the agreement entered into on 22 October 2019;
- the earn-out relating to the VDM Consulting acquisition amounting to Euro 973,901, payable on the achievement of agreed results for 2020 as set out in the agreement entered into on 22 October 2019;
- the present value of the current portion of the option granted to the minority shareholders of Sketchin to request that BIP S.p.A. purchase their shareholdings if certain conditions are met, amounting to Euro 4,264,000;

24. Other current liabilities (continued)

— the value of the option granted to the minority shareholders of Anagram to require that BIP S.p.A. purchase their shareholdings if certain conditions are met, amounting to Euro 3,754,046. The option was exercised by the minority shareholders in the early months of 2021;

— the present value of the current portion of the option granted to the minority shareholders of Chaucer, amounting to Euro 14,170,659.

The value of the put options, recognised in the financial statements together with a balancing entry adjusting "Other reserves" in shareholders' equity, takes into account the effects of the transactions that took place in 2021.

25. Trade payables

	(Amounts in Euro)
Balance as at 31.12.2019	18,685,203
Balance as at 31.12.2020	21,472,042
Changes	**2,786,839**

The item related to payables due to suppliers and included the following:

(Amounts in Euro)

Description	Value as at 31.12.2019	Value as at 31.12.2020	Changes
Invoices received	11,101,708	11,574,240	472,532
Invoices not yet received	7,575,562	9,892,480	2,316,918
Others	7,934	5,321	(2,612)
Total	**18,685,203**	**21,472,042**	**2,786,839**

Trade payables includes invoices received as well as invoices not yet received for services and consultancy mainly provided by external consultants. The balance mainly related to the trade payables of the parent company BIP S.p.A. (Euro 14,501,970) and the subsidiaries Chaucer (Euro 2,738,900), BIP Services (Euro 1,345,685), OpenKnowledge (Euro 601,055) and VDM (Euro 458,384).

Payables due to related parties are shown in note 37 "Related party transactions".

Fair value measurement of trade and other payables has no significant impact given the short time elapsing between the debt arising and its maturity.

26. Management of financial risks

This note provides the information required by IFRS 7.

Potential financial risks and the significance of the Group's exposure to such risks are described below. It is noted, however, with regard to financial risks, that management believe there to be no particular critical issues to report.

Exchange rate risk

Exchange rate risk is defined as the risk that the value of a financial instrument may change as a result of exchange rate fluctuations. The Company is exposed to exchange rate risk as in 2020 it entered into a loan agreement denominated in GBP. With regard to its core business, the exchange rate risk is considered to be limited as the majority of group revenues are generated in the home country of the individual group companies. The impact of such risk could increase in future years (in particular in South America) but is expected to remain of marginal significance. In any event, management monitors currency movements and evaluates the need to make use of hedging instruments.

26. Management of financial risks (continued)

Interest rate risk

Interest rate risk is defined as the risk that the value of a financial instrument may change due to fluctuations in market interest rates.

As described in detail above, on 11 December 2019 the parent company BIP S.p.A. entered into a Facility Agreement granted by a pool of banks for a total of Euro 90,000,000.

On 30 June 2020, in the context of the Chaucer Group acquisition, BIP, as provided for in the Facility Agreement, in agreement with the banking syndicate signed an Amendment and Restatement Agreement to obtain funds in the amount of Euro 23,477,823 and GBP 23,680,515 to finance the acquisition. See Note 14 above for further details.

It is noted that in order to hedge future cash flows relating to the payment of interest on the loans described above, BIP S.p.A. entered into several Interest Rate Swap (IRS) contracts during the year at the following conditions:

- With regard to the amortising loan for an original amount of Euro 26,000,000, interest at a fixed rate of 0.06% on an amount equal to 70% of the loan amount for the period until 11 December 2025
- With regard to the Bullet loan for an original amount of Euro 39,000,000, interest at a fixed rate of 0.20% on an amount equal to 70% of the loan amount for the period until 11 December 2026
- With regard to the amortising loan for an original amount of Euro 7,238,912, interest at a fixed rate of -0.19% on an amount equal to 70% of the loan amount for the period until 30 June 2026
- With regard to the amortising loan for an original amount of GBP 11,840,258, interest at a fixed rate of 0.296% for the derivatives granted by BNL and Credit Agricole and 0.280% on the derivative granted by UBI on an amount equal to 100% of the loan amount for the period until 30 June 2026
- With regard to the bullet loan for an original amount of GBP 11,840,258, interest at a fixed rate of 0.366% for the derivatives granted by BNL and Credit Agricole and 0.350% on the derivative granted by UBI on an amount equal to 100% of the loan amount for the period until 30 June 2027
- With regard to the bullet loan for an original amount of Euro 7,238,912, interest at a fixed rate of -0.13% on an amount equal to 70% of the loan amount for the period until 30 June 2027

The interest rate swap agreements were entered into for hedging purposes, as their maturities and payment amounts coincide with the instalments of the existing loans, and therefore the changes in fair value as at 31 December 2020 (a negative amount of Euro 1,600,321) were classified as "non-current financial liabilities" with a balancing entry, net of tax, in an equity reserve.

With regard to the spread applied to the bullet and amortising loans, BIP S.p.A. monitors the Net Financial Debt/EBITDA ratio on a monthly basis to determine in advance the interest rate applied and the related interest cost.

At 31 December 2020, the contractual covenant was complied with and was equal to 1.34.

Initial forecasts regarding the results for the first half of 2021 show that the Net Financial Debt/EBITDA ratio is less than 2.50, thereby ensuring interest equal to the six-month Euribor plus a spread of:

- 1.85% for the Bullet Loan in the original amount of Euro 39,000,000
- 1.60% for the amortising loan in the original amount of Euro 26,000,000
- 1.50 % for the Revolving Loan in the original amount of Euro 25,000,000
- 2.45% for the amortising loan in the original amount of GBP 11,840,258
- 2.80% for the Bullet Financing in the original amount of GBP 11,840,258
- 2.10% for the amortising loan in the original amount of Euro 7,238,912

26. Management of financial risks (continued)

— 2.45% for the Bullet financing in the original amount of Euro 7,238,912

— 2.10% for the amortising loan in the original amount of Euro 4,500,000

— 2.45% for the bullet loan in the original amount of Euro 4,500,000

Market risk

Market risk is defined as the risk that the value of a financial instrument may fluctuate due to fluctuations in market prices.

The Group has no significant transactions subject to such risk.

Credit risk

Credit risk is defined as the financial loss generated by the non-fulfilment by counterparties of payment obligations towards the Group.

The Group's financial counterparties are mainly represented by top-tier clients with elevated levels of solvency.

In conducting its business relationships, the Group adopts policies to ensure the solvency of its clients and limit the exposure to credit risk associated with individual clients involving client evaluation procedures.

Periodically, all receivables are reviewed by individual client and steps taken to write-down such receivables in the event impairment is considered likely.

Details regarding trade receivables are provided in Note 12 above.

Liquidity risk

Liquidity risk is defined as the risk that the Group encounters difficulties in obtaining the funds necessary to meet its financial obligations.

The Group adopts a prudent approach to the management of liquidity risk involving ongoing monitoring of its cash flows, funding requirements and liquidity levels aimed at ensuring sound management of financial resources through the maintenance of adequate cash and cash equivalent or readily converted to cash and cash equivalent resources and appropriate access to credit lines.

During 2020, in order to manage potential liquidity issues related to the COVID pandemic, the company made greater use of non-recourse factoring and also entered into short to medium-term unsecured loans. See Notes 10 and 20 for further details.

The credit lines currently in place are sufficient for the group to meet its business development and operating cash requirements, as well as to manage periods involving greater cash requirements.

Other information regarding financial instruments

Fair value hierarchy

With regard to financial instruments recognised in the statement of financial position at fair value, IFRS 13 requires these values be categorised in accordance with a hierarchy of levels that reflects the significance of the inputs used to measure fair value. The following levels are defined:

— Level 1 inputs are quoted prices in active markets for identical assets or liabilities;

— Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable, either directly (prices) or indirectly (amounts derived from prices)

26. Management of financial risks (continued)

— Level 3 inputs are unobservable inputs for the asset or liability.

The values at which such financial instruments are recognised and the related income statement and balance sheet effects are shown in the following table:

	Value as at 31.12.2020						
		Classes of financial instrument				Fair value information	
	Loans and receivables	Assets/liabilities measured at fair value through profit or loss	Assets/liabilities measured at fair value through other comprehensive income	Investments held to maturity	Investments held for sale	Fair Value	Hierarchy level
Other non-current assets	3,525,767					3,525,767	3
Trade receivables	109,131,260					109,131,260	3
Other current assets	3,109,030					3,109,030	3
Non-current financial liabilities	116,933,634		1,600,321			118,533,955	3
Current financial liabilities	63,927,898					63,927,898	3
Other current liabilities	98,037,658					98,037,658	3
Trade payables	21,472,042					21,472,042	·3

Level 3 relates to prices calculated on the basis of elements other than observable market values.

Details regarding the market values of financial instruments are provided together with related comments in the relevant notes.

The market value of trade receivables and payables due within 12 months, is considered to approximate the related book value, given the short period of time elapsing between the asset/liability arising and its due date.

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

VALUE OF PRODUCTION

	(Amounts in Euro)
01.01.2019 - 31.12.2019	244,584,067
01.01.2020 - 31.12.2020	288,301,930
Changes	**43,717,864**

The item comprised the following:

Description	Value at 31.12.2019	Value at 21.12.2020	(Amounts in Euro) Changes
Revenue from sales and services	242,785,820	286,194,467	43,408,647
Other revenues	1,798,247	2,107,464	309,217
Total	**244,584,067**	**288,301,930**	**43,717,864**

27. Revenue from sales and services

Revenue from sales and services amounted to Euro 286,194,467 and related to projects carried out on behalf of the Group's clients at their premises. Compared to the previous year, revenues increased by Euro 43,408,647 (+18%), partly as a result of the inclusion within the Group of the Chaucer Group (Euro 20,732,801), Medley (Euro 429,450) and VDM (Euro 5,049,513) acquired during 2020 and partly due to the increase in business levels achieved, in particular by the parent company BIP S.p.A. and BIP Iberia, which saw significant increases in revenues compared to 2019.

28. Other revenues

	(Amounts in Euro)
01.01.2019 - 31.12.2019	1,798,247
01.01.2020 - 31.12.2020	2,107,464
Changes	**309,217**

"Other revenues" amounted to Euro 2,107,464 and comprised:

Description	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	(Amounts in Euro) Changes
Expense recovery	1,424,071	1,339,202	(84,869)
Out of period gains	160,320	602,408	442,088
Sundry	213,856	165,854	(48,002)
Total	**1,798,247**	**2,107,464**	**309,217**

Recovery of expenses

Expenses recovered amounted to Euro 1,339,202 and mainly related to:

— amounts billed to employees in accordance with ACI (kilometre reimbursement calculation) tables in respect of their use of company cars;

— the re-billing of employees' private telephone and fuel card expenses.

The out of period gains related to overaccruals in the previous year. The item also included Euro 234,435 relating to the recovery from an employee at BIP Consultoria of part of the cash shortages identified during 2015.

B) COST OF PRODUCTION

	(Amounts in Euro)
01.01.2019 - 31.12.2019	216,493,438
01.01.2020 - 31.12.2020	259,780,761
Changes	**43,287,324**

28. Other revenues (continued)

The item comprised the following:

Description	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	(Amounts in Euro) Changes
Cost of services	35,111,847	36,329,750	1,217,903
General and administrative expenses	18,794,695	20,324,066	1,529,371
Personnel expenses	149,993,229	187,677,166	37,683,937
Other operating costs	262,287	298,139	35,852
Depreciation, amortisation and impairment	12,331,379	15,151,640	2,820,261
Total	**216,493,438**	**259,780,761**	**43,287,324**

29. Cost of services

	(Amounts in Euro)
01.01.2019 - 31.12.2019	35,111,847
01.01.2020 - 31.12.2020	36,329,750
Changes	**1,217,903**

"Cost of services" amounted to Euro 36,329,750 and comprised:

Description	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	(Amounts in Euro) Changes
Consulting and technical assistance	27,201,022	32,424,403	5,223,381
Travel expenses	5,743,064	1,690,345	(4,052,720)
Other	2,167,760	2,215,003	47,242
Total	**35,111,847**	**36,329,750**	**1,217,903**

"Technical consultancy and assistance" amounting to Euro 32,424,403 related to costs incurred for subcontractors and technical specialists hired to contribute to projects carried out at client premises. The increase compared to the previous year was mainly due to the inclusion of the Chaucer Group (Euro 4,329,523) within the consolidation. Such increase (+19%) was in line with the increase in revenue during the year.

"Travel expenses" amounted to Euro 1,690,345 and included the travel costs of both employees and external consultants. The significant decrease with respect to the previous year was due to the lower level of business travel undertaken during the year as a result of the ongoing pandemic, with remote working arrangements being favoured.

"Other" amounted to Euro 2,215,003, of which Euro 1,737,173 attributable to the parent company, and related to other costs incurred for the execution of projects, including the cost of materials purchased to support the sale of services offered.

30. General and administrative expenses

	(Amounts in Euro)
01.01.2019 - 31.12.2019	18,794,695
01.01.2020 - 31.12.2020	20,324,066
Changes	**1,529,371**

30. General and administrative expenses (continued)

"General and administrative expenses" amounted to Euro 20,324,066 and comprised:

Description	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	Changes (Amounts in Euro)
Communication and events	2,846,538	623,110	(2,223,428)
Training	902,591	1,023,745	121,154
Rental of computers and printers	1,855,618	2,474,265	618,647
Payroll management	453,034	747,195	294,161
Recruitment	741,432	550,942	(190,491)
Legal and tax services	2,025,261	5,880,629	3,855,368
Board of Auditors	251,860	271,778	19,918
Telephones	1,426,354	1,452,294	25,940
Office rental	1,601,726	1,109,518	(492,207)
Vehicle rental	1,054,061	801,570	(252,491)
Canteen	2,419,769	2,863,946	444,177
Sundry expenses	3,216,451	2,525,074	(691,377)
Total	**18,794,695**	**20,324,066**	**1,529,371**

The most significant expenses incurred related to:

Legal and tax services

Legal and tax services amounted to Euro 5,880,629, a significant increase compared to the previous year mainly associated with the extraordinary costs incurred in relation to the acquisition of the Chaucer Group, totalling Euro 3,307,567.

Office rental

Office rental expenses amounted to Euro 1,109,518 and mainly related to amounts charged by clients for the rental of workstations at their premises, the cost of short-term leases (less than 12 months) and ancillary costs related to the rental of offices in Milan, Rome and London by the parent company and other group companies.

Vehicle rental

Vehicle rental expenses amounted to Euro 801,570 and mainly related to costs other than lease charges for the car fleet assigned to BIP S.p.A. employees, such as fuel costs (amounting to approximately Euro 500 thousand) and other recharges made by rental companies.

Sundry expenses

This cost item was mainly attributable to BIP S.p.A. (Euro 1,465,381), the subsidiaries BIP Services (Euro 298,063) and BIP Iberia (Euro 90,102) and Chaucer and VDM (Euro 92,433 and Euro 164,075 respectively) and included various different costs, including accommodation rentals for employees working on projects at client premises, membership fees, insurance costs and other general expenses incurred during the year, as well as minor taxes and duties.

Communication and events

Communication and event related costs amounted to Euro 623,110 and related to expenses incurred by the Group's employees and directors in performing promotion and business development activities. The significant decrease with respect to the previous year was mainly due to corporate events not being held due to the ongoing pandemic.

30. General and administrative expenses (continued)

Rental of computers and printers and telephone costs

These items amounted to Euro 2,474,265 and Euro 1,425,294 respectively and the increase with respect to the previous year was due to the increase in the number of employees during the year and the inclusion within the consolidation of the Chaucer Group, Medley and VDM.

Recruitment

The cost, which was mainly attributable to BIP Services, related to the cost of personnel recruitment outsourced to external companies.

31. Personnel expenses

	(Amounts in Euro)
01.01.2019 - 31.12.2019	149,993,229
01.01.2020 - 31.12.2020	187,677,166
Changes	**37,683,937**

Personnel expenses comprised the following:

Description	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	Changes (Amounts in Euro)
a) Wages and salaries	104,422,097	126,912,993	22,490,896
b) Social security costs	25,308,556	30,221,168	4,912,612
c) Severance indemnity	6,323,410	7,339,759	1,016,349
d) Other personnel costs	13,939,166	23,203,246	9,264,080
Total	**149,993,229**	**187,677,166**	**37,683,937**

Personnel expenses increased by Euro 37,683,937 compared to the previous year due to the increase in the number of employees to support the growth in the business, as well as the inclusion within the Group of VDM (Euro 3,442,305), Chaucer (Euro 10,591,917) and Medley (Euro 156,344), which accounted for increases in employee numbers of 84, 221 and 22 respectively.

The increase was also attributable to the parent company BIP S.p.A. and the subsidiaries BIP Iberia and BIP Services, which saw both employee numbers and salary levels increase during the year. "Other personnel expenses" mainly related to annual employee bonuses and holiday, leave and employee insurance related costs. The increase with respect to the previous year was mainly due to the extraordinary provisions related to the potential sale of the BIP group by the Apax Fund.

Actuarial gains and losses related to defined benefit plans are included in other items of comprehensive income.

At 31 December 2020, the Group had a total workforce of 3,141 employees. The following table shows the number of Group employees by category:

Description	31.12.2019	31.12.2020	Changes
Executives	220	326	106
Managers	815	1,029	214
Employees	1,461	1,781	320
Others	21	5	(16)
Total	**2,517**	**3,141**	**624**

32. Other operating costs

	(Amounts in Euro)
01.01.2019 - 31.12.2019	262,287
01.01.2020 - 31.12.2020	298,139
Changes	**35,852**

Other operating costs mainly related to prior period underaccruals relating to the purchase of stationery and sundry materials.

33. Depreciation, amortisation and impairment

	(Amounts in Euro)
01.01.2019 - 31.12.2019	12,331,379
01.01.2020 - 31.12.2020	15,151,640
Changes	**2,820,261**

The following table shows a breakdown of depreciation, amortisation and impairment:

Description	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	(Amounts in Euro) Changes
Depreciation of property, plant and equipment	721,693	938,075	216,382
Amortization of intangible assets	4,680,350	6,439,636	1,759,286
Depreciation of right-of-use assets	6,357,132	6,574,020	216,888
Impairment write-downs	572,204	1,199,909	627,705
Total	**12,331,379**	**15,151,640**	**2,820,261**

Depreciation of right-of-use assets relates to assets recognised following the introduction of IFRS 16 with effect from 1 January 2019 and amounted to Euro 6,547,020 in 2020.

Amortisation of intangible assets included the amortisation of client relationships and the BIP trademark recognised as part of the purchase price allocation on acquisition of the BIP Group, on 27 March 2018 amounting to Euro 2,355,185 and Euro 1,360,517 respectively. In addition, the purchase price allocation on acquisition of the Chaucer Group generated amortisation of client relationships and the Chaucer trademark amounting to Euro 950,111 and Euro 445,145 respectively.

Impairment write-downs mainly related to the write-down of trade receivables by BIP S.p.A., in the amount of Euro 500,000, BIP Iberia in the amount of Euro 70,661 and OKN in the amount of Euro 32,000, as well as write downs of tangible and intangible assets during the year totalling Euro 583,034. See Notes 4 and 5 for further information.

34. Net finance income and expenses

	(Amounts in Euro)
01.01.2019 - 31.12.2019	(8,964,650)
01.01.2020 - 31.12.2020	(5,666,228)
Changes	**3,298,421**

34. Net finance income and expenses (continued)

Net finance income and expenses amounted to Euro 5,666,228 and comprised:

Description	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	(Amounts in Euro) Changes
Finance income	533,377	561,699	28,323
Finance expenses	(9,498,027)	(6,227,928)	3,270,099
Total	**(8,964,650)**	**(5,666,228)**	**3,298,421**

Finance income mainly related to foreign exchange gains and interest income on current account balances.

The following table provides a breakdown of finance expenses:

Description	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	(Amounts in Euro) Changes
Interest expense	(7,048,033)	(3,378,961)	3,669,072
Interest expense on PFIs	(988,040)	(1,293,360)	(305,320)
Other	(1,461,954)	(1,555,607)	(93,653)
Total	**(9,498,027)**	**(6,227,928)**	**3,270,099**

Finance expenses mainly related to accrued interest on the bank loan (see Note 20) amounting to Euro 2,528 thousand. The decrease was mainly due to the fact that in December 2019 a loan agreement for an amount of Euro 65 million was entered into with a pool of banks, which enabled repayment of a previously outstanding bond. This transaction resulted in the release of costs incurred to obtain the bond repaid in advance amounting to approximately Euro 3.5 million (such costs had been capitalised as required by the relevant accounting standards in accordance with the amortised cost method). In addition, the new loan was arranged at better financial conditions, resulting in a significant reduction in interest expense for the year 2020.

In addition to these amounts, the item also included interest paid on short-term loans granted by credit institutions and derivative instrument arrangements (IRS) entered into for hedging purposes, as well as factoring and invoice advance related costs.

"Interest expense on PFIs" related to interest costs incurred following the issuance of participative financial instruments by the parent company BIP S.p.A..

"Other" mainly comprised foreign exchange losses and Euro 244,564 representing the interest expense arising from the application of IFRS 16.

35. Impairment losses on financial assets

No such losses were recorded during the year.

36. Income tax

	(Amounts in Euro)
01.01.2019 - 31.12.2019	7,323,430
01.01.2020 - 31.12.2020	(42,497,302)
Changes	**(49,820,732)**

This item reflects the effects of the tax realignment option exercised by the parent company BIP S.p.A..

36. Income tax (continued)

Specifically, it was decided to realign the tax bases of goodwill, client relationships and the BIP brand to their accounting values, increasing such tax bases by Euro 134,684,324, Euro 40,501,459 and Euro 23,396,436 respectively through the payment of a 3% substitute tax (amounting to Euro 5,957,467) to be paid in three annual instalments starting on 30 June 2021.

Exercise of such option also entailed:

- the release of deferred tax liabilities of Euro 17,831,053 in relation to the BIP brand and BIP client relationship, as the temporary differences relating to such intangible assets no longer exist; and
- the recognition of deferred tax assets amounting to Euro 37,576,926 in respect of temporary differences relating to the value of goodwill.

The following table provides a breakdown of the positive balance of Euro 42,497,302:

			(Amounts in Euro)
Description	**01.01.2019 - 31.12.2019**	**01.01.2020 - 31.12.2020**	**Changes**
Current taxes	8,317,419	15,438,221	7,120,803
Deferred taxes	(993,988)	(57,935,523)	(56,941,535)
Total	**7,323,430**	**(42,497,302)**	**(49,820,732)**

Current taxes

Current taxes represent the charge for the year calculated using the rates in force in the various countries in which the BIP Group operates.

The item also includes the substitute tax relating to exercise of the tax realignment option described above.

Deferred taxes

	(Amounts in Euro)
01.01.2019 - 31.12.2019	(993,988)
01.01.2020 - 31.12.2020	(57,935,523)
Changes	**56,941,535**

This item represents changes in deferred tax assets and deferred tax liabilities.

Changes in the period mainly related to the effects of the tax realignment option described above.

37. Other items of comprehensive income

	(Amounts in Euro)
01.01.2019 - 31.12.2019	541,425
01.01.2020 - 31.12.2020	(1,965,291)
Changes	**(2,506,716)**

The item included:

— the negative change in the IAS reserve for actuarial gains/losses on the provision for employee severance indemnity, amounting to Euro 160,758 after-tax.

— the negative fair value adjustment of the derivative financial instrument, amounting to Euro 1,216,244 after tax.

37. Other items of comprehensive income (continued)

— the negative movement of Euro 588,288 in the foreign currency translation reserve, mainly due to the effects of the depreciation of the pound sterling and Brazilian reais during the year.

38. Other information

Commitments

Commitments assumed by the Group as at 31 December 2020 included third party guarantees totalling Euro 5,140,977 granted in relation to participation in tenders, the stipulation of contracts and guarantees on office lease contracts.

Fees due to independent auditors

Fees due to the independent auditor PricewaterhouseCoopers SpA for the statutory audit of the separate and consolidated financial statements amounted to Euro 205,951.

Compensation due to directors and statutory auditors

Compensation due to the directors of the parent company BIP S.p.A. amounted to Euro 2,887,000.

Compensation due to the statutory auditors of BIP S.p.A. amounted to Euro 70,700.

Related party transactions

Related parties include companies that directly or indirectly, through one or more intermediary companies, control or are controlled by Group companies and in which the latter hold an equity investment such as to enable them to exercise significant influence; associated companies; and key management personnel of the parent company and of companies directly and/or directly controlled by the latter and in which the parent company exercises significant influence.

Transactions were entered into with related parties during the year; the terms and conditions applied to such transactions were those normally applied in transactions with third parties.

The following table provides summary details of the Group's trade and financial transactions with related parties during the year ended 31 December 2020:

					(Amounts in Euro)
	Revenue	Costs	Finance income/ (expenses)	Receivables	Payables
Immobiliare 4.0 Srl		585,972			
M.L. Consulting		507,000			201,567
Compagnia finanziaria Immobiliare		895,000			265,000
Zagodin di Airaghi Andrea		685,000			243,500
Lumiere SaS di Paolo Roberti		430,500			120,500
Ruiz Iban Jesus		533,235			39,983
Poch Ramon		308,350			9,228
Laslett Chris		11,490			
De Marco Martino		528,500			304,470
Mip Politecnico di Milano Scpa	168,940	28,370	—	46,991	5,014
Total	**168,940**	**4,513,417**	**0**	**46,991**	**1,189,263**

Related party transactions related to the rental of the Piazza San Babila offices, consultancies and compensation paid to directors.

38. Other information (continued)

Disclosure of grants pursuant to Article 1, Paragraph 125 of Law 124/2017

Pursuant to Article 1, Paragraph 125, of Law no. 124 of 4 August 2017, in compliance with the obligation of transparency, it is noted that during the year the BIP Group received contributions totalling Euro 91,300 from FONDIMPRESA.

39. Significant events occurring after the reporting period

On 28 January 2021, following exercise of the put option by the minority shareholders, BIP S.p.A. acquired 47% of the share capital of Anagram for a total consideration of GBP 3,375,000 bringing its total shareholding to 100% of the company's shares.

In February 2021, the Group, in agreement with the minority shareholders of Chaucer Management Holdings Ltd, purchased (through BIP Consulting UK Ltd) the remaining shares held by Growth Capital Partners Nominees Limited ("GCP") and the Non-Continuing Shareholders, thereby increasing its shareholding by 13.1%. Specifically, the transaction was completed through the advance purchase of the additional 13.1% stake in 2021 for a consideration of GBP 8,386,905, rather than waiting until January 2022. In addition, the deferred consideration relating to the first 13.10% stake in the counterparty, which was already contractually agreed and is reported under current financial liabilities in these consolidated financial statements, was settled in February 2021.

The total consideration for these two transactions, totalling GBP 16,774 thousand, was paid to GCP and the Non-Continuing Shareholders on 10 February 2021, bringing BIP's indirect interest in Chaucer Management Holdings Ltd to 81.55%.

On 22 April 2021, the subsidiary Bip Colombia SAS entered into an agreement to acquire 51% of the share capital of the Colombian company Advantis Consultoria Gerencial SAS for a total consideration of COP 5,529,000 thousand (equivalent to approximately Euro 1,270 thousand). The transaction also provides for the exercise of call/put options to reach a shareholding of 100% of the share capital of Advantis in 2023 and 2024.

On 31 May, CVC Capital Partners Fund VIII ("CVC") reached an agreement to acquire a majority shareholding in BIP from Apax Partners, a French private equity firm. The transaction is subject to customary regulatory approvals.

Following completion of the transaction, CVC will become the new majority shareholder of BIP, while the Chairman of the Board of Directors Nino Lo Bianco and the Chief Executive Officers Carlo Capè and Fabio Troiani, together with the group of equity partners, will continue to maintain a significant shareholding and lead the Group.

No other significant events occurred after the reporting date.

40. Significant non-recurring events and transactions

There were no significant non-recurring transactions during the year, except as described in these notes to the consolidated financial statements.

Independent auditor's report

To the shareholders of Business Integration Partners SpA

Opinion

We have audited the consolidated financial statements of Business Integration Partners SpA (the "Company") and its subsidiaries ("Business Integration Partners Group"), which comprise the statement of financial position as of 31 December 2019, the statement of comprehensive income, the statement of changes in Shareholders' equity and the cash flows statement for the year then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the group as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" of this report. We are independent of the Company based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the group ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the group financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- we identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we 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;

- we 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 internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management 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 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;
- we 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;
- we 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 on the consolidated financial statements

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.

Milan, 27 May 2020

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

Business Integration Partners S.p.A.
Consolidated Statement of Financial Position
As at 31 December 2019

(Euro)	Note	As at 31 December 2019	As at 31 December 2018
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,759,380	3,080,081
Intangible assets	5	68,783,716	72,444,380
Right-of-use assets	6	20,699,854	0
Goodwill	7	143,098,282	139,849,670
Deferred tax assets	8	1,550,522	1,370,922
Other non-current assets	9	3,241,403	1,467,078
TOTAL NON-CURRENT ASSETS		**241,133,157**	**218,212,132**
TOTAL NON-CURRENT ASSETS HELD FOR SALE			
CURRENT ASSETS			
Trade receivables	10	114,868,110	98,008,314
Other current assets	11	1,456,720	1,228,893
Cash and cash equivalents	12	31,516,501	18,726,856
TOTAL CURRENT ASSETS		**147,841,331**	**117,964,063**
TOTAL ASSETS		**388,974,488**	**336,176,195**
SHAREHOLDERS' EQUITY			
Share capital	13	23,980,729	23,449,884
Legal Reserve	13	4,689,977	4,689,977
Translation reserve	13	236,709	(150,935)
Other reserves	13	133,557,697	133,629,095
Retained earnings	13	1,710,820	0
Profit (loss) for the year	13	11,554,385	1,710,820
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**175,730,317**	**163,328,841**
Capital and reserves attributable to non-controlling interests	13	265,537	469,529
Translation reserve attributable to non-controlling interests	13	48,929	(76,248)
Retained earnings attributable to non-controlling interests	13	248,164	696,970
TOTAL SHAREHOLDERS' EQUITY		**176,292,947**	**164,419,092**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	14	66,865,983	63,742,652
Lease liabilities	15	15,165,108	0
Deferred tax liabilities	16	19,136,176	20,245,759
Provisions for risks and charges	17	91,464	201,464
Other non-current liabilities	18	3,142,600	4,901,679
Employee benefit liabilities	19	1,922,811	1,376,546
TOTAL NON-CURRENT LIABILITIES		**106,324,142**	**90,468,100**
CURRENT LIABILITIES			
Current financial liabilities	20	26,287,104	13,614,444
Lease liabilities	21	5,741,744	0
Current tax liabilities	22	1,929,559	1,898,158
Provisions for risks and charges	23	126,213	76,106
Other current liabilities	24	53,587,575	50,153,254
Trade payables	25	18,685,203	15,547,042
TOTAL CURRENT LIABILITIES		**106,357,399**	**81,289,003**
TOTAL LIABILITIES		**212,681,541**	**171,757,103**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**388,974,488**	**336,176,195**

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2019

(Euro)	Note	2019	2018
Revenue from sales and services	27	242,785,820	157,016,791
Other revenues	28	1,798,247	765,485
TOTAL VALUE OF PRODUCTION		**244,584,067**	**157,782,276**
Cost of services	29	35,111,847	23,248,967
General and administrative expenses	30	18,794,695	19,917,574
Personnel expenses	31	149,993,229	96,279,624
Other operating costs	32	262,287	234,891
Depreciation, amortisation and impairment	33	12,331,379	4,519,273
Total operating costs		**216,493,438**	**144,200,329**
OPERATING PROFIT		**28,090,629**	**13,581,947**
Finance income	34	533,377	348,897
Finance expenses	34	9,498,027	7,843,179
NET FINANCE EXPENSES		**(8,964,650)**	**(7,494,282)**
Profit before tax		**19,125,980**	**6,087,665**
Income tax expense	36	7,323,430	3,679,876
Profit for the year		**11,802,549**	**2,407,790**
attributable to the Group		11,554,385	1,710,820
attributable to non-controlling interests		248,164	696,970
Other items of comprehensive income that will not be reclassified subsequently to profit or loss, net of tax	37	(137,654)	(19,157)
Other items of comprehensive income that will be reclassified subsequently to profit or loss, net of tax	37	679,079	(181,318)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,343,975**	**2,207,315**
attributable to the Group		12,046,881	1,586,593
attributable to non-controlling interests		297,094	620,722

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Changes in Equity
As at and for the year ended 31 December 2019

	Share capital	Legal reserve	Translation reserve	Other reserve	Retained earnings	Profit (loss) for the year	Shareholders' equity attributable to the Group	Non-controlling interests	Shareholders' equity
BEEP net Shareholders' equity (incorporation)	**50,000**						**50,000**		**50,000**
Increase in BEEP Share capital on 23 March 2018	13,526,883			52,693,117			66,220,000		66,220,000
Increase in BEEP Share capital on 24 September 2018	9,873,001			88,856,999			98,730,000		98,730,000
BIP acquisition		4,689,977		(4,689,977)			0	742,981	742,981
Waive of the credit line by Milapax S.r.l.				3,446,083			3,446,083		3,446,083
Re-measurement of PUT minorities				(6,580,768)			(6,580,768)	(60,232)	(6,641,000)
Transactions with non-controlling interests				(82,194)			(82,194)	(277,530)	(359,724)
Other changes				(40,873)			(40,873)	64,310	23,437
Other items of comprehensive income			(150,935)	26,708			(124,227)	(76,248)	(200,475)
Profit for the year						1,710,820	1,710,820	696,970	2,407,790
Balance as at 31.12.2018	**23,449,884**	**4,689,977**	**(150,935)**	**133,629,095**	**0**	**1,710,820**	**163,328,841**	**1,090,251**	**164,419,092**
Share capital increase	530,845			4,713,904			5,244,749		5,244,749
Allocation of prior year profit					1,710,820	(1,710,820)			
Other items of comprehensive income			630,150	(137,654)			492,496	48,929	541,425
Re-measurement of PUT minorities				2,397,101			2,397,101		2,397,101
Transactions with non-controlling interests			(300,274)	(6,901,531)			(7,201,805)	(871,624)	(8,073,429)
Other changes			57,768	(143,218)			(85,450)	46,909	(38,541)
Profit for the year						11,554,385	11,554,385	248,164	11,802,549
Balance as at 31.12.2019	**23,980,729**	**4,689,977**	**236,709**	**133,557,697**	**1,710,820**	**11,554,385**	**175,730,317**	**562,630**	**176,292,947**

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Cash Flows
As at and for the year ended 31 December 2019

	Statement of cash flows (Euro)	Note	Year ended 31 December 2019
	Profit for the year		11,802,549
	Current taxes	36	8,317,419
	Depreciation and amortisation	33	11,759,175
	Doubtful debt provision and other write-downs	33	572,204
	Impairment losses		0
	Interests expense	34	8,964,650
	Provisions for risks and charges		0
	Provision for employee severance indemnity	31	6,323,410
I	**Operating cash flows before movements in working capital**		**47,739,406**
	Movements in working capital		
	Trade receivables	10	(16,738,747)
	Other current assets	11	(244,256)
	Trade payables	25	2,981,118
	Payments for provisions for risks and charges		(59,893)
	Taxes paid		(8,272,030)
	Other current liabilities	24	2,803,430
II	**Total movements in working capital**		**(19,530,378)**
A) = (I + II)	**Total cash flow from operating activities**		**28,209,028**
	Cash flow from investing activities		
	Changes in property, plant and equipment	4	(1,359,753)
	Changes in intangible assets	5	(968,157)
	Changes in other non-current assets/liabilities	9	(4,884,107)
	Acquisition/disposal of non-controlling interests		(6,956,461)
	Acquisition of subsidiaries net of cash acquired		(3,018,607)
B)	**Total cash flow used in investing activities**		**(17,187,085)**
	Cash flow from financing activities		
	Net movements in long-term loans	14	769,627
	Net movements in short-term loans		
	Lease payments (IFRS 16)	18	(6,150,134)
	Net interest (paid and received)		(6,610,946)
	Dividends paid	13	(1,253,860)
	Proceeds on share issue	13	5,244,749
	Other capital movements	13	2,942,124
	Payment of severance indemnity (to funds or employees)	19	(5,846,520)
C)	**Total cash flow used in financing activities**		**(10,904,958)**
D)=(A+B+C)	**Net increase in cash and cash equivalents**		**116,985**
E)	**Net short-term financial liquidity/(debt) at beginning of year**	**20**	**5,112,412**
F) = (D + E)	**Net short-term financial liquidity/(debt) at end of year**	**20**	**5,229,397**
Cash and cash equivalents (G)			**31,516,501**
Current financial liabilities (H)			**(26,287,104)**
Year-end net short-term financial liquidity/(debt) (I)=(G)+(H)			**5,229,397**

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Notes to the Consolidated Financial Statements
As at and for the year ended 31 December 2019

1. General Information

The Parent Company Business Integration Partners S.p.A. (hereinafter "BIP S.p.A.") which has its registered office in Milan, Piazza San Babila, 5, and the companies it directly or indirectly controls (hereinafter, the "Group") operate in the management consultancy and business integration, as well as in the research and adoption of disruptive technology solutions. Consulting represents the Group's core business.

The offer is addressed to the following market sectors:

Energy and Utilities
Technology, TLC& Media;
Financial Services.
Public Sector & Healthcare;
Pharma & Biotechnology;
Transportation;
Manufacturing;
Retail.

BIP Services S.r.l., a wholly owned subsidiary of BIP S.p.A., provides services to all of the Group's Italian companies in the areas of administration, accounting and financial reporting, corporate affairs, treasury management, management and control, IT, logistics and support, real estate management, HR and other ancillary activities.

The consolidated financial statements were authorised for issuance by the Board of Directors of BIP S.p.A. on 29 April 2020.

2. Form and content of the financial statements and accounting policies

These consolidated financial statements together with the notes thereto (the "Consolidated Financial Statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS" or "international accounting standards") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union in accordance with the procedures provided for in Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Article 9 of Legislative Decree 38/05.

These Consolidated Financial Statements have been prepared on a historical cost basis, subject to value adjustments where appropriate, except in relation to the measurement of financial statement balances that under IFRS must be recognised at fair value, as indicated in the measurement criteria set out below.

The Consolidated Financial Statements comprise the financial statements of the parent company (BIP S.p.A.) and those of the Italian and overseas companies directly or indirectly controlled by the parent company, which determines the relevant financial and management decisions and receives the related benefits.

The Consolidated Financial Statements have been prepared based on the financial statements as at 31 December 2019 of the companies included within the scope of consolidation, prepared in accordance with the accounting policies adopted by the Group in compliance with IAS/IFRS. The Consolidated Financial Statements have been prepared in Euro, the currency of the main economic area in which the Group operates. Unless otherwise specified, all amounts in this document are presented in Euro.

The Consolidated Financial Statements have been prepared on a going concern basis, as management has confirmed the absence of financial, operational or other indicators that may suggest an inability on the part of the Group to meet its obligations in the foreseeable future and, in particular, during the 12 months following the reporting date. Business related risks and uncertainties, together with details regarding how these are managed, are described in Note 23, "Management of financial risks".

2. Form and content of the financial statements and accounting policies (continued)

Financial statements

The format of the Consolidated Financial Statements and related classification criteria adopted by the Group (among the options available under IAS 1—Presentation of financial statements) are described below.

Statement of financial position items are classified as current and non-current, while income statement items are classified according to their nature as such presentation is considered most appropriate to represent the Group's business and is in line with internal management reporting.

The consolidated statement of comprehensive income sets out the profit or loss for the year, together with other income and costs that, in accordance with IFRS, are recognised directly in equity.

The consolidated statement of changes in equity shows the total income (costs) for the year, transactions with shareholders and other changes in shareholders' equity.

The consolidated statement of cash flows is prepared using the indirect method, adjusting profit for the year to exclude non-monetary items.

The Consolidated Financial Statements have been audited by the independent auditor PricewaterhouseCoopers S.p.A..

Seasonality

Group operations are not subject to seasonality.

Principles of consolidation

The following table lists the companies included within the scope of consolidation in addition to BIP S.p.A..

Company	Registered office	Share Capital (in local currency)	Share Capital (in Euro)	investment %	
				Direct	Indirect
BIP Iberia S.L.	Madrid	200,000 EUR	200,000	100.00%	0.00%
BIP Desarrollo Global S.r.l.	Madrid	10,000 EUR	10,000	100.00%	0.00%
Openknowledge S.r.l.	Milan	100,000 EUR	100,000	100.00%	0.00%
BIP Tunisia S.a.r.l.	Tunisa	18,550 TND	9,764	95.00%	0.00%
BIP HOLDING DO BRASIL S.A.	San Paolo	8,376,671 BRL	1,884,939	0.00%	100.00%
BIP Business Integration Partners do Brasil Ltda	Rio de Janeiro	25,000 BRL	11,273	0.00%	99.00%
BIP Business Integration Partners do Brasil	San Paolo	250.000 BRL	55,706	0,00%	100.00%
BIP Business Integration Partnership	San Paolo	184.333 BRL	57,233	0,00%	99.90%
FBM CONTABILIDADE E PARTICIPAÇÕES LTDA	San Paolo	333,951 BRL	72,790	0.00%	66.25%
FBM - GESTÃO E PROCESSOS LTDA.	San Paolo	500,000 BRL	108,982	0.00%	62.00%
Anagram Consulting LTD	London	170,213 GBP	195,885	53.00%	0.00%
Sketchin Sagl	Mann	100,000 CHF	92,022	55.00%	0.00%
Sketchin Italia S.r.l.	Milan	10,000 EUR	10,000	0.00%	55.00%
BIP Turchia	Istanbul	50,000 TRY	16,770	0.00%	100.00%
BIP Cile	Santiago del Cile	200,000 CLP	259	0.00%	100.00%
BIP Colombia	Bogotà	350,000,000 COP	117,877	0.00%	100.00%
BIP USA	Wilmington	100,000 USD	88,402	100.00%	0.00%
BIP UAE off Shore	Abu Dhabi	448,700 AED	112,216	100.00%	0.00%
BIP Belgio S.A.	Brussels	20,000 EUR	20,000	100.00%	0.00%

2. Form and content of the financial statements and accounting policies (continued)

Company	Registered office	Share Capital (in local currency)	Share Capital (in Euro)	investment % Direct	investment % Indirect
BIP Services S.r.l.	Milan	100,000 EUR	100,000	100.00%	0.00%
Smartenup Consulting GmbH	Vienna	35,000 EUR	35,000	100.00%	0.00%
MEA Consulting S.r.l.	Bologna	10,000 EUR	10,000	100.00%	0.00%

The assets, liabilities, revenues and expenses of fully consolidated companies are consolidated on a line-by-line basis; the book value of the investment is eliminated and replaced by the relevant share owned of the net equity of the investee companies.

On the acquisition date when control is obtained, the equity of subsidiaries is determined by valuing individual assets and liabilities at their fair value. If the total is less than the purchase consideration, the difference is recognized in the balance sheet as "Goodwill" (hereinafter goodwill); if the total is greater than the purchase consideration, the difference is recognized in the income statement.

The shares of net equity and profit for the year attributable to non-controlling interests are recognized separately within equity and in the income statement. In the event full control is not assumed, the share of equity attributable to non-controlling interests is determined based on the share of the fair value attributed to the assets and liabilities on the acquisition date when control is obtained, less any goodwill relating to them (so-called partial goodwill method).

In the case in which additional shares are acquired subsequent to assuming control (acquisition of minority interests) any excess of the purchase consideration over the corresponding portion of equity acquired is recognized in equity; in the same way, the effects of the sale of minority shareholdings without loss of control are recognized in equity.

All Group company financial statements have been prepared as at the same reporting date, 31 December 2019.

Changes within the BIP Group during financial year 2019, in chronological order, related to:

1) Incorporation of a Swiss branch

On 29 October 2018, BIP's Board of Directors resolved the incorporation of a branch in Zug, in order to support the business growth in Switzerland. The incorporation was completed in early 2019.

2) BIP Holding do Brasil

On 10 March 2019, the reorganization of the Brazilian business activities was completed through the incorporation of a new holding (BIP Holding), to which the shares of the subsidiaries BIP Consultoria and Bip Partecipacoes were transferred. During the operation, a capital increase in BIP Holding was carried out to allow the participation of a new shareholder and to increase the shares owned by a minority shareholder, while BIP Desarrollo acquired the shares of BIP Consultoria owned by an outgoing shareholder who decided to leave the consultancy activities to work on personal projects. At the end of the operation, BIP S.p.A., through the subsidiary BIP Desarrollo, increased its control over the Brazilian business from 59.99% to 69.7%.

Then, on 11 November 2019 the Board of Directors resolved to purchase the shares representing 30.3% of the capital of BIP Holding Do Brasil S.A. from minority shareholders, thus acquiring complete control over the company. The operation was concluded on 3 December 2019 entailing full control over the Brazialian business activities of BIP Consultoria.

3) Winding-up of BIP Asia Consulting Ltda

On 21 September 2015, the Board of Directors of BIP resolved the winding-up of BIP Asia Consulting Ltda, which was wound up on 16 May 2019.

2. Form and content of the financial statements and accounting policies (continued)

4) Acquisition of 24,5% of OpenKnowledge

On 20 May 2019, the Board of Directors resolved the purchase – from a minority shareholder – of shares representing 24,5% of Openknowledge S.r.l., thus acquiring full control over the company. The transaction was performed on 28 June 2019.

5) Acquisition of FBM Gestao e Processos Ltda

On 12 July 2019, the Board of Directors resolved the authorization to purchase, through the subsidiary BIP Holding do Brasil SA, 66.25% of FBM Investimentos e Partecipacoes Ltda, which, in turn, holds 93.58% of FBM Gestão e Processos LTDA.

At the end of the operation, concluded on 30 August 2019, BIP S.p.A., through its subsidiaries Bip Desarrollo, BIP Holding do Brasil, FBM Investimentos e Partecipacoes Ltda, acquired 62% of FBM Gestão e ProcessosLTDA, while 38% was retained by the three founding partners together with some managers holding minority shares

6) Acquisition of 100% of MeA Consulting S.r.l.

On 30 September 2019, the Board of Directors resolved the acquisition of the entire share capital of MeA Consulting S.r.l, and the transaction was completed on 22 October 2019

7) Acquisition of 40% of BIP Yonetim Danismanligi Anonim Sirketi

On 27 November 2019, the Board of Directors resolved the acquisition, through the subsidiary BIP Desarrollo, of 40% of BIP Yonetim Danismanligi Anonim Sirketi (BIP Turkey), owned by a minority shareholder, thus acquiring full control over the company. The transaction was completed on 29 November 2019.

Subsidiaries

Subsidiaries are consolidated from the date the Group obtains control of the investee and cease to be consolidated from the date such control is transferred to third parties.

The book value of investments in subsidiaries is eliminated against the corresponding share of equity at the date of acquisition and replaced by the assets acquired and liabilities assumed resulting from the respective financial statements in accordance with the full consolidation method. The capital and reserves of subsidiaries attributable to non-controlling interests is recorded under the equity item “Capital and reserves attributable to non-controlling interests” and the share of consolidated profit or loss attributable to non-controlling interests is recorded under the item “Net profit or loss of non-controlling interests”.

Intra-group transactions

Profits resulting from transactions between consolidated group companies that have not yet been realized with third parties at the end of the reporting period are eliminated, as are receivables, payables, income and costs, guarantees, commitments and risks between consolidated group companies. Losses on intra-group transactions are not eliminated as it is considered that they represent a reduction in value of the asset transferred.

Translation of financial statements in currencies other than Euro

The financial statements of companies operating in currencies other than the Euro are translated into Euro, the functional currency of the parent company, with assets and liabilities being translated at the exchange rates in effect on the closing date, equity balances at their historical rates and costs and revenues being translated at the average exchange rate for the year (source: Bank of Italy).

2. Form and content of the financial statements and accounting policies (continued)

Exchange differences arising on the translation of the financial statements of companies operating in currencies other than the Euro resulting from the different exchange rates applied to assets and liabilities, equity balances and income statement amounts are recognized in the account "Translation reserve", to the extent attributable to the Group, and in the account "Translation reserve attributable to non-controlling interests", to the extent attributable to non-controlling interests. The foreign exchange translation reserve is reversed to the income statement on disposal of a subsidiary or when a subsidiary cease to qualify as a subsidiary. On partial disposal, without loss of control, the share of exchange rate differences relating to the percentage share of the equity investment disposed of is allocated to shareholders' equity attributable to non-controlling interests.

The financial statements subject to translation are expressed in the functional currencies of the countries in which the Group companies operate.

The following tables show the exchange rates used:

End of period exchange rates as at 31 December 2019

Country	Currency	1 Euro equals to:
Brazil	Real	4.5157
Tunisia	Dinaro	3.1390
Malaysia	Lira	4.5953
Turkey	Lira	6.6843
Colombia	Peso Col	3.688.6600
United Arab Emirates	Dirham	4.1257
Chile	Peso Cil	844.8600
USA	Dollar	1.1234
United Kingdom	Pound	0.8508
Switzerland	Franc	1.0854

Average yearly exchange rates in 2019

Country	Currency	1 Euro equals to:
Brazil	Real	4.4134
Tunisia	Dinaro	3.2803
Malaysia	Lira	4.6374
Turkey	Lira	6.3578
Colombia	Peso Col	3.674.5200
United Arab Emirates	Dirham	4.1113
Chile	Peso Cil	786.8900
USA	Dollar	1.1195
United Kingdom	Pound	0.8778
Switzerland	Franc	1.1124

3. Measurement criteria

The following paragraphs describe the main measurement criteria adopted in preparing the Consolidated Financial Statements:

Financial assets

In accordance with IFRS 9 and IAS 32, financial assets are classified in the following three categories:

1) Financial assets measured at amortised cost;

2) Financial assets measured at fair value through other comprehensive income (FVOCI). This category includes only equity instruments not held for sale that the Group irrevocably decides to classify as such upon initial recognition or at the transition date. In accordance with IFRS 9, equity instruments measured at FVOCI are not tested for impairment;

3) Financial assets measured at fair value through profit or loss, which include derivatives and listed equity instruments that the Group has not irrevocably decided to classify as FVOCI upon initial recognition or at the transition date. This category also includes debt instruments whose cash flows do not pass the SPPI test or which are held within a business model whose objective is achieved both by collecting contractual cash flows and by collecting contractual cash flows and selling financial assets.

On initial recognition, financial assets are measured at cost, which corresponds to fair value plus transaction costs relating to the acquisition. Subsequent measurement depends upon the nature of the instrument.

3. Measurement criteria (continued)

Financial assets are measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model, the objective of which is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

The fair value of listed financial instruments is based on the quoted market price. If the market in question is not active (or the securities are not listed) Group companies determine fair value applying measurement techniques. Investments in equity instruments that do not have quoted prices in active markets and whose fair value cannot be measured reliably are measured at cost.

Impairment

The adoption of IFRS 9 fundamentally changed the accounting for the impairment of financial assets, replacing the incurred loss model envisaged by IAS 39 with the forward-looking expected credit loss (ECL) model. IFRS 9 requires that the Group record expected credit losses (ECLs) in relation to all loans and other receivables representing financial assets not measured at fair value through profit or loss. Expected credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive. This difference is discounted at the original effective interest rate of the asset. For contract assets, trade receivables and other receivables, the Group adopts the simplified approach and calculates the ECL based on expected losses over the entire life of the receivable (the lifetime ECL). For other financial assets, ECL is based on 12-month expected credit losses, calculated based on the probability of a default occurring on the instrument in the 12 months following the reporting date. In any case, when there is a significant increase in credit risk following initial recognition of the receivable, the provision is made based on lifetime expected credit losses.

Current assets

Receivables are initially recognised at fair value and subsequently measured at amortised cost. In the presence of objective evidence of impairment loss, the write-down is determined by comparing the receivable's book value with the present value of estimated cash flows discounted at the effective interest rate as defined upon initial recognition. Expected losses are considered over the entire life of the receivable from initial recognition. Receivables are reported net of doubtful debt provisions; in the event an asset impairment is ascertained, the doubtful debt provision is used to cover charges; conversely it is released as surplus if no longer required. The effects of measurement at amortized cost are recognized under "Finance income (expenses)".

Financial assets are derecognized when the rights to the cash flows from the asset have been transferred together with all risks and rewards of ownership of the financial asset.

Cash and cash equivalents are recognised, depending on their nature, at nominal value or at amortized cost. Other cash equivalents refer to short-term highly liquid financial investments with an original maturity of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value.

3. Measurement criteria (continued)

Non-current assets

Property, Plant and Equipment

Property, plant and equipment includes fixed assets held for use in the production or supply of goods and services or for leasing or administrative purposes. Real estate held for the primary or exclusive purpose of earning rental income or for capital appreciation or both ("Investment Property") is not included in this asset category.

Items of property, plant and equipment are recognised at purchase price, which is represented by the fair value of the price paid to acquire the asset and any other direct cost incurred to prepare the asset for use.

Costs related to the expansion, modernisation or improvement of owned or leased assets are capitalised to the extent that they meet the requirements to be classified as an asset or part of an asset.

Subsequent to initial recognition, property, plant and equipment is recognised at cost less any accumulated depreciation and any accumulated impairment losses.

Items of property, plant and equipment are depreciated on a straight-line basis over the useful economic life of individual assets, which is the estimated period over which the asset will be used by the Group. This period starts from when the asset is available for use. When the asset includes several significant components with different useful lives, each component is depreciated separately. The value to be depreciated is represented by the book value prior to depreciation and net of any write-downs, reduced by the presumable net realisable value at the end of the asset's useful life if significant and capable of being reliably determined.

Considering the homogeneous nature of the assets included within the categories of property, plant and equipment, the estimated useful lives of the various asset categories, subject to specific exceptions, is as follows:

Category	Estimated useful life
Plant and machinery	3-6 years
Electronic and electromechanical machinery	3-6 years
Office furniture and equipment	6-8 years

The depreciation criteria used, the useful lives and the residual values are reviewed and redefined at least at the end of each financial period in order to take account of any significant changes.

The book value of individual items of property, plant and equipment is maintained in the financial statements to the extent that there is evidence that such value can be recovered through use. If evidence suggests there may be difficulties in recovering the net book value, an impairment test is carried out.

Improvement, upgrading and transformation costs that increase the value of the assets are recognised as assets in the balance sheet.

Intangible assets (other than goodwill)

Intangible assets are recognized when they can be identified, are under the control of the company expected to produce future economic benefits.

Intangible assets are initially recognised at purchase price or production cost. Purchase price is represented by the fair value of the price paid to acquire the asset and any other direct cost incurred to prepare the asset for use. In the case of internally produced intangible assets, the production of the asset is split into the two phases of research (the costs of which are not capitalised) and development (the related costs of which may be capitalised). If the two phases cannot be distinguished, the entire process is considered as research. Finance expenses incurred in relation to the acquisition of intangible assets are not capitalised.

Subsequent to initial recognition, intangible assets are recognised at cost less any accumulated depreciation and any accumulated impairment losses.

3. Measurement criteria (continued)

Intangible assets are amortised on a straight-line basis over the expected useful economic life of individual assets,

Considering the homogeneous nature of the assets included within the categories of intangible assets, the estimated useful lives of the various asset categories, subject to specific exceptions, is as follows:

Category	Estimated useful Life
Patents and licenses	5 years
Trademarks	20 years
Client relationships	20 years
Other	10 years

The amortisation criteria used, the useful lives and the residual values are reviewed and redefined at least at the end of each financial period in order to take account of any significant changes.

The book value of individual intangible assets is maintained in the financial statements to the extent that there is evidence that such value can be recovered through use. If evidence suggests there may be difficulties in recovering the net book value, an impairment test is carried out.

Costs associated with the purchase for use of patents and licenses are capitalized as intangible assets. The cost is represented by the fair value of the price paid to acquire the right and any direct costs incurred to adapt and implement it in the entity's operating and production environment. The amortization period cannot exceed the shorter of the useful life and the duration of the legal or contractual right.

Right-of-use assets

In accordance with IFRS 16, lease contracts (not involving the provision of services) are accounted for by recognising a lease liability, representing the present value of future lease payments, and a right-of-use asset.

The accounting for leases previously classified under IAS 17 as finance leases has not changed and the accounting treatment is therefore consistent with the past.

The contracts that fall within the scope of application of IFRS 16 mainly relate to office buildings and motor vehicle rental.

With regard to the options and exemptions provided for by IFRS 16, the Group has opted not to apply the standard to short-term leases (i.e. leases of less than 12 months) and leases for which the underlying asset is of low value.

The right of use and financial liabilities relating to lease contracts are classified under dedicated line items in the statement of financial position as "Right-of-use assets", within non-current assets, and "Lease liabilities", within non-current liabilities or current liabilities respectively, depending upon the instalment repayment terms.

Any service-related component included in lease payments is generally excluded from the scope of IFRS 16.

Goodwill

Goodwill is measured as the excess of the sum of the acquisition cost, the acquirer's previously held equity interest in the acquiree (measured at fair value or proportionate share of the current value of the identifiable net assets of the acquiree) and the amount of any non-controlling interests in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill arising at the acquisition date is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies generated by the business combination.

3. Measurement criteria (continued)

Goodwill is not amortised but is tested for impairment at least annually and in any event whenever events indicate that goodwill may be impaired.

The impairment test is carried out at the level of the smallest unit on the basis of which management directly or indirectly assesses the return on the investment that includes the goodwill itself. If the carrying amount of the cash-generating unit is greater than the recoverable amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

The recoverable amount of a CGU (or group of CGUs) is the higher of its fair value less costs of disposal and its value in use. An asset's value in use is the present value of its estimated future cash flows calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Future cash flows refer to those expected over a five-year time horizon, as well as those extrapolated from the final year of such time horizon for the purpose of estimating the terminal value. The long-term growth rate used to estimate the terminal value of the cash-generating unit (or group of units) is assumed to be no higher than the average long-term growth rate for the market sector in which the cash-generating unit (or group of units) operates.

Future cash flows are estimated with reference to the current conditions of the cash-generating unit (or group of units) and, therefore, neither the benefits resulting from future restructuring to which the entity is not yet committed nor future investments to improve or optimise the unit are considered. For the purpose of impairment testing, the carrying amount of a cash-generating unit is determined in accordance with the method used to determine the recoverable amount of the cash-generating unit, excluding surplus assets (i.e. financial assets, deferred tax assets and net non-current assets held for sale) and including the portion of goodwill attributable to non-controlling interests.

Non-current assets held for sale

Non-current assets and the current and non-current assets in disposal groups, whose carrying amount will be recovered through a sale transaction rather than through continuing use, are classified as held for sale. Non-current assets and the current and non-current assets included in disposal groups, as well as the directly related liabilities, are recognized in the Statement of Financial Position separately from the company's other assets and liabilities.

Non-current assets held for sale are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell.

Any difference between the carrying amount and the fair value less costs to sell is recognised as an impairment loss in the income statement; any subsequent reversals are recognised up to the amount of the previously recognised impairment losses, including those recognised before the asset was classified as held for sale.

Financial liabilities

Payables are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities also include participative financial instruments (PFIs) issued by the Company and classified under this item in accordance with IAS 32. Such participative financial instruments were issued by BIP S.p.A., pursuant to Article 2346, Paragraph 6 of the Italian Civil Code, following approval of the resolution of the ordinary shareholders' meeting of 13 September 2018 and represent debt instruments issued to subscribers against payment in cash of an amount equal to the nominal value of the instruments issued by the company.

Each participative financial instrument confers the following rights:

(a) the right to a share of the profits for the financial year, to the extent that the ordinary shareholders' meeting approves such distribution;

3. Measurement criteria (continued)

b) the right to a share of the reserves representing retained earnings from the financial year 2018, to the extent that the ordinary shareholders' meeting approves such distribution during the company's lifetime;

c) the right to a share in the distribution of the remaining liquidation assets, following dissolution of the company, after payment of all of the Company's creditors.

The amount paid by subscribers is classified within financial liabilities (long-term or short-term depending on the maturity of the instrument) while the amount paid annually on such participative financial instruments is recognized in the income statement as "finance expenses" and until payment is recognized in the Statement of Financial Position as "other payables".

In accordance with IFRS 9, debt instruments are subsequently recognised at fair value through profit or loss (FVPL), at amortised cost, or at fair value through other comprehensive income (FVOCI). The classification is based on two criteria:

- the Group's business model for managing the assets;
- whether the cash flow of the contractual instruments represents "solely the payment of principal and interest" with respect to the outstanding principal (the 'SPPI' criterion).

The new classification and measurement of debt instruments are as follows:

- Debt instruments at amortised cost for financial assets that are held in a business model that has the objective of holding the financial assets to collect cash flows that meet the SPPI criterion. This category includes Trade and other Group receivables, as well as Loans classified as Other non-current financial assets.
- debt instruments measured at FVOCI, with gains or losses being taken to the income statement upon derecognition. Financial assets classified in this category are listed debt instruments that meet the SPPI criterion and are held in a business model that provides for both the receipt of cash flows and the sale of the instruments. Under IAS 39, listed debt instruments were classified as available-for-sale (AFS) financial assets.

Provisions for risks and charges

Provisions for risks and charges are recognized when: (i) there is a current (legal or constructive) obligation for a future outflow of resources deriving from a past event; (ii) it is likely that the outflow of resources required to satisfy the obligation is significant; and (iii) the amount of the obligation can be estimated reliably. Provisions are based on best estimates at the reporting date of the present value of the expenditure required to extinguish the obligation or transfer it to third parties; provisions for onerous contracts are recognised at the lower of the cost of fulfilling the obligation, net of expected economic benefits arising from the contract, and the cost of terminating the contract. If the time value of money is material and the payment date of the obligations can be reasonably estimated, provisions are calculated, using the company's average cost of debt, as the present value of the expected cash flows, taking into account the risks associated with the obligation. Increases in the amount of the provision due to changes in the time value of money are recognized as "Finance expenses" in the income statement.

Bank loans and other financial liabilities

Financial liabilities are initially recognised at cost, representing the fair value of the amount received net of directly attributable loan transaction costs. Subsequently, loans are measured at amortized cost, calculated using the effective interest method.

Employee benefits

Short-term employee benefits consist of wages, salaries, related social security charges, holiday pay and incentives paid in the form of bonuses payable within twelve months of the reporting date. These benefits are recognised in the income statement as a component of personnel expenses in the period the related service is rendered.

3. Measurement criteria (continued)

Post-employment benefits are defined on the basis of plans, even if not formalised, which depending upon their characteristics are split into “defined contribution” and “defined benefit” plans. In the case of defined-contribution plans, the company’s obligation, limited to the payment of contributions to the State or to a legally separate entity (a fund), is determined on the basis of the contributions due.

The liability relating to defined benefit plans, net of any plan assets, is determined on the basis of actuarial assumptions and is recognised on an accrual basis over the period of service necessary to obtain the benefits.

Changes in actuarial gains/losses (‘remeasurements’) are recognised in other comprehensive income.

Long-term employee benefit obligations are calculated using actuarial assumptions; the effects of changes in actuarial assumptions or changes in benefit characteristics are recognised in full in profit or loss.

The Employee Severance Indemnity (TFR), a mandatory requirement for Italian companies pursuant to Article 2120 of the Italian Civil Code, has the nature of deferred compensation and is related to the length of the working life of employees and the salary received during the period of service rendered. In application of IAS 19 (Employee benefits), the TFR so calculated is considered a “defined benefit plan” and the related obligation recognised in the financial statements (the Employee Severance Indemnity provision) is determined each year by an independent actuary using the “Projected Unit Credit Method”.

The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of bonds issued in Euro which reflects the duration of the related pension plan.

The service cost for the Group’s Italian companies with less than 50 employees, as well as interest expense relating to the time value component of actuarial calculations (the latter classified among finance expenses) are recognised in the consolidated income statement.

With effect from 1 January 2007, Italian law allowed employees to choose whether to allocate their accruing severance indemnity to alternative external pension plans or elect for them to be retained by the employer. Companies with at least 50 employees are obliged to pay severance indemnity to the “Treasury Fund” managed by INPS. As a result, in accordance with IAS 19, the obligation towards INPS and the contributions to external pension plans assumed the nature of “defined contribution plans”. In the case of allocation to external pension plans, the company is only obliged to make defined contributions to such plans and, accordingly, from the aforementioned date, the related new TFR flows are deemed to be payments to a defined contribution plan not subject to actuarial valuation.

With regard to the classification of costs relating to employee severance indemnities, costs for services rendered by employees are accounted for in “Personnel expenses”, interest costs are included within “Finance expenses” and actuarial gains/losses are recognised among other items of comprehensive income.

Treasury shares and dividends

Purchases and sales of treasury shares, as well as any gains or losses arising thereon, are recognised as movements in equity. Dividend distributions to shareholders are recognised as a reduction in equity and as a payable in the period in which the dividend payment is approved by the shareholders’ meeting.

Revenues and costs

In accordance with IFRS 15, revenue is recognised at an amount that reflects the consideration to which the company believes it is entitled in exchange for the transfer of goods or services to the client. Variable consideration that the company believes it should pay to direct or indirect clients is recognised as a reduction in revenue. Accordingly, revenue is recognised when the performance obligations to clients are satisfied and the amount can be measured reliably. Performance obligations are satisfied when the actual transfer of control over the goods and services occurs.

3. Measurement criteria (continued)

Revenues are reported net of returns, discounts, allowances and bonuses, as well as directly related taxes.

In the case of work in progress when the outcome of a specific contract can be estimated reliably, the company's performance does not create an asset of alternative use to the company and it has the enforceable right to payment for performance completed to date. Revenue and expenses attributable to the related contract are recognised as revenue and expenses respectively in relation to the stage of completion of the activity at the reporting date, based on the ratio of costs incurred for work performed to date to the estimated total contract costs, unless this is not considered representative of the stage of completion of the contract.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are expected to be recovered. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately. Advances paid by clients are deducted from inventories to the extent of the amounts accrued; any excess is recognised as a liability.

Changes to the contract, price revisions and incentives are recognised to the extent that they have been agreed with the client.

Costs are recognised on an accrual basis and are directly related to the provision of services. Costs incurred in relation to the acquisition of new knowledge or discoveries, the study of alternative products or processes, new techniques or models, the design and construction of prototypes or, in any case, costs incurred for other scientific research or technological development activities are generally considered current costs and are recognised in the income statement in the period in which they are incurred.

Interest is recognised at the effective interest rate on an accrual basis.

Government grants

Government grants are recognised in the financial statements when there is reasonable assurance that the Group will comply with all conditions for receiving the grants and that the grants will be received. Grants are recognised in the income statement over the period in which the related costs are recognised.

Foreign exchange differences

Transactions in currencies other than the functional currency are recognised at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period and the effect is recognised in the income statement. Non-monetary assets and liabilities denominated in currencies other than the functional currency and measured at cost are recognised at the exchange rate in effect at the time of initial recognition; when the assets and liabilities are measured at fair value or at recoverable or realisable value, the exchange rate in effect at the date the value is determined is used.

Dividends from equity investments

Dividends are recognised at the date of the shareholders' resolution, unless it is reasonably certain that the shares will be sold before the ex-dividend date.

Income taxes

Current income taxes are calculated based on estimated taxable income; the expected liability is recognised under 'Current tax liabilities'. Tax payables and receivables for current income taxes are recognised at the amount expected to be paid/recovered to/from the tax authorities by applying the tax rates and tax regulations in force or substantially approved at the reporting date.

3. Measurement criteria (continued)

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes based on tax rates and regulations approved or substantially approved for future periods. Deferred tax assets are recognised when their recovery is considered probable.

With regard to temporary differences associated with investments in subsidiaries, associates and joint ventures, the related deferred tax liability is not recognised if the investor is able to control the reversal of the temporary difference and it is probable that it will not occur in the foreseeable future.

Deferred tax assets and liabilities are classified as non-current assets and liabilities and are offset at the individual company level if they relate to taxes that can be offset. The offsetting balance, if positive, is recorded under "Deferred tax assets"; if negative, under "Deferred tax liabilities". When the results of transactions are recognised directly in equity, current taxes, deferred tax assets and deferred tax liabilities are also recognised in equity.

Changes in accounting policies

The accounting policies adopted in 2019 are the same as those adopted in the previous year, except in relation to the changes described below in the section "Accounting standards, amendments and interpretations effective from this 1 January 2019".

Use of accounting estimates

The application of generally accepted accounting principles for the preparation of financial statements requires management to make accounting estimates based on complex and/or subjective judgements, past experience and assumptions considered reasonable and realistic given the information known at the time. The use of these accounting estimates affects the carrying amount of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, as well as the amount of revenues and expenses during the reporting period. Actual results may differ from estimates as a result of the uncertainty surrounding the assumptions and conditions on which the estimates are based. Changes in the conditions underlying the judgments, assumptions and estimates made may have a material impact on actual results.

The items most often requiring the use of estimates are the provision for doubtful debts, goodwill, valuations used in the impairment process, deferred tax assets, provisions for risks and charges, onerous contracts and valuations relating to business combinations, put options and earn-out amounts.

Business combinations

Business combinations are accounted for using the acquisition method described in IFRS 3 as revised in 2008. In accordance with this method, the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair values of the assets transferred and liabilities assumed by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognised in the statement of comprehensive income as incurred.

Contingent consideration, which is considered part of the transfer price, is measured at fair value at the acquisition date. Any subsequent changes in fair value are recognised in the statement of comprehensive income.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at fair value.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the equity attributable to non-controlling interests and the fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed at the acquisition date. If the amount of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the equity attributable to non-controlling interests and the fair value of the acquirer's

3. Measurement criteria (continued)

previously held equity interest, if any, in the acquiree, such excess is recognised immediately in other comprehensive income as income resulting from the completed transaction.

The equity attributable to non-controlling interests at the acquisition date may be measured either at fair value or in proportion to the non-controlling interests' interest in the acquiree's identifiable assets. The choice of valuation method is made on a transaction-by-transaction basis.

Business combinations achieved in stages

When a business combination is achieved in stages, the Group's previously held equity interest in the acquired entity is measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of comprehensive income. The previously held equity interest is then treated as if it were sold and reacquired at the date control is obtained.

Transactions involving non-controlling interests

Changes in the ownership interest of a subsidiary that do not constitute a loss of control are treated as equity transactions. Accordingly, for acquisitions subsequent to gaining control, any positive or negative difference between the acquisition cost and the corresponding share of book equity is recognised directly in the Group's equity; in the case of partial disposals of subsidiaries without loss of control, any gain is recognised directly in the Group's equity.

In the event that partial sales of subsidiaries result in the loss of control, the investment retained is adjusted to its fair value and the revaluation is included in the formation of the gain (loss) arising from the transaction.

Acquisitions that qualify as business combinations

1. Acquisition of 100% of MeA Consulting S.r.l

On 22 October 2019, BIP S.p.A. acquired 100% of MeA Consulting S.r.l., a company with registered office in Bologna, providing the services in the fields of continuous improvement, mergers & acquisition and special situations (design of company reorganization and turnaround plans). The purchase price consideration was €1,218,445 to be paid as follows:

— €862,416 upon transfer of ownership;

— €56,029 upon collection by MeA of some receivables whose collectability was doubtful at the purchase date. As at 29 February 2020, they have been collected;

— €60,000, if 2019 EBIT is at least equal in absolute terms to the amount defined by the parties in the agreement;

— €120,000, if 2020 EBIT is at least equal in absolute terms to the amount defined by the parties in the agreement.

— €120,000, if 2021 EBIT is at least equal in absolute terms to the amount defined by the parties in the agreement.

MeA's assets acquired and liabilities transferred were measured at their fair value on their purchase date as are as follows:

Non-current assets	44,191
Trade receivables	279,080
Other assets	71,006
Cash and cash equivalents	241,239
Total	635,515
Equity and non-current liabilities	369,184
Trade payables	79,548
Other payables	186,783
Total	635,515

3. Measurement criteria (continued)

The purchase price allocation resulted in the recognition of goodwill for an amount of €918,636 in the consolidated financial statements, due to the expected synergies of the activities of the acquired and acquiring parties.

2. Acquisition of FBM Gestao and Processos Ltda

On 30 August, BIP Holding do Brasil SA (controlled by BIP Desarrollo, in turn wholly controlled by the parent company BIP S.p.A.) acquired 66.25% of FBM Investimentos e Partecipacoes Ltda, which, in turn holds 93.58% of FBM Gestão e Processos LTDA, thus increasing its control over the operating company to 62%.

FBM Gestão e Processos LTDA, a company with registered office in Sao Paolo, provides consulting services in the fields of Finance, Risk Management, Internal processes and control to customers operating in the financial sector.

The overall purchase price consideration was R$4,860,592.92, paid upon purchase, along with an Earn Out up to an expected value of R$5,940,724.68 to be paid as follows:

- R$891,108,70 if the EBITDA in the second semester of 2019 is in line with the expected value defined in the business plan;
- R$1,782,217.40 if 2020 EBITDA is in line with the expected value defined in the business plan;
- R$2,079,253.64 if 2021 EBITDA is in line with the expected value defined in the business plan;
- R$1,188,144.94 if 2022 EBITDA is in line with the expected value defined in the business plan.

The agreement also envisages a call option granted to BIP for the full acquisition of minority interest, subject to conditions defined in the existing agreements.

MeA's assets acquired and liabilities transferred were measured at their fair value on the date of acquisition are as follows:

	R$	€
Non-current assets	373,380	81,384
Trade receivables	1,476,177	321,754
Other assets	62,433	13,608
Cash and cash equivalents	1,972,534	429,943
Total	3,884,524	846,689
Equity and non-current liabilities	1,140,998	248,697
Trade payables	313,446	68,320
Other payables	2,430,080	529,671
Total	3,884,524	846,689

The purchase price allocation resulted in the recognition of goodwill equal to €2,329,975 in the consolidated financial statements, due to the expected synergies of the activities of the acquired and acquiring parties.

Operations relating to minority interest

1. Company reorganization Brazil and acquisition of full control of the operating activities of BIP Consultoria

On 10 March 2019, the reorganization of the Brazilian business activities was completed through the incorporation of a new holding (BIP Holding), to which the shares of the subsidiaries BIP Consultoria and Bip Partecipacoes were transferred. During the operation, a capital increase in BIP Holding was carried out to allow the participation of a new shareholder and to increase the shares owned by a minority shareholder, while BIP

3. Measurement criteria (continued)

Desarrollo acquired the shares of BIP Consultoria owned by an outgoing shareholder who decided to leave the consultancy activities to work on personal projects. At the end of the operation, BIP S.p.A., through the subsidiary BIP Desarrollo, increased its control over the Brazilian business from 59.99% to 69.7%.

Then, on 11 November 2019 the Board of Directors resolved to purchase the shares representing 30.3% of the capital of BIP Holding Do Brasil S.A. from minority shareholders, thus acquiring complete control over the company. The operation was concluded on 3 December 2019 entailing full control over the Brazialian business activities of BIP Consultoria.

Overall, the net effect between the value of the minority interest purchases and that of the shares acquired in the Shareholders' Equity, equal to €4,761,322, was recognized as share premium reserve in the Total Shareholders' Equity of the Group.

2. Acquisition of 24.5%ofi OpenKnowledge

On 20 May 2019, the Board of Directors resolved the acquisition from a minority shareholder of shares representing 24.5% of the capital of Openknowledge S.r.l., thus acquiring full control over the company. The transaction was completed on 28 June 2019.

The net effect between the value of the minority interest and that of the shares acquired in the Shareholders' Equity, equal to €735,273, was recognized as share premium reserve in the Total Shareholders' Equity of the Group.

3. Acquisition of 40% of BIP Yonetim Danismanligi Anonim Sirketi

On 27 November 2019, the Board of Directors resolved the acquisition, through the subsidiary BIP Desarrollo and from the minority shareholder, of shares representing 40% of the capital of BIP Yonetim Danismanligi Anonim Sirketi (BIP Turkey), thus acquiring full control over the company. The transaction was completed on 29 November 2019.

The net effect between the value of the minority interest and that of the shares acquired in the Shareholders' Equity, equal to €451,350, was recognized as share premium reserve in the Total Shareholders' Equity of the Group.

3.1 Accounting standards, amendments and interpretations effective from 1 January 2020

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the new accounting standards, amendments and interpretations effective from 1 January 2019 are described below:

IFRS 16 – lease contract

BIP applied the new IFRS 16 accounting standard, prospectively from 1 January 2019. This involved no restatement of comparative period information (modified retrospective approach). The standard envisages that the right of use of the underlying asset be recorded in the Statement of Financial Position, under Assets, with a matching entry as financial payable.

The standard envisages the possibility not to recognize as leasing the contracts for assets of low unitary value (i.e. leasing contracts with a value of less than 5,000 dollars) and leases with a duration of the contract equal or less than 12 months. Pursuant to IFRS 16, liabilities related to the recognition of lease contracts are measured based on residual payments, discounted by using the incremental borrowing rate for each single contract at the date of the first-time adoption.

3.1 Accounting standards, amendments and interpretations effective from 1 January 2020 (continued)

The accounting value of right-of-use assets is equal to the accounting value at the date of the first- time adoption. The effects resulting from the application of the new standard are as follows:

	2018	**2019**		**Impact**
Income statement (in €/000)		**before IFRS 16**	**after IFRS 16**	
sundry services and costs	181,522	210,317	203,900	(6,418)
EBITDA	***25,189***	***34,004***	***40,422***	***6,418***
Amortisation and depreciation	4,877	5,974	12,331	6,357
EBIT	***20,312***	***28,030***	***28,091***	***61***
Financial charges	8,062	8,697	8,965	267
EBT	***12,250***	***19,333***	***19,126***	***(207)***

	2018	**2019**			**Impact**
Statement of financial position (in €/000)		**01/01**	**before IFRS 16**	**after IFRS 16**	
Right to use assets		17,717		20,700	20,700
Net financial position	(58,630)		(61,092)	(81,999)	(20,907)

In applying IFRS 16, Management has carefully examined the definition of the lease term, identifying the non-cancellable period and integrating it in order to take account of any possible option that is reasonably certain to be exercised.

The commitments that are already existing as at 31 December 2018, resulting from operating leases, were aligned to lease liabilities recognized in the Statement of Financial Position as at 1 January 2019 (in application to IFRS 16), except for the impacts related to discounting of cash flows and the effects of the exemptions for short term leases and leases with a low-value and an irrelevant impact. The average discount rate applied to lease liabilities recognised in the Statement of Financial Position at on the first-time application date (1 January 2019) is between 1-2%.

Moreover, as from 1 January 2019, the following standards are applicable:

Amendment to IAS 28—Investments in associates: Long-term interests in associates and joint ventures

The amendments to IAS 28—Long-term interests in Associates and Joint Ventures, published by the IASB in October 2017, aimed at clarifying that the application of IFRS 9 also covers long-term receivables from associates or joint-ventures being substantially part of the net investment in the associated company or joint venture. The IASB has also issued an example that describes how provisions of IFRS 9 and IAS 28 are applied to long-term receivables of an associated company or joint venture.

IFRIC 23—Uncertainty over income tax treatments

The interpretation of IFRIC 23—Uncertainty over income tax treatments, published by IASB in June 2017, was adapted in October 2018. Said interpretation clarifies how to apply the requirements relevant to recognition and measurement under IAS 12, in case of uncertainty over income tax treatments. In this case, the entity should recognize and measure its tax assets or liabilities, either current or deferred, by applying the requirements as per IAS 12, based on the taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation. An entity is required to use judgment to determine whether each tax treatment should be considered independently or whether one or more uncertain tax treatments should be considered together. In assessing an uncertain tax treatment, an entity shall assume that tax authorities, during tax assessments, will examine those amounts and will have full knowledge of all relevant information when doing so. An entity has to consider whether it is probable that the relevant authority will accept uncertain tax treatments. If the entity concludes that it is probable that the uncertain tax treatment is accepted, the entity has to determine taxable income (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment applied or included in its income tax filings. If the entity concludes that it is not probable that the uncertain tax treatment is accepted, the entity has to report the effect of uncertainty for each tax treatment by using either of the two following

3.1 Accounting standards, amendments and interpretations effective from 1 January 2020 (continued)

methods: a) the method of the most probable amount, or b) the expected value method, i.e. the sum of the various amounts within a range of possible results, weighted based on their probable occurrence.

3.2 Accounting standards, amendments and interpretations endorsed by the EU, not yet mandatorily applicable and not adopted in advance by the Group

Amendment to IAS 1 and IAS 8—Definition of Material

In October 2018, IASB published the amendment Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of "material" in order to support companies in the assessment of the importance of information to be included in the financial statements. Changes will apply from 1 January 2020, but prior application is permitted.

Amendment to references to the conceptual framework for IFRS standards

With Regulation no. 2019/2075 issued by the European Commission on 29 November 2019, the amendments to the IFRS "Changes to references to the Conceptual Framework in IFRS" (hereinafter referred to as "IFRS amendments") were endorsed. These amendments are essentially of a technical and editorial nature, aimed at implementing the new Conceptual Framework for Financial Reporting and are effective from annual reporting periods beginning on or after 1 January 2020.

Reform of reference indexes to determine interest rates

With Regulation no. 2020/34, issued by the European Commission on 15 January 2020, amendments to IFRS 9, IAS 39 and IFRS 7 were endorsed as envisaged in document "Reform of reference indexes to determine interest rates" (hereinafter amendments to IFRS 9, IAS 39 and IFRS 7), aimed at supplying temporary derogations from the application of certain provisions on hedge accounting for all hedging relationships directly impacted by the reform on benchmark interest rates. Amendments to IFRS 9, IAS 39 and IFRS 7 are effective from annual reporting periods beginning on or after 1 January 2020.

3.3 Accounting standards, amendments and interpretations not yet endorsed by the EU

IFRS 17 Insurance contracts

On 18 May 2017, IASB published IFRS 17 "Insurance Contracts", to define the accounting methods relating to insurance contracts issued and reinsurance contracts owned. Provisions of IFRS 17, superseding those currently envisaged by IFRS 4 "Insurance Contracts", shall be adopted from or after 1 January 2021.

Amendment to IFRS 3—Definition of a Business

In October 2018, IASB published Definition of a Business (Amendments to IFRS 3) to help determine if an operation is a purchase of a business activity or a group of activities that doesn't meet the definition of business given by IFRS 3. Changes shall apply to acquisition after 1 January 2020, but prior application is permitted.

Amendment to IAS 1—Presentation of financial statements

On 23 January 2020, IASB published the amendment to IAS 1"Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", to clarify the classification of current and non- current liabilities. Changes shall apply from or after 1 January 2022.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A) NON-CURRENT ASSET

4. Property, Plant and equipment

All items of property, plant and equipment are available for use and used effectively in the company's business activities and there are no obsolete assets of significant value or assets which require to be replaced in the short term that have not been depreciated.

4. Property, Plant and equipment (continued)

The item "Property, Plant and equipment", equal to €3,759,380 is broken down as follows:

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

(Amounts in Euro)

Description	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Total
Balance at 31.12.2018	**300,749**	**577,173**	**714,460**	**1,487,699**	**3,080,082**
Additions	134,684	169,866	619,185	442,826	**1,366,561**
Changes in the consolidation area	13,695	0	47,017	49,789	**110,501**
Disposals	0		(8,892)		**(8,892)**
Increase in accumulated depreciation due to changes in the conso. area	(7,354)	0	(13,776)	(46,049)	**(67,178)**
Decrease in accumulated depreciation					**0**
Depreciation for the year	(96,562)	(146,508)	(212,506)	(266,117)	**(721,693)**
Balance at 31,12,2019	**345,213**	**600,530**	**1,145,489**	**1,668,148**	**3,759,380**

The various asset categories and year on year movements are described below:

Plant and machinery

The item amounts to €345,213 net of depreciation for the year, equal to €96,562 and mainly refers to costs incurred by S.p.A., BIP Iberia e Sketchin Italia to improve communication and telecommunication facilities in the offices of Milan, Rome and Madrid as well as for MeA entering the Group after the acquisition carried out during the year.

Industrial and commercial equipment

This item amounts to €600,530, net of depreciation for the year, equal to €146,508 and mainly refers to works carried out on buildings rented by the companies of the Group.

Other assets

This item amounts to €1,145,489 net of depreciation for the year, equal to €212,506. The increase in this item is mainly due to goods (furniture and fittings) purchased during the year by BIP Spa and BIP Services for the offices in Rome and Milan, as well as to investments by BIP Iberia to purchase fittings for the new offices in rent in late 2018.

Leasehold improvements

This item amounts to €1,668,148, net of depreciation for the year, equal to €266,117 and mainly refers to works carried out on buildings rented by the BIP Group. The increase during the year is mainly due to works carried out after the expansion of the offices in Milan, Mogliano, Bologna and Rome.

The rate of depreciation of the items above have not changed compared to the previous year and are detailed in Note 3) "Measurement criteria".

5. Intangible assets

The item "Intangible assets", equal to €68,783,715 is broken down as follows:

CHANGES IN INTANGIBLE ASSETS

(Amounts in Euro)

Description	Patents and intellectual property rights	Concessions, licenses and trademarks	Client relationships	BIP trademark	Intangible assets in progress	Other intangible assets	Total
Balance at 31.12.2018	**10,828**	**1,114,082**	**45,205,394**	**26,113,753**	**(0)**	**324**	**72,444,380**
Additions	0	837,108	0	0	149,233	2,726	**989,067**
Changes in the consolidation area	0	48,523	0	0	0	0	**48,523**
Disposa	0	0	0	0	0	0	**0**
Increase in accumulated amortisation due to changes in the conso. area	0	(17,904)	0	0	0	0	**(17,904)**
Decrease in accumulated amortisation	0	0	0	0	0	0	**0**
Amortisation for the year	(3,150)	(971,243)	(2,348,750)	(1,356,800)	0	(407)	**(4,680,350)**
Balance at 31.12.2019	**7,678**	**1,010,565**	**42,856,644**	**24,756,953**	**149,232**	**2,643**	**68,783,716**

Concessions and licences

The overall item's amount is equal to €1,010,565 and includes investments to purchase and renew software licenses. The item's increase is due to the costs borne by the parent company BIP S.p.A. to purchase new licenses from Microsoft or other operating systems and to renew the existing ones, as well as for FBM entering the group during 2019.

Client relationships

The item amounts to €42,856,644 and refers to the purchase price allocation of the BIP Group by the Apax Partners France fund, as at 27 March 2018. The book value is equal to €46,975,000 and amortisation has been set in 20 years. As at 31 December 2019, it is equal to €2,348,750.

Trademarks

The item amounts to €24,756,953 and refers to the purchase price allocation of the BIP Group by the Apax Partners France fund as at 27 March 2018. The book value of the BIP trademark is equal to €27,136,000 and amortisation has been set in 20 years. As at 31 December 2019, it is equal to €1,356,800.

Intangible assets in progress

The item assets in progress, equal to €149,232, refers to two projects developed by Bip SPA in relation to a management programme for customers (developed for internal use) and a telemedical programme (developed as a new product for the sale of services to customers).

The two assets were completed over the first months of 2020.

6. Right-of-use assets

The adoption, as from 1 January 2019, of IFRS 16, involved the recognition of a right of use, equal to the value of the financial liability at the transition date, net of any accruals and deferrals. The following table shows fixed assets, recognised by asset class.

6. Right-of-use assets (continued)

(Amounts in Euro)

Description	Property rentals	Vehicles	Total
Balance at 01.01.2019	**12,239,624**	**5,477,228**	**17,716,852**
Additions	5,725,798	3,614,336	9,340,134
Changes in the consolidation area			0
Disposals	(607,347)	(350,887)	(958,234)
Increase in accumulated amortisation due to changes in the consolidation, Area			0
Decrease in accumulated depreciation	607,347	350,887	958,234
Depreciation	**(3,436,645)**	**(2,920,487)**	**(6,357,132)**
Balance at 31.12.2019	**14,528,778**	**6,171,076**	**20,699,854**

The item relates to the to the lease of office buildings and vehicles used by employees. The increase in relation to offices refers to the rental of new offices in Milan, Rome, Bologna and Rio de Janeiro.

The increase in relation to vehicles refers to new rental contracts for the year due to the increase in resources as well as new contracts for employees to replace those expiring.

7. Goodwill

(Amounts in Euro)

Balance as at 31.12.2018	**139,849,670**
Goodwill relating to MeA Consulting S.r.l.	918,636
Goodwill relating to FBM Group	2,329,975
Balance as at 31.12.2019	**143,098,281**

Goodwill recorded in the financial statements is attributable to the following transactions:

— Acquisition of the Group by the fund Apax Partners France in 2018 and related purchase price allocation for an amount of €139,849,670.

— Goodwill, amounting to to €918,636, generated with the acquisition of 100% of diMeA Consulting S.r.l. share capital, on 22 October 2019;

— Goodwill, amounting to €2,329,975, generated with the acquisition, on 30 August 2019, of 66.25% of FBM Contabilidade and Partecipacoes LTDA, holding company, which in turn holds 93.58% of FBMGestão and ProcessosLTDA.

Goodwill is not amortized but it is tested for impairment on an annual basis as at the reporting date.

As regards the recoverable value of the only CGU, based on the method of value in use, measurement was based on estimates on cash flows generated by each CGUs. In order to carry out the impairment, each company of the Group has been considered as CGU, except in some specific cases that required a different approach. Expected operating cash flows were taken from the 2020 budget and the strategic plans for the 2020-2023 period.

The value in use has been determined with the "discounted cash flow" method, discounting operating cash flows based on four-year forecasts for the CGUs representing the subsidiaries, and seven-year forecasts for BIP S.p.A. and the entire group. This was due to the fact that this timing was considered consistent with the plans submitted to obtain new loans at more favourable conditions in place of the existing ones, as per note 14. Specifically, for impairment test purposes, management updated the Business Plan to reflect the latest expectations in terms of the general economic performance in those countries in which it operates and the sector to which the Group belongs, as well as development expectations regarding activities already implemented in the previous financial year and those

7. Goodwill (continued)

to be implemented in the near future. Management assessed the consistency of the cash flows envisaged in the plan with the financial requirements determined by the existing debt structure without identifying any critical issues.

The only impairment identified was the CGU related to the subsidiary BIP Turkey for which, taking into consideration the economic, political and currency-related context of the country, an impairment of €500,000 was recorded.

In performing the impairment test in relation to the goodwill described above, management based their calculations on the following assumptions:

— results for financial year 2020 were estimated taking into account undelivered order trends in the early months of the year (as at the date of preparing the Consolidated Financial Statements) and order forecasts for the coming months;

— for subsequent years, forecast revenue growth (CAGR) was estimated at approximately 8%;

— group profitability (operating result/revenues) was conservatively expected to remain constant over the years of the plan;

— average collection and payment timelines were estimated to be in line with historical data;

— growth in perpetuity for the period after the timeframe of the plan was conservatively estimated for each CGU at a group-wide rate of 1.5%.

It is noted that the terminal value was calculated by extrapolating the cash flows, as reported above, at a WACC specific for each CGU. The average WACC calculated for the Group was 9.4%.

Sensitivity analyses carried out varying the discount rate also confirmed that the value of goodwill is fully maintained.

8. Deferred tax assets

	(Amounts in Euro)
Balance as at 31.12.2018	1,370,922
Balance as at 31.12.2019	1,550,522
Changes	**179,600**

Deferred tax assets amounted to Euro 1,550,522 and included deferred tax assets relating to temporary differences between statutory financial statement balances and their related tax values (provision for doubtful debts, other provisions, prior year losses, employee benefit provisions) and temporary differences relating to adjustments made to statutory financial statements to bring them into line with the international accounting principles used by the Group.

Based on detailed analysis and having reviewed the business plans of the various subsidiaries, Group management believes it will be possible to recover the deferred tax assets recognised in the financial statements at 31 December 2019 in future years.

Deferred tax assets and deferred tax liabilities are broken down as follows:

	2018		2019	
Description	**Difference**	**Tax effect**	**Difference**	**Tax effect**
Doubtful debt provision	220,688	52,965	356,793	90,938
Fair value of financial instruments				
Prior period losses	3,077,604	743,505	2,772,134	675,369
Other	2,297,193	574,452	3,147,817	784,215
Total	**5,595,485**	**1,370,922**	**6,276,744**	**1,550,522**

Prior period losses refer to BIP Iberia, Sketchin Italia and Sketchin Italia.

9. Other non-current assets

	(Amounts in Euro)
Balance as at 31.12.2018	1,467,078
Balance as at 31.12.2019	3,241,403
Changes	**1,774,325**

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
a) Investments in other companies	5,000	0	(5,000)
b) Non-current financial assets	724,218	2,513,763	1,789,545
c) Others	737,860	727,640	(10,220)
Total	**1,467,078**	**3,241,403**	**1,774,325**

a) Investments in other companies

Investments in other companies is equal to zero after the voluntary winding up of the Consorzio COBIP during the year.

b) Non-current financial assets

"Non-current financial assets" as at 31 December 2019, equal to €2,513,763 (€724,218 in 2018), and include:

— €538,188 relating to an escrow account in BRL opened following the acquisition of FBM in August 2019 representing guarantees issued by the shareholders of FBM at the time of the sale of the shares to the BIP group. The balance on the account will be released in tranches over the course of the years until 2024 as the guarantees lapse.. For further information, see Note 14.

— €1,103,400 is the portion of a long-term loan granted during the year to some BIP managers. The loan was granted by BIP SpA and is governed by a contract envisaging a rate equal to EURIBOR 360 + 1% of spread. The short-term portion, currently equal to €334,600, was classified under current assets as payables within the financial year 2020.

— Guarantee deposits, referred to rented buildings and some tenders.

c) Other

The item amounts to €727,640 (€737,860 in 2018) and is broken down as follows:

— Tax receivables, in the amount of €680,300 related to the IRES/IRPEF reimbursement claim for the non-deduction of IRAP related to staff costs (Art. 2 of Law Decree no. 201 of 6 December 2011.)

— Receivables from Equitalia for € 41,163;

— Other receivables for €6,176.

B) CURRENT ASSETS

10. Trade Receivables

	(Amounts in Euro)
Balance as at 31.12.2018	98,008,314
Balance as at 31.12.2019	114,868,110
Changes	**16,859,796**

Receivables, all of which are due within one year, relate to the normal professional services provided to corporate clients.

10. Trade Receivables (continued)

Details are provided below:

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
a) Trade receivables	97,070,976	113,843,499	16,772,523
b) Other receivables	937,338	1,024,611	87,273
Total	**98,008,314**	**114,868,110**	**16,859,796**

a) Trade receivables

(Amounts in Euro)

Description	Value as at 31.12.2019	
For invoices issued	75,004,767	
o/w overdue		*13,466,967*
For invoices to be issued	41,025,482	
Doubtful debt provision	(2,186,750)	
Total	**113,843,499**	

Past due receivables equal to €13.5 million include amounts overdue between 0 and 30 days for approx. €9.1) million and amounts overdue from 30 and 60 days for approx. €0.7 million. On 24 April 2020, payables overdue as at 31 December amounting to more than €11.5 million have been settled. The average number of collection days is 173 (175 in 2018).

The company has three contracts in place with the factoring company Unicredit SpA, for the transfer without recourse of a portion of receivables in portfolio. It is also noted that, as at 31 December 2019, receivables for an overall amount of approximately €4,881,991—yet to be collected from customers—were transferred, with an increase in cash and cash equivalents for the same amount. Please consider that as at 30 April 2019, invoices to be issued and recognized as at 31 December 2019 (€ 41,025,482) have been issued for more than €26.1 million, while the remaining part of invoices will be issued during the following months.

The following table shows movements in the provision for doubtful debts:

(Amounts in Euro)

Balance as at 31.12.2018	**1,957,109**
Increases from business combinations	142,255
Provisions	563,000
Uses	(475,614)
Balance as at 31.12.2019	**2,186,750**

The provision for the year is intended to cover the risk of uncollectible receivables from certain clients whose payments are overdue.

The fair value of trade and other receivables does not differ significantly from the carrying value given the short period of time between the receivable arising and its due date.

Receivables and payables to related parties are described in Note 35 “Transactions with related parties”.

At the date of preparing these Consolidated Financial Statements, the maximum exposure to credit risk is represented by the nominal value of the receivables. There are no guarantees in place to mitigate such risk.

10. Trade Receivables (continued)

b) Other receivables

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
Prepayments	937,338	1,024,611	87,273
Total	**937,338**	**1,024,611**	**87,273**

The item "Other receivables" amounted to €1,024,611 and refer primarily to prepaid expenses on costs for services recorded in 2019 but pertaining to future years, prepaid expenses on costs for the hiring of assets, the rental of offices, insurances, maintenance of software packages.

11. Other current assets

(Amounts in Euro)

Balance as at 31.12.2018	1,228,893
Balance as at 31.12.2019	1,456,720
Changes	**227,828**

Other current assets are broken down as follows:

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
a) Current financial assets	683,348	741,591	58,243
b) Others	545,545	715,129	169,584
Total	**1,228,893**	**1,456,720**	**227,828**

a) Current financial assets

They are broken down as follows:

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
Receivables due from the tax authorities	281,186	113,854	(167,332)
Withholding Tax	105,560	262,116	156,556
Other	296,602	365,621	69,019
Total	**683,348**	**741,591**	**58,243**

The item "Receivables due from the tax authorities" is primarily related to the subsidiaries BIP Services (€54,353), BIP Belgium (€15,155) and BIP do Brasil Ltda (€21,569) and includes VAT receivables.

The item "Withholding Tax" refers to Bip and the subsidiary Bip Turkey.

The item "Other" is mainly composed of the short-term portion of investments granted to some managers during the year. Said loans were granted at arm's length. Please, refer to note 9 for further details.

11. Other current assets (continued)

b) Others

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
Tax receivables	178,447	164,459	(13,987)
Miscellaneous	367,098	550,670	183,572
Total	**545,545**	**715,129**	**169,584**

Tax Receivables

The item is equal to €164,459 and is related to receivables for advance payments on taxes pertaining to 2019.

Miscellaneous

The item amounts to €550,670 and mainly refers to advance payments to suppliers or employees as well as sundry receivables. The item also comprises €50,000 pertaining to the tax credit referred to investments in R&D, as provided for by art. 1, par. 35, Law no. 190 of 23 December 2014 (Stability Law 2015).

12. Cash and cash equivalents

(Amounts in Euro)

Balance as at 31.12.2018	18,726,856
Balance as at 31.12.2019	31,516,501
Changes	**12,789,645**

The balance includes cash in hand and balances with banks and post office accounts. Cash is represented as follows:

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
Bank and post office deposits	18,720,198	31,494,547	12,774,349
Cash on hand	6,658	21,954	15,296
Total	**18,726,856**	**31,516,501**	**12,789,645**

The balance includes €110,000, related to the term-deposit bank account at Banca Intesa, opened following the purchase of the company OpenKnowledge in July 2015 and represents the guarantees given by the shareholders of Okn upon transfer of 51% of shares to Bip S.p.A. This account was released in January 2020 as payment for the last portion of the share purchase price. For further information, please refer to Note 13.

For further information on the financial evolution for the year, please refer to the cash-flow statement.

C) SHAREHOLDERS' EQUITY

13. Share Capital and Reserves

(Amounts in Euro)

Balanca as at 31.12.2018	164,419,092
Balance as at 31.12.2019	176,292,947
Changes	**11,873,855**

13. Share Capital and Reserves (continued)

Please find below the breakdown of the items making up the Shareholders' Equity

	Share capital	Legal reserve	Translation reserve	Other reserve	Retained earnings	Profit (loss) for the year	Shareholders' equity attributable to the Group	Non-controlling interests	Shareholders' equity
BEEP net Shareholders' equity (incorporation)	**50,000**						**50,000**		**50,000**
Increase in BEEP Share capital on 23 March 2018	13,526,883			52,693,117			66,220,000		66,220,000
Increase in BEEP Share capital on 24 September 2018	9,873,001			88,856,999			98,730,000		98,730,000
BIP acquisition		4,689,977		(4,689,977)			0	742,981	742,981
Waive of the credit line by Milapax S.r.l.				3,446,083			3,446,083		3,446,083
Re-measurement of PUT minorities				(6,580,768)			(6,580,768)	(60,232)	(6,641,000)
Transactions with non-controlling interests				(82,194)			(82,194)	(277,530)	(359,724)
Other changes				(40,873)			(40,873)	64,310	23,437
Other items of comprehensive income			(150,935)	26,708			(124,227)	(76,248)	(200,475)
Profit for the year						1,710,820	1,710,820	696,970	2,407,790
Balance as at 31.12.2018	**23,449,884**	**4,689,977**	**(150,935)**	**133,629,095**	**0**	**1,710,820**	**163,328,841**	**1,090,251**	**164,419,092**
Share capital increase	530,845			4,713,904			5,244,749		5,244,749
Allocation of prior year profit					1,710,820	(1,710,820)			
Other items of comprehensive income			630,150	(137,654)			492,496	48,929	541,425
Re-measurement of PUT minorities				2,397,101			2,397,101		2,397,101
Transactions with non-controlling interests			(300,274)	(6,901,531)			(7,201,805)	(871,624)	(8,073,429)
Other changes			57,768	(143,218)			(85,450)	46,909	(38,541)
Profit for the year						11,554,385	11,554,385	248,164	11,802,549
Balance as at 31.12.2019	**23,980,729**	**4,689,977**	**236,709**	**133,557,697**	**1,710,820**	**11,554,385**	**175,730,317**	**562,630**	**176,292,947**

Share Capital

Share capital comprises 23,980,729 shares with a nominal value of Euro 1 each.

On 4 December 2019, the Shareholders' Meeting resolved two capital increases:

- — first increase through the issuance of 530,845 new Class B shares for an overall amount of €5,244,748.60, of which €530,845.00 as nominal value and €4,713,903.60 as share premium;
- — second increase through the issuance of 120,746 new Class B shares for an overall amount of €1,192,970.48, of which €120,746.00 as nominal value and €1,072,224.48 as share premium.

The first increase was fully subscribed by Runbip, while the second, which can be entered into until 30 June 2020, has yet to be subsribed.

13. Share Capital and Reserves (continued)

Therefore, as at 31 December 2019, the share capital is as follows:

— 14,438,001 class A shares with dividend and voting rights held by Milapax S.r.l.;

— 9,092,728 class B shares with dividend and voting rights held by Runbip S.r.l.;

— 450,000 class C shares with dividend (but not voting) rights held by Racbip S.r.l..

Please note that the bank loan of €65,000,000, subscribed on 17 December—see Note 14—is guaranteed by a pledge on all the shares of BIP S.p.A.

Legal reserve

The reserve amounting to €4,689,977 includes the portion of retained earnings from previous years, pursuant to Art. 2430 of the Italian civil code.

As at 31 December 2019, this amount was equal to 19.6% of BIP's share capital.

Translation Reserve

The translation reserve has a positive balance of €236,709 and is referred mainly to the exchange rate difference of companies operating with currencies other than Euro and incurred during the year.

Other reserves

This item amounts to € 133,557,697 and is broken down as follows:

a) Other reserves for €137,829,516. The main changes are an increase of €4,713,904 due to the payment of the share premium subscribed upon the capital increase, as resolved by the Shareholders' General Meeting held on 4 December 2019, and a decrease due to transactions with minorities, for the amount of €6,901,531.

b) negative non distributable reserve of actuarial profits/losses totalling €88,152,502, net of taxes, is recognized after the accounting of the severance indemnity, in compliance with IAS 19.

c) negative reserve equal to €4,183,667 to the current value of put options granted to minority shareholders of Sketchin and Anagram Consulting in order to have the right to request, when certain conditions are met, the purchase of their shares by BIP S.p.A. along with the right to a reserved capital increase within BIP S.p.A.. The measurement of put options involved the recording of a debt under item "Other non-current liabilities", amounting to €134,364 for the non-current portion and an amount payable, under item "Other payables", for the current portion of €4,109,534.

Retained earnings

The item is equal to €1,710,803 and refers to the al location of the earnings pertaining to the previous year.

Profit (loss) for the year

The operating result is equal to €11,802,549, o/w €11,554,385 attributable to the Group and €248,164 attributable to third parties.

D) NON-CURRENT LIABILITIES

14. Non-current financial liabilities

	(Amounts in Euro)
Balance as at 31.12.2018	63,742,652
Balance as at 31.12.2019	66,865,983
Changes	**3,123,331**

14. Non-current financial liabilities (continued)

The item is broken down as follows and has undergone the following changes during the year:

(Amounts in Euro)	Value as at 31.12.2018	Decreases	Increases	Short-term portion	Value as at 31.12.2019
TKO bond loan	61,490,652	(61,490,652)			0
Credem loan			4,000,000	(3,224,071)	775,929
Banco Desio loan			3,338,874	(1,996,646)	1,342,228
UBI loan			2,000,000	(1,666,667)	333,333
Pool loan			63,844,356	(2,363,636)	61,480,720
Equity financial instruments	2,142,000	(132,000)	196,500		2,206,500
Escrow for Openknowledge acquisition	110,000			(110,000)	0
Escrow for FBM acquisition			538,188		538,188
Santander loan		(54,269)	200,000	(66,418)	79,313
Bankinter loan		(4,873)	120,000	(54,327)	60,800
Sabadell loan		(1,961)	75,000	(24,066)	48,973
Total	**63,742,652**	**(61,683,756)**	**74,312,918**	**(9,505,831)**	**66,865,983**

Non-convertible bond loan and pool loan

During 2018, due to the acquisition of BIP's share capital by the Apax Group and the related reverse merger, the convertible bond loan of €65,000,000 was recorded in the financial statements as at 31 December 2018 of the subsidiary BIP S.p.A.. The main conditions of this loan are as follows:

- Repayment of the capital in one instalment on 27 March 2025;
- Payment of interests on a six-month basis;
- Fulfilment of the financial covenants, referred to the ratio between net financial position and operating result of the BIP Group, to be checked every six months.

During 2019, given the terms of the bond loan, the management of the Company took action to repay and replace the loan with a new one. On 11 December 2019, a Facility Agreement, amounting to €90,000,000 was entered into, granted by a pool of banks under the following terms:

- Bullet loan amounting to Euro 39,000,000 maturing on 11 December 2026 with interest payable semi-annually at the 6-month Euribor rate plus a spread based on the Group's Net Financial Debt/EBITDA ratio with a minimum value of 1.7% and a maximum value of 2.4%;
- Amortising loan amounting to Euro 26,000,000 with repayment in semi-annual instalments starting from 31 December 2020 and ending on 11 December 2025. Interest is payable semi-annually at the six-month Euribor rate plus a spread based on the Group's Net Financial Debt/EBITDA ratio, with a minimum of 1.45% and a maximum of 2.15%;
- Availability of a Revolving facility up to a maximum amount of Euro 25,000,000 that can be used to finance working capital and investments. If the facility is utilised, interest is calculated at Euribor plus a spread determined based on the Group's Net Financial Debt/EBITDA ratio with a minimum value of 1.35% and a maximum value of 2.05%;
- Availability of an uncommitted line, up to an amount of €50,000,000 million, intended to finance possible future acquisitions;
- BIP committed to enter into an Interest Rate Swap (IRS) contract by 31 March 2020 to cover at least 70% of the loan for a duration of at least three years.
- Guarantees granted:
  - pledge involving BIP's shares, representing 100% of BIP's share capital;
  - assignment as security by BIP of its receivables arising from (a) the acquisition contract for the equity investments; and (b) intra-group loans granted by BIP to Group companies;

14. Non-current financial liabilities (continued)

— any pledges relating to the shares of companies falling within the definition of Material Subsidiaries, pursuant to the Bond Regulations, and belonging to the BIP group (at present, based on the contractual conditions, no Group company falls within the definition of "Material Subsidiaries").

— The entire loan is subject to compliance with the Net Financial Debt/EBITDA financial covenant to be measured every six months, which is set at 3.0 until 30 June 2021 and at 2.5 for the remaining semi-annual reference dates.

The 2020-2026 Business Plan confirmed BIP's capacity of fully reimbursing the interest on a quarterly basis, in addition to the principal on 11 December 2026.

As at 31 December 2019, the contractual covenant was fulfilled and amounted to 1.93.

The results of the first quarter 2019 also highlight that the ratio of net financial position and operating results is lower than 2.25, thus guaranteeing, for the months after 31 March 2019, an interest rate of 4.25% and a margin of 4.25% above the quarterly EURIBOR.

The loans were recorded at amortised cost in compliance with IAS 39. The debt issuance costs, equal to €1,155,644, are considered in future cash flows to determine the effective interest rate. The calculation led to recording the financial payables related to bond loans for an amount of €63,844,356 as at 31 December 2019.

It should be noted that the previous bond loan was also recorded in the 2018 financial statements at amortised cost. Following the early repayment in December 2019, the remaining portion of the unamortized costs, for an amount of €3,509,348, was released to the statement of comprehensive income and recorded as finance expense.

It is worth noting that, in order to hedge future interest rate cash flows, in 2018 BIP S.p.A. entered into an Interest Rate Swap (IRS) contract with a fixed rate of 0.11% for an amount of €50 million, for a duration up to 31 July 2020. As at 31 December 2019, it is still in force and, even though this IRS was entered into by the management for hedging purposes, it not compliant with the hedging terms set out by IAS 32 and was therefore considered as speculative. Changes in fair value were entered in the Income Statements, under item "interest".

If average rates had been one percentage point higher in 2019, the financial charges charged to the income statement would have been about €650,000 higher, equal to 0.27% of Group revenues and 2.32% of Group operating income (EBIT). Management, also after the stipulation of the above- mentioned IRS, has considered the risk profile relating to the variability of rates to be sustainable and absorbable by the operational management of the Company.

Participative financial instruments

Participative financial instruments were issued by BIP S.p.A., pursuant to Article 2346, Paragraph 6 of the Italian Civil Code, following approval of the resolution of the ordinary shareholders' meeting of 13 September 2018 and represent debt instruments issued to subscribers against payment in cash of an amount equal to the nominal value of the instruments issued by the company.

Each equity financial instrument grants the following rights:

a) the right to a share of the profits for the financial year, to the extent that the ordinary shareholders' meeting approves such distribution;

b) the right to a share of the reserves representing retained earnings from the financial year 2018, to the extent that the ordinary shareholders' meeting approves such distribution during the company's lifetime;

c) the right to a share in the distribution of the remaining liquidation assets, following dissolution of the company, after payment of all of the Company's creditors.

14. Non-current financial liabilities (continued)

The amount paid by subscribers is classified within financial liabilities (long-term or short-term depending on the duration of the instrument in accordance with IAS 32) and amounts to €2,206,500 as at 31 December 2019. The amount paid annually on such participative financial instruments is recognized in the income statement as “finance expenses” and until payment is recognized in the Statement of Financial Position as “other payables”..

Santander, Bankinter and Sabadell loans

In order to better manage its working capital, during the year the subsidiary BIP Iberia entered into three loans for a total amount of €395,000, of which €61,104 were repaid during the year and €144,881 are the short-term portion of these loans. The loans have fixed interest rates between 2.3% and 4.5% and, during the year, a portion was repaid and the balance will be redeemed over the next two years.

Escrow for FBM acquisition

The item “Escrow for FBM acquisition” amounts to €538,188 (R$2,430,296.46) and represents the deferred price to be paid to the shareholders of FBM. After the purchase of 62% of the shares of FBM, a term-deposit bank account for R$2,430,296.46 was entered into as a guarantee for the agreed price. Such escrow can be released during the 2022-2024 period only for the payment of the deferred price, after checking compliance with the granted guarantees. For further information, reference is made to Note 11.

Credem, Desio and UBI loans

During the year, to better manage its working capital, the Company obtained loans with three banks, namely Ubi, Banco Desio and Credem. The amounts shown in the table refer to the long-term portion of these loans.

15. Lease liabilities

This item represents the non-current portion of the residual liabilities recognised pursuant to IFRS 16 as at 31 December 2019. The item amounts, for the non- current portion, to €15,165,108.

The payment schedule is as follows:

— 2021: €4,699,597

— 2022: €3,874,165

— 2023: €2,681,053

— 2024: €1,625,147

— 2025: €985,521

— After 2025: €1,299,626

16. Deferred tax liabilities

	(Amounts in Euro)
Balance as at 31.12.2018	20,245,759
Balance as at 31.12.2019	19,136,176
Changes	**(1,109,583)**

Deferred tax liabilities mainly include €18,867,328, related to deferred tax assets, accounted for after the measurement of the Customers’ list for €46,975,000 and the BIP Trademark for €27,136,000, recognized in BIP S.p.A.’s financial statements as at 31 December 2018 following the purchase price allocation.

16. Deferred tax liabilities (continued)

The amount recorded on 27 March 2018 amounted to €20,677,000 and during the period 1 January 2019—31 December 2019 was reversed to the income statement in the amount of €1,034,051, related to the amortisation/depreciation recorded on the above-mentioned assets.

Deferred tax liabilities also originate from temporary differences due to the conversions of subsidiaries' financial statements from local accounting standards to international accounting standards adopted by the Group

17. Provision for risks and charges (non-current portion)

	(Amounts in Euro)
Balance as at 31.12.2018	201,464
Balance as at 31.12.2019	91,464
Changes	**(110,000)**

The item amounts to €91,464; approximately €20,000 refer to a provision for legal risks referred to the subsidiary BIP Tunisia and €70,000 to a provision for legal risks referred to the subsidiary BIP Consultoria.

18. Other non-current liabilities

	(Amounts in Euro)
Balance as at 31.12.2018	4,901,679
Balance as at 31.12.2019	3,142,600
Changes	**(1,759,080)**

The item refers to the following:

— €240,000 to the deferred price for the acquisition of Mea Consulting S.r.l. on the basis of the agreement signed on 22 October 2019, which envisaged the payment of part of the price upon purchase and subsequent instalments, of which two in 2021 and 2022 according to EBIT values for the years 2020 and 2021, as agreed upon during the acquisition.

— €1,118,235 to the deferred price for the acquisition of FBM on the basis of the agreement signed on 30 August 2019, which envisaged, in addition to the payment of part of the price at the time of purchase, the payment of earn outs in the periods 2020-2022, according to EBIT values, for the years 2020 and 2021 and for the first half of 2022, as agreed upon during the acquisition.

— As regards €134,364 to the present value of the put options' non-current portion granted to minority Shareholders of Sketchin Sagl, so that they can request, should some conditions are met, that BIP S.p.A. purchases their shares and the simultaneous right to an increase in the capital destined to them, in BIP S.p.A. When the put options were recorded, the item "Other reserves" in the Shareholders' Equity was adjusted as a counter-entry.

— As regards €1,600,000 to a fund allocated for variable remunerations that the Company will pay upon the occurrence of specific conditions.

19. Employee benefits

	(Amounts in Euro)
Balance as at 31.12.2018	1,376,546
Balance as at 31.12.2019	1,922,811
Changes	**546,265**

19. Employee benefits (continued)

Employee benefits amounted to €1,992,811 and related to the severance indemnity (TFR) for Group companies with registered offices in Italy.

Pursuant to Law No. 296 of 27 December 2006 and subsequent decrees and regulations issued in the early months of 2007, with effect from 1 January 2007, the Employee Severance Indemnity (TFR) was transformed from a "defined benefit plan" to a "defined contribution plan" with the result that the accounting treatment differs depending on whether the TFR was accrued before or after 31 December 2006.

The severance indemnity accruing from 1 January 2007 is a "defined contribution plan". The company makes periodic accrued severance indemnity contributions to a separate entity (e.g. INPS and/or external funds) and in so doing fulfils its obligation towards its employees. The accounting treatment is similar to contributions of any other nature and therefore the severance indemnity accrued is recorded as a cost in the period and the related payable recorded among short-term payables. The employee severance indemnity accrued until 31 December 2006 is a "defined benefit plan", the existence and amount of which is known but the timing of which is uncertain.

The liability is determined as the present value of the defined benefit obligation at the reporting date, in accordance with applicable Italian law, adjusted for actuarial gains/losses. The amount of the defined benefit obligation is calculated and certified each year by an independent actuary using the projected unit credit method.

The main financial assumptions adopted in the actuarial calculations made to determine the employee severance indemnity are summarized below:

Annual inflation rate:	1.50%
Annual rate of wage/salary growth:	
Executives:	2.60%
Managers	1.70%
Employees	1.40%
Annual rate of growth in employee severance indemnity (TFR):	2.625%
Annual discount rate	0.70%

In accordance with Paragraph 83 of IAS 19, the annual discount rate used to calculate the present value of the obligation was based on the Iboxx Corporate AA index with duration 10+ as at the valuation date.

Accordingly, the term of the corporate bond yield selected was consistent with the term of the post-employment benefit obligations.

The annual rate of increase of the TFR is 75% of inflation plus 1.5 percentage points.

As for the technical demographic bases:

Death:	RG48 mortality tables published by the General State Accounting Body
Disability:	INPS tables by age and gender
Retirement:	100% on achieving AGO requirements

The item is broken down as follows.

	(Amounts in Euro)
Balance as at 31.12.2018	**1,376,546**
Fund allocation and revaluation (Current Service Cost+Interest Cost)	6,134,864
Amounts paid to other social security funds	(5,627,246)
Actuarial (gains)/losses	267,581
Benefits paid	(228,935)
Balance as at 31.12.2019	**1,922,811**

19. Employee benefits (continued)

The employee severance indemnity provision, governed by article 2120 of the Italian Civil Code, includes the estimated obligation, determined based on actuarial techniques, related to the amount to be paid to employees of Italian companies upon termination of employment.

The indemnity, which is paid in the form of a lump sum, is equal to the sum of the provisions calculated on remuneration paid in relation to the employment relationship, revalued up to the time of termination of the same. As a result of legislative changes introduced as of 1 January 2007, the accrued severance pay is allocated to pension funds, to the treasury fund managed by INPS or, in the case of companies with fewer than 50 employees, may remain with the company. This implies that a significant portion of the accrued termination benefits is classified as a defined contribution plan as the company's obligation is represented exclusively by the payment of contributions to the pension fund or to INPS. The liability relating to the employee severance indemnity prior to 1 January 2007 continues to represent a defined benefit plan subject to actuarial valuation.

E) CURRENT LIABILITIES

20. Current financial liabilities

	(Amounts in Euro)
Balance as at 31.12.2018	13,614,444
Balance as at 31.12.2019	26,287,104
Changes	**12,672,660**

The item is broken down as follows:

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
Due to lending institutions/other	8,137,905	17,745,382	9,607,477
Due to banks	5,476,539	8,541,722	3,065,183
Total	**13,614,444**	**26,287,104**	**12,672,660**

(Amounts in Euro)

The item is broken down as follows and has undergone the following changes during the year:

(Amounts in Euro)	Value as at 31.12.2018	Reimbursements	Increases	Short-term portion of long-term loans	Value as at 31.12.2019
Intesa San Paolo loan					0
Banco di Desio loan	67,905	(67,905)		1,996,646	1,996,646
Deferred consideration for Mea Consulting	0		56,028		56,028
Deferred consideration for Sketchin Sagl			154,432		154,432
Deferred consideration for BIP Yonetim Danismanligi Anonim Sirketi (Bip Turchia)			158,000		158,000
Revolving line	0		10,000,000		10,000,000
Bmw loans	0	0	4,538		4,538
Escrow for Openknowledge acquisition	70,000	(70,000)		110,000	110,000
Unicredit loan			2,500,000		2,500,000
Cariparma loan	6,000,000	(6,000,000)			0
UBI loan	1,000,000	(2,000,000)		1,666,667	666,667
Credem loan	1,000,000	(2,125,000)		3,224,071	2,099,071
Total	**8,137,905**	**(10,262,905)**	**12,872,998**	**6,997,384**	**17,745,382**

20. Current financial liabilities (continued)

The item amounts to €17,745,382 and includes:

- the credit lines, amounting to €17,262,384, that BIP S.p.A. opened with leading banks in order to support business growth and operations during the period and to repay other short-term lines expiring during the year (€10,125,000).
- Deferred, acquisition-related consideration (€478,460), specifically:
  - The deferred consideration, related to the acquisitions of Mea Consulting, which took place during the year, for €56,028;
  - The deferred consideration for the acquisition, from the minority shareholder, of 40% of the shares of Bip Yonetim Danismanligi Anonim Sirketi (Bip Turkey) for €158,000. This purchase took place during the year;
  - The deferred consideration for the acquisition of Openknowledge, which took place in 2015 (€110,000);
  - The deferred consideration for the acquisition of Sketchin Sagl, which took place in 2016 (€154,432).

If in 2019 the average interest rates had been one percentage point higher, borrowing costs charged to the income statement would have been about €144,000 higher, equal to 0.07% of the Group's revenue and to 0.61% of the Group's EBIT. The management deemed that the risk profile concerning the tax rates variability has been assessed sustainable and absorbable by the company's work flow.

Payables due to banks

(Amounts in Euro)

Description	Value as at 31.12.2018	Valuea as at 31.12.2019	Changes
Advances on invoices	1,547,074	1,035,139	(511,935)
Short-term portion of pool loan		2,363,636	2,363,636
Short-term cash advances	2,686,964	3,167,307	480,342
Bank overdrafts	1,242,501	1,975,639	733,139
Total	**5,476,539**	**8,541,721**	**3,065,182**

This item includes payables due to banks for advances against invoices, for short-term cash advances ("hot money") and current account overdrafts, in addition to the short-term portion of the Pool loan obtained in December 2019 (for further details see Note 14).

Short-term payables have generally a variable interest rate composed of Euribor plus a spread.

The net financial position of the Group as at 31 December 2018 is the following:

Net Financial Position

(Amounts in Euro)	31 December 2019	31 December 2018
A. Cash (including bank deposits)	*31,516,501*	*18,726,856*
B. Other cash equivalents	*544,107*	*0*
C. Securities held for trading	*0*	*0*
D. Cash (A+B+C)	**32,060,608**	**18,726,856**
E. Current financial receivables	**0**	**0**
- E.1 of which current financial receivables due from subsidiaries		
F. Short term bank borrowing	*8,541,722*	*5,476,539*
G. Current portion of non-current debt	*17,745,382*	*8,137,905*
H. Other current financial liabilities (Lease liabilities)	*5,741,744*	*0*

20. Current financial liabilities (continued)

(Amounts in Euro)	31 December 2019	31 December 2018
I. Current financial debt (F+G+H)	**32,028,848**	**13,614,444**
J. Net current financial debt (cash) (I-E-D)	**(31,760)**	**(5,112,412)**
K. Non-current bank loans and participative financial instruments	*66,865,983*	*63,742,652*
L. Other non-current financial liabilities (Lease liabilities)	*15,165,108*	
M. Non-current financial debt	**82,031,091**	**63,742,652**
Net Financial debt (cash) relating to continuing activities (J+L)	**81,999,331**	**58,630,240**
Net Financial debt (cash) relating to assets held-for-sale	**0**	**0**
N. Net financial debt (cash)	**81,999,331**	**58,630,240**

The item Other cash equivalents includes the balance of the counter escrow opened during the year following the purchase of FBM shares.

For further information on the net financial debt from 1 January to 31 December 2019, please refer to the consolidated statement of cash flows.

21. Lease liabilities

This item refers to the current portion of the lease liabilities outstanding at 31 December 2019 for car use fees and rents, calculated in accordance with IFRS 16 and amounts to €5,741,744. The opening balance as at 1 January 2019 is equal to the total value of right-of-use assets amounting to € €17,716,852. The fees paid in 2019 for cars and rentals amount to €2,858,777 and €3,291,357 respectively.

22. Current tax liabilities

	(Amounts in Euro)
Balance as at 31.12.2018	1,898,158
Balance as at 31.12.2019	1,929,559
Changes	**31,401**

The balance equal to €1,929,559 represents payables for direct taxes, calculated in accordance with tax rates in force in the different countries where the companies of the Group operate.

The item is broken down as follows:

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
IRES	797,601	736,285	(61,316)
IRAP	171,726	259,820	88,094
Others	928,831	933,454	4,623
Total	**1,898,158**	**1,929,559**	**31,401**

(Amounts in Euro)

23. Provision for risks and charges (current portion)

The item "Provision for risks and charges" amounts to €126,213 and refers to a provision for risks allocated upon measurement at fair value of acquired assets and liabilities (Purchase Price Allocation), related to the subsidiary OpenKnowledge S.r.l., in the amount of €110,000, as well as to funds allocated in past years to cover risks connected with an ex employee of the Brasilian company BIP Do Brasil Consultoria.

24. Other current liabilities

	(Amounts in Euro)
Balance as at 31.12.2018	50,153,254
Balance as at 31.12.2019	53,587,575
Changes	**3,434,321**

The item is broken down as follows:

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
Payables due to directors and auditors	4,065,681	4,225,101	159,420
Payables due to self-employed staff	58,728	126,136	67,408
Withholding tax payables	228,334	237,609	9,275
Tax payables	6,413,883	7,398,914	985,030
Payables due to social security institutes	5,009,211	6,060,796	1,051,585
Payables to employees.for 13th monthly salary, holidays and leave	4,961,401	6,338,302	1,376,901
Employee bonuses	10,796,180	9,917,596	(878,584)
Interest payable	14,748	39,357	24,609
Interest payable on PFIs	971,000	992,760	21,760
Derivatives fair value	67,158	41,903	(25,255)
Other payables	17,566,930	18,209,102	642,172
Total	**50,153,254**	**53,587,575**	**3,434,321**

The item “Employee bonuses” amounts to €9,917,596 and discloses bonuses accrued in 2019 in favor of employees and to be paid in early 2020.

The decrease in this item is mainly due to another bonus which was granted in 2018, relating to the extraordinary operation involving the share capital of BIP S.p.A.

“Interest payable on PFIs” are equal to €992,760 and refer to interest pertaining to 2019, accrued on financial equity instruments to be paid in June 2020.

The Item “Derivatives fair value” refers to the change in fair value of the Interest Rate Swap (IRS) contract signed in 2018 in order to avoid the exposure to the risk of interest rate change on the long- term loan. For further information, reference is made to Note 14.

The item “Other payables” mainly refers to the following:

— For €13,312,970 to contract liabilities (deferred income for revenue pertaining to the following year), of which €12,575,412 related to the Parent Company BIP S.p.A.

— For €250,000 to the last instalment of the deferred price for the acquisition of the Business Unit Artax, based on the agreement signed on 26 September 2017. Said amount was paid in March 2020.

— For €60,000 to the deferred price for the acquisition of MeA Consulting, to be paid upon realization of the results of 2019, as set in the agreement signed on 22 October 2019.

— For €197,336 (R$891,109) to the deferred price for the acquisition of FBM to be paid upon realization of the results of 2019.

— For €2,789,320 to the current value of put options granted to minority shareholders of Sketchin and Anagram in order to have the right to request, when certain conditions are met, the purchase of their shares by BIP S.p.A. along with the right to a reserved capital increase within BIP S.p.A. According to agreements with minority shareholders, the put option is expected to be exercised within the year 2020. When the put option was recorded, the item “Other reserves” in the Shareholders’ Equity was adjusted as a counter-entry.

25. Trade payables

	(Amounts in Euro)
Balance as at 31.12.2018	15,547,042
Balance as at 31.12.2019	18,685,203
Changes	**3,138,162**

The item is made up of payables to suppliers and is broken down as follows:

(Amounts in Euro)

Description	Value as at 31.12.2018	Value as at 31.12.2019	Changes
Invoices received	7,910,422	11,101,708	3,191,286
Invoices not yet received	7,636,620	7,575,562	(61,058)
Others	0	7,934	7,933
Total	**15,547,042**	**18,685,203**	**3,138,161**

The item refers to invoices received/not yet received for services and consultancy mainly provided for by external consultants. Payables mainly refer to the parent company BIP S.p.A. for €14,192,330 and its subsidiaries OpenKnowledge and BIP Services respectively for €989,156 and €1,363,961.

Payables to related parties are described in Note 37 "Transactions with related parties".

Fair value valuation of trade and other payables had no significant impact, taking account of the short time elapsing between debt occurrence and its maturity term.

26. Management of financial risks

This note provides the information required by IFRS 7.

Potential financial risks and the significance of the Group's exposure to such risks are described below. It is noted, however, with regard to financial risks, that management believe there to be no particular critical issues to report.

Exchange rate risk

Exchange rate risk is the risk that the value of a financial instrument may vary as a consequence of floating exchange rates. The group is exposed to the currency risk only partially, since most of its operations are carried out in the Euro area. In the years to come the impact could be greater (in particular in the Latin American area), but we do esteem that the impact will be relative. In any case the company's management is monitoring the currency performance charts while taking into consideration the use of hedging instruments.

Interest rate risk

As already stated, in order to replace a bond loan in place with a bank loan with better terms, on 11 December 2019, the Parent Company BIP S.p.A. subscribed a Facility Agreement, granted by a pool of banks for a total amount of €90,000,000, at the following terms:

- Bullet loan, amounting to €39,000,000, expiry date on 11 December 2026, with six-month interest at 6-month Euribor plus a spread defined on a table based on the Group's NFP/EBITDA ratio with a minimum value of 1.7% and a maximum value of 2.4%;
- Amortizing loan, amounting to €26,000,000, with six-month payment instalments as from 31 December 2020 and expiry date on 11 December 2025. Interest is on a six-month basis at 6- month Euribor plus a spread defined on a table based on the Group's NFP/EBITDA ratio with a minimum value of 1.45% and a maximum value of 2.15%;

26. Management of financial risks (continued)

— Availability of a Revolving facility, up to €25,000,000 maximum, usable both to finance the working capital and for investment purposes. If a credit line is used, interest is calculated at Euribor rate plus a spread defined on a table based on the Group's NFP/EBITDA ratio with a minimum value of 1.35% and a maximum value of 2.05%;

The Facility Agreement envisages the commitment of Bip to sign an Interest Rate Swap (IRS) contract by 31 March 2020 to cover at least 70% of the loan for a duration of at least 3 years. After careful evaluation, on 25 March 2020 the Management signed an Interest Rate Swap (IRS) contract, effective from 30 June 2020 to 11 December 2026, for 70% of the Bullet loan with a fixed rate of 0.2% and a contract, effective from 30 June 2020 to 11 December 2025, for the Amortizing loan with a fixed rate of 0.06%.

As regards the spread applied on Bullet and Amortizing loans, Bip S.p.A. monitors the NFP/EBITDA rate on a monthly basis, in order to determine prospectively the interest rate applied and the related cost for interests.

As at 31 December 2019, the contractual covenant was complied with and amounted to 1.94. According to the first projections made on the results for the first half of 2020 it emerges that the NFP/EBITDA ratio is lower than 2.50, guaranteeing an interest margin of 2.10% for the six-month Euribor with a spread of 2.10% for the bullet loan and 1.75% for the amortizing loan.

Market Risk

Market risk is the risk that the value of a financial instrument may change as a consequence of floating market prices.

Currently, the Group has no significant transactions correlated with this risk.

Credit Risk

Credit risk is the financial loss originated by third parties' default of payment obligation towards the Group.

Financial counterparts are mainly represented by top-tier clients with elevated solvency.

For commercial purposes, specific policies have been adopted to ensure the solvency of customers and to limit exposure to credit risks with respect of a single client by means of custom evaluation processes. Periodically all receivables are put through an analytical assessment for each client proceeding with depreciation when a probable value loss is pointed out.

Information regarding trade receivables is included in note 12

Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available.

A conservative management is engaged by monitoring the company's cash flows, financing needs and liquidity in order to guarantee a helpful management of the financial resources through the maintenance of adequate liquid resources or payables, as well as suitable availability credit lines.

The credit lines currently in force are sufficient for the group to manage the development of the business and the absorption of the operating cash, as well to manage the periods of higher cash absorption.

26. Management of financial risks (continued)

Other information regarding financial instruments

Fair value hierarchy

In relation to the financial instruments recognized at fair value in the statement of financial position, IFRS 13 requires that these values are classified based on a hierarchy of levels that reflects the materiality of input data used in determining the fair value. The following levels are defined:

— Level 1: listed prices recognized in an active market for the asset or liability to be measured;

— Level 2: input data other than the above, that can be observed, either directly (prices) or indirectly (price derivatives) on the market;

— Level 3: input data that are not based on observable market data.

The book value of financial instruments and the related economic and equity effects are shown hereunder:

	Value as at 31.12.2019					
	Classes of financial instruments				Fair value information	
	Loans and receivables	Assets/liabilities measured at fair value through other comprehensive income	Investment held to maturity	Investments held for sale	Fair Value	Hierarchy level
Other non-current assets	3,241,403				3,241,403	3
Trade receivables	114,868,110				114,868,110	3
Other current assets	1,456,720				1,456,720	3
Non-current financial liabilities	82,031,091				82,031,091	3
Current financial liabilities	32,028,848				32,028,848	3
Other current liabilities	53,545,672	41,903			53,587,575	3
Trade payables	18,685,203				18,685,203	3

Level 3 refers to prices calculated on the basis of figures different from the available market

Information on the market value of financial instruments is supplied in the description of the specific items.

The market value of trade receivables and payables due within next year, is estimated as almost equivalent to the related book value, taking account of the short period of time elapsing between the inception of the debt and its maturity term.

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

INTRODUCTION

On 27 March 2018, the Apax Partners France Fund acquired the control of BIP S.p.A., through the SPV BEEP S.p.A. (“BEEP”), followed by the merger by incorporation of Beep in BIP. This qualifies as a reverse merger the merger leveraged buy-out, pursuant to articles 2501-bis and 2501-ter of the Italian Civil Code Italian Civil Code, and had effect from 1 January 2018

Therefore, since BEEP acquired the BIP Group on 27 March 2018, at 31 December 2018 the first consolidated financial statements of the BIP Group after the change in control were prepared. It disclosed BEEP income statement information from 13 March 2018, BEEP’s date of establishment (Parent Company of the Group, then merged into BIP with reverse merger procedure), and the economic data for the purchase of the BIP’s Group, as from 27 March 2018.

The comparison data in the Income Statement, for the year 2018, therefore refers to the period from 13 March 2018 to 31 December 2018.

26. Management of financial risks (continued)

In addition, as from 1 January 2019 the international accounting standard IFRS 16 came into force and BIP opted to apply it prospectively without the restatement of the previous periods compared (modified retrospective approach).

VALUE OF PRODUCTION

	(Amounts in Euro)
13.03.2018 - 31.12.2018	157,782,276
01.01.2019 - 31.12.2019	244,584,067
Changes	**86,801,791**

27. Revenue from sales and services

Revenue from sales and services, amounting to €242,785,820, related to projects carried out on behalf of the Group's clients at their premises. Compared to 2018, revenue has increased by €3,766,758 (+18%), due to the business growth, notably relating to the parent company BIP Spa, OpenKnowledge, BIP Iberia, BIP Brazil and Anagram, whose revenues have shown important increases compared to 2018.

28. Other revenues

	(Amounts in Euro)
13.03.2018 - 31.12.2018	765,485
01.01.2019 - 31.12.2019	1,798,247
Changes	**1,032,762**

This item amounts to €1,798,247 and is broken down as follows:

Description	13.03.2018 - 31.12.2018	01.01.2019 - 31.12.2019	(Amounts in Euro) Changes
Expense recovery	669,343	1,424,071	754,728
Out of period gains	92,480	160,320	67,840
Sundry	3,662	213,856	210,195
Total	**765,485**	**1,798,247**	**1,032,762**

Recovery of expenses

This item amounts to €1,424,071 and mainly refers to the following:

- amounts billed to employees in accordance with ACI (kilometre reimbursement calculation) tables in respect of their use of company cars;
- the rebilling of employees' telephones and fuel cards excesses.
- €50,000 pertaining to the tax receivable referred to investments in R&D activities, pursuant to art. 1, para. 35, law no.190 of 23 December 2014, n.190 (so-called Stability Law 2015).

Contingent assets are related to higher provisions in the previous year.

B) COST OF PRODUCTION

	(Amounts in Euro)
13.03.2018 - 31.12.2018	144,200,329
01.01.2019 - 31.12.2019	216,493,438
Changes	**72,293,109**

28. Other revenues (continued)

The item is broken down as follows

Description	13.03.2018 - 31.12.2018	01.01.2019 - 31.12.2019	(Amounts in Euro) Changes
Cost of services	23,248,967	35,111,847	11,862,881
General and administrative expenses	19,917,574	18,794,695	(1,122,880)
Personnel expenses	96,279,624	149,993,229	53,713,605
Other operating costs	234,891	262,287	27,396
Depreciation, amortisation and impairment	4,519,273	12,331,379	7,812,106
Total	**144,200,329**	**216,493,438**	**72,293,109**

29. Cost of services

	(Amounts in Euro)
13.03.2018 - 31.12.2018	23,248,967
01.01.2019 - 31.12.2019	35,111,847
Changes	**11,862,881**

Costs of services amount to €35,111,847 and are broken down as follows:

Description	13.03.2018 - 31.12.2018	01.01.2019 - 31.12.2019	(Amounts in Euro) Changes
Consulting and technical assistance	17,631,975	27,201,022	9,569,047
Travel expenses	4,294,610	5,743,064	1,448,454
Other	1,322,381	2,167,760	845,379
Total	**23,248,967**	**35,111,847**	**11,862,881**

The item "Consulting and technical assistance", amounting to €27,201,022, includes costs incurred for the involvement of subcontractors and qualified technicians for services carried out to customers. The increase, compared to the previous year, is +15%, from €23,654,396 to €27,201,022 (+15%). Together with the increase in personnel costs compared to 2018, from €126,298,198 to 149,993,229 (+18,8%), it is in line with the business trend in the current year.

The item "Travel expenses" amounts to € 5,743,064 and refers to expenses borne by both employees and external consultants.

30. General and administrative expenses

	(Amounts in Euro)
13.03.2018 - 31.12.2018	19,917,574
01.01.2019 - 31.12.2019	18,794,695
Changes	**(1,122,880)**

30. General and administrative expenses (continued)

General and administrative expenses amount to €18,794,695 and include the following items:

Description	13.03.2018 - 31.12.2018	01.01.2019 - 31.12.2019	(Amounts in Euro) Changes
Communication and events	1,669,612	2,846,538	1,176,926
Training	531,997	902,591	370,594
Rental of computers and printers	989,251	1,855,618	866,367
Payroll management	323,789	453,034	129,245
Recruitment	414,307	741,432	327,125
Legal and tax services	6,319,736	2,025,261	(4,294,475)
Board of Auditors	48,725	251,860	203,135
Telephones	856,533	1,426,354	569,821
Office rental	3,085,331	1,601,726	(1,483,606)
Vehicle rental	2,439,369	1,054,061	(1,385,308)
Canteen	1,193,439	2,419,769	1,226,330
Sundry expenses	2,045,483	3,216,451	1,170,968
Total	**19,917,574**	**18,794,695**	**(1,122,880)**

The main balances refer to:

Legal and tax services

The item amounts to €2,025,261 and shows a decrease compared to the previous year, since in 2018 €5,867,534 incurred to carry out the extraordinary operations deriving from the acquisition of the BIP Group as well as from BEEP merger in BIP.

Office rental

The item amounts to € 1,601,726 and mainly includes the fees charged by customers for the rental of workstations, in addition to the ancillary costs for the rental of the offices in Milan, Rome and London borne by the Parent Company and the ancillary costs for the rental of the offices of other Group companies. The decrease, compared to the 12 months of 2018, amounting to €2,236,911, is mainly due to the reversal of rents in application of IFRS 16 as from 1 January 2019. If this accounting standard was applied from the past year already, the increase of this item would have amounted to €155,311.

Vehicle rental

The item amounts to €1,054,061 and mainly refers to costs for BIP S.p.A. employees' cars, other than the related rental fees, such as fuel costs, amounting to around €1.0 million. The decrease, compared to the 12 months of 2018, amounting to €1,989,562, is mainly due to the reversal of rents in application of IFRS 16 as from 1 January 2019. If this accounting standard was applied from the past year already, the increase of this item would have amounted to €247,168.

Sundry expenses

The cost is attributable primarily to BIP S.p.A. €1,748,154, to the subsidiary BIP Services €643,310 and to the subsidiary BIP Consultoria €213,255 and includes costs of various types, including rentals for the housing of employees working on projects at customers' premises, improvements to rented assets that are not capitalized, costs for the management or company's vehicles, membership fees and other general expenses incurred during the year, in addition to other duties and taxes.

30. General and administrative expenses (continued)

Communication and events

This item amounts to €2,846,538 and relates to expenses incurred by the Group's employees and directors while performing promotion and business development activities, in addition to costs borne for corporate events. The increase of €918.653 compared to the previous year (€1,927,885) is attributable to the parent company Bip S.p.A. for costs incurred for the BIP trademark rebranding activities.

Rental of computers and printers and telephone costs

The items amount respectively to €1,855,618 and €1,426,354 and are mainly attributable to the Parent Company BIP S.p.A. for €1,295,189 and €1,218,393 respectively.

Recruitment

The cost is mainly attributable to BIP Services and refers to expenses for employee searching entrusted to external companies.

31. Personnel expenses

	(Amounts in Euro)
13.03.2018 - 31.12.2018	96,279,624
01.01.2019 - 31.12.2019	149,993,229
Changes	

They are broken down as follows:

Description	13.03.2018 - 31.12.2018
a) Wages and salaries	65,524,665
b) Social security costs	16,168,847
c) Severance indemnity	3,949,891
d) Other personnel costs	10,636,221
Total	**96,279,624**

Personnel costs have increased compared to the previous year due to a higher number of employees to support the growth in the business. Compared to the previous year (€126,298,198), this increase is equal to €23,695,031 (+18,8%), in line with the growth in revenue for the year.

The increase is mainly attributable to the parent company BIP S.p.A., as well as to FBM and Mea Consulting entering the Group (approx. 140 people overall).

The item "other personnel costs" is mainly made up of bonuses for employees pertaining to the year, cost for holiday, leaves and employee's insurances.

Profits and losses for the year linked to benefit plans are shown among other items of the comprehensive income statement.

The headcount as ta 31 December 2019 consists of 2,517 units. Please find below the personnel broken down by each category:

Description	31.12.2018	31.12.2019	Changes
Executives	164	220	56
Managers	658	815	157
Employees	1,235	1,461	226
Others	4	21	17
Total	**2,061**	**2,517**	**456**

32. Other operating costs

	(Amounts in Euro)
13.03.2018 - 31.12.2018	234,891
01.01.2019 - 31.12.2019	262,287
Changes	**27,396**

The other operating costs mainly refer to contingency liabilities due to items closed pertaining to the previous year, or purchase of stationery or sundry materials

33. Depreciation, amortisation and impairment

	(Amounts in Euro)
13.03.2018 - 31.12.2018	4,519,273
01.01.2019 - 31.12.2019	12,331,379
Changes	**7,812,106**

They are broken down as follows:

Description	13.03.2018 - 31.12.2018	01.01.2019 - 31.12.2019	(Amounts in Euro) Changes
Depreciation of property, plant and equipment	417,004	721,693	304,689
Amortisation of intangible assets	3,456,677	4,680,350	1,223,673
Depreciation of right-of-use assets	0	6,357,132	6,357,132
Impairment write-downs	645,591	572,204	(73,388)
Total	**4,519,273**	**12,331,379**	**7,812,106**

The item Depreciation of right-of-use assets refers to assets calculated following the introduction of the international accounting standard IFRS 16, applicable as from 1 January 2019. For the year 2019, they amount to €6,357,132. If this standard was applied the previous year, this depreciation would have amounted to €4,583,122.

The item Amortisation of intangible assets includes amortisation related to Customer relationship and the BIP trademark, €2,348,750 and €1,356,800, respectively, generated following the allocation transaction of the purchase value of the BIP Group on 27 March 2018 (Purchase Price Allocation).

The item refers to depreciations of trade receivables by BIP S.p.A. for approx. €500,000 and OpenKnowledge for €63,000.

34. Net finance income and expenses

	(Amounts in Euro)
13.03.2018 - 31.12.2018	(7,494,282)
01.01.2019 - 31.12.2019	(8,964,650)
Changes	**(1,470,367)**

This item amounts to €8,964,650 and is broken down as follows:

Description	13.03.2018 - 31.12.2018	01.01.2019 - 31.12.2019	(Amounts in Euro) Changes
Finance income	348,897	533,377	184,480
Finance expenses	(7,843,179)	(9,498,027)	(1,654,847)
Total	**(7,494,282)**	**(8,964,650)**	**(1,470,367)**

34. Net finance income and expenses (continued)

Finance income mainly refers to positive forex differences and to interest receivable on current account balances.

Finance expenses are broken down as follows:

Description	13.03.2018 - 31.12.2018	01.01.2019 - 31.12.2019	(Amounts in Euro) Changes
Interest expense	(6,211,342)	(7,048,033)	(836,691)
Interest expense on PFIs	(810,556)	(988,040)	(177,484)
Other	(821,281)	(1,461,954)	(640,673)
Total	**(7,843,179)**	**(9,498,027)**	**(1,654,848)**

Finance expenses mainly consist of interest expense accrued on the bond loan for the period 1 January 2019 - 17 December 2019 for the amount of €2,822 thousand as well as of the effects of the redemption of the bond loan, for €3,509 thousand, consisting in the release to the Income Statement of the costs incurred to obtain the bond loan and recorded by using the amortised cost method.

In addition to these amounts, the item includes interest expenses paid on short-term loans to banks, as well as costs of factoring lines and advances on invoices.

The item "Interest expense on PFIs" certificates recognize the accrued interest on participated financial instruments issued by the parent company BIP.

The item "Other" is mainly made up of negative forex differences, but it also includes €267,500 for passive interests deriving from the application of the new accounting standard IFRS 16

35. Impairment losses on financial assets

The item for the year is equal to 0.

36. Income tax

	(Amounts in Euro)
13.03.2018 - 31.12.2018	3,679,876
01.01.2019 - 31.12.2019	7,323,430
Changes	**3,643,555**

This item amounts to €7,323,430 and is broken down as follows:

Description	13.03.2018 - 31.12.2018	01.01.2019 - 31.12.2019	(Amounts in Euro) Changes
Current taxes	4,810,561	8,317,419	3,506,857
Deferred taxes	(1,130,686)	(993,988)	136,698
Total	**3,679,876**	**7,323,430**	**3,643,555**

Current taxes refer to provision of the year calculated with the rates in force in the different countries where the Group BIP operates.

Deferred taxes

	(Amounts in Euro)
13.03.2018 - 31.12.2018	(1,130,686)
01.01.2019 - 31.12.2019	(993,988)
Changes	**(136,698)**

36. Income tax (continued)

The item represents the changes in prepaid and deferred taxes. For further information, reference is made to Notes 8 and 16.

37. Other items of comprehensive income

	(Amounts in Euro)
13.03.2018 - 31.12.2018	(200,475)
01.01.2019 - 31.12.2019	541,425
Changes	**741,900**

— Positive variation, net of taxes, of IAS reserve for profit (loss) for the year in the provision for employees' benefits, equal to €137,654.

— Positive translation reserve for € 679,079, mainly due to the effect of the sterling depreciation during the year.

38. Other Information

Commitments

Commitments assumed by the Group as at 31 December 2019 amount to €5,808,130 for guarantees for third parties issued for participation in tenders, the stipulation of contracts and for guarantees on office rental contracts.

Fees due to independent auditors

Fees due to the independent auditor PricewaterhouseCoopers SpA for services related to the legal auditing of the separate and consolidated financial statements amounted to €125,275.

Compensation due to directors and statutory auditors

Compensation due to the directors of the Group's companies amount to € 2,742,000.

Compensation due to the statutory auditors of BIP S.p.A. is equal to €70,421.

Related party transactions

Related parties are companies which directly or indirectly, by means of one or more broking companies, control or are controlled by the companies of the Group and in which the same hold a participation capable of exerting a strong influence; executives having key responsibilities of the group parent and of the companies directly and/or indirectly controlled by the same, and in which the group parent company has a strong influence.

Many transactions with related parties were carried out during the year; the applied conditions are the ones usually applied in transactions with third parties.

The tables below summarises the trade and financial transactions among related parties and the companies of the Group as at 31 December 2019:

31.12.2019	**Revenue**	**Costs**	**Financial income/ (expenses)**	**Receivables**	**(Amounts in Euro) Payables**
Immobiliare 4.0 Srl	0	589,338	0	0	
M.L. Consulting	0	475,000	0	0	163,333
Bi.Effe Consulenti Associati	0	86	0	0	
Compagnia Finanziaria Immobiliare	0	850,000	0	0	220,000
Zagodin di Airaghi Andrea	0	613,000	0	0	237,166
Lumiere di Paolo Roberti	0	410,000	0	0	125,833
Mip Politecnico di Milano Scpa	163,639	52,639	0	45,560	5,000
Total	**163,639**	**2,990,063**	**0**	**45,560**	**751,332**

38. Other Information (continued)

The relations with correlated parties concern the rental of offices in Milan, Piazza San Babila, consulting activities and Directors' fees.

Disclosure of grants pursuant to Article 1, Paragraph 125 of Law 124/2017

Pursuant to article 1, paragraph 125, of Law no. 124 of 4 August 2017, in compliance with transparency obligation, it is specified that, during the year, the company received considerations from Fondirigenti for a total amount of €125,406.

39. Significant events occurring after the reporting period

On 10 January 2020, BIP S.p.A. acquired further 10% of the share capital of SketchinS.a.g.l., thus increasing its control to 65%.

On 20 February 2020, the parent company BIP S.p.A. acquired 100% of Vidiemme Consulting S.r.l., a company with registered office in Milan, providing services in the fields of informatics, company elaboration, studies and programming along with projects on digital innovation focused on web, mobile technology, wearable devices and new technologies.

As part of the payment of the price, it was agreed with the sellers that a first portion of the price of €2,000,000 was paid on the date of completion of the acquisition, while a second instalment will be determined at end of 2019 on the basis of the results achieved.

An earn-out mechanism is also envisaged, based on the achievement of determined EBITDA targets, with reference to financial years 2020, 2021 and 2022.

In March 2020, the Covid-19 pandemic – caused by the SARS-CoV-2 virus (Coronavirus) - spread in Italy and across Europe. The pandemic had and still has negative effects on International trade, due to different factors, including the lockdown measures imposed by the governments of the affected countries.

The Management has immediately committed itself to handle the emergency in the entire Group through the reorganization of activities via smart working, continuous contact with customers and order monitoring, as well as cost containment activities. Moreover, analyses were made on the possible economic and financial performance of BIP and the Group.

The business performance, the 2020 budget for BIP SpA and the Group expected a growth in revenues and margins of about 12%, and the results of the first three months of the year 2020 confirmed the budget trend.

However, in light of the negative economic effects of the spread of the virus and in order to evaluate, with particular attention, the evolution of EBITDA, NFP and the current banking covenants (NFP/EBITDA), the Directors developed some preliminary sensitivity analyses on the economic and financial budget, assuming different scenarios with possible moderately negative or more significant economic and financial impacts.

These assumptions, by their very nature, contain elements of uncertainty and are subject to changes, even significant ones, due to the continuous changes in the scenario and the reference context that could lead to an alteration, even significant, of normal market dynamics.

39. Significant events occurring after the reporting period (continued)

The above-mentioned scenarios do not highlight any element that would lead to the assumption that the current financial statements would be significantly affected or either cast any doubt on the going concern of Bip or some Group companies.

No other significant events occurred after the end of the year.

40. Significant non-recurring events and transactions

No non-recurring transactions occurred during the year.

Independent auditor's report

To the shareholders of Business Integration Partners SpA

Opinion

We have audited the consolidated financial statements of Business Integration Partners SpA (the "Company") and its subsidiaries ("Business Integration Partners Group"), which comprise the statement of financial position as of 31 December 2018, the statement of comprehensive income, the statement of changes in Shareholders' equity and the cash flows statement for the year then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the group as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" of this report. We are independent of the Company based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the group ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the group financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- we identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we 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;

- we 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 internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management 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 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;
- we 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;
- we 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 on the consolidated financial statements

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.

Milan, 30 May 2019

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

Business Integration Partners S.p.A.
Consolidated Statement of Financial Position
As at 31 December 2018

(Euro)	Note	As at 31 December 2018
NON-CURRENT ASSETS		
Property, plant and equipment	4	3,080,081
Intangible assets	5	72,444,380
Goodwill	6	139,849,670
Shareholding investments		0
Deferred tax assets	7	1,370,922
Other non-current assets	8	1,467,078
TOTAL NON-CURRENT ASSETS		**218,212,132**
TOTAL NON-CURRENT ASSETS HELD FOR SALE		0
CURRENT ASSETS		
Trade receivables	9	98,008,314
Other current assets	10	1,228,893
Cash and cash equivalents	11	18,726,856
TOTAL CURRENT ASSETS		**117,964,063**
TOTAL ASSETS		**336,176,195**
SHAREHOLDERS' EQUITY		
Share capital	12	23,449,884
Legal reserve	12	4,689,977
Translation reserve	12	(150,935)
Other reserves	12	133,629,095
Profit (loss) for the year	12	1,710,820
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**163,328,841**
Capital and reserves attributable to non-controlling interests	12	469,529
Translation reserve attributable to non-controlling interests	12	(76,248)
Retained earnings attributable to non-controlling interests	12	696,970
TOTAL SHAREHOLDERS' EQUITY		**164,419,092**
NON-CURRENT LIABILITIES		
Non-current financial liabilities	13	63,742,652
Deferred tax liabilities	14	20,245,759
Provisions for risks and charges	15	201,464
Other non-current liabilities	16	4,901,679
Employee benefit liabilities	17	1,376,546
TOTAL NON-CURRENT LIABILITIES		**90,468,100**
CURRENT LIABILITIES		
Current financial liabilities	18	13,614,444
Current tax liabilities	19	1,898,158
Provisions for risks and charges	20	76,106
Other current liabilities	21	50,153,254
Trade payables	22	15,547,042
TOTAL CURRENT LIABILITIES		**81,289,003**
TOTAL LIABILITIES		**171,757,103**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**336,176,195**

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

(Euro)	Note	13 March - 31 December 2018
Revenue from sales and services	24	157,016,791
Other revenues	25	765,485
TOTAL VALUE OF PRODUCTION		**157,782,276**
Cost of services	26	23,248,967
General and administrative expenses	27	19,917,574
Personnel expenses	28	96,279,624
Other operating costs	29	234,891
Depreciation, amortisation and impairment	30	4,519,273
Total operating costs		**144,200,329**
OPERATING PROFIT		**13,581,947**
Finance income	31	348,897
Finance expenses	31	7,843,179
Value adjustment of financial assets	32	(0)
NET FINANCE EXPENSES		**(7,494,282)**
Profit before tax		**6,087,665**
Income tax expense	33	3,679,876
Profit for the year		**2,407,790**
attributable to the Group		1,710,820
attributable to non-controlling interests		696,970
Other items of comprehensive income that will not be reclassified subsequently to profit or loss, net of tax	34	(19,157)
Other items of comprehensive income that will be reclassified subsequently to profit or loss, net of tax	34	(181,318)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,207,315**
attributable to the Group		1,586,593
attributable to non-controlling interests		620,722

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Changes in Equity
As at and for the year ended 31 December 2018

	Share capital	Legal reserve	Translation reserve	Other reserve	Profit (loss) for the year	Shareholders' equity attributable to the Group	Non-controlling interests	Shareholders' equity
BEEP net Shareholders' equity (incorporation)	**50,000**					**50,000**		**50,000**
Increase in BEEP Share capital on 23 March 2018	13,526,883			52,693,117		66,220,000		66,220,000
Increase in BEEP Share capital on 24 September 2018	9,873,001			88,856,999		98,730,000		98,730,000
BIP acquisition		4,689,977		(4,689,977)		0	742,981	742,981
Waive of the credit line by Milapax S,r,l,				3,446,083		3,446,083		3,446,083
Re-measurement of PUT minorities				(6,580,768)		(6,580,768)	(60,232)	(6,641,000)
Transactions with non-controlling interests				(82,194)		(82,194)	(277,530)	(359,724)
Other changes				(40,873)		(40,873)	64,310	23,437
Other items of comprehensive income			(150,935)	26,708		(124,227)	(76,248)	(200,475)
Profit for the year					1,710,820	1,710,820	696,970	2,407,790
Balance as at 31,12,2018	**23,449,884**	**4,689,977**	**(150,935)**	**133,629,095**	**1,710,820**	**163,328,841**	**1,090,251**	**164,419,092**

The notes form part of these Consolidated Financial Statements

Business Integration Partners S.p.A.
Consolidated Statement of Cash Flows
As at and for the year ended 31 December 2018

	Statement of cash flows (Euro)	Note	27-03-2018 31-12-2018
	Profit for the year		2,407,790
	Current taxes	33	4,810,561
	Depreciation and amortisation	30	3,873,681
	Doubtful debt provision and other write-downs	30	645,591
	Impairment losses		0
	Interest expense	31	7,843,179
	Provisions for risks and charges		0
	Provision for employee severance indemnity	28	3,949,891
I	**Operating cash flows before movements in working capital**		**23,530,694**
	Movements in working capital		
	Trade receivables	9	(20,225,220)
	Other current assets	10	(233,685)
	Trade payables	22	(3,375,397)
	Payments for provisions for risks and charges		(65,923)
	Taxes paid		(5,551,017)
	Other current liabilities	21	797,680
II	**Total movements in working capital**		**(28,653,563)**
A) = (I + II)	**Total cash flow from operating activities**		**(5,122,869)**
	Cash flow from investing activities		
	Changes in property, plant and equipment	4	(1,843,841)
	Changes in intangible assets	5	(475,464)
	Changes in other non-current assets/liabilities	8	2,385,951
	Acquisition/disposal of non-controlling interests		(668,004)
	Acquisition value of BIP Group, net of cash acquired		(206,447,389)
B)	**Total cash flow used in investing activities**		**(207,048,748)**
	Cash flow from financing activities		
	Net movements in long-term loans	13	1,907,076
	Net movements in short-term loans	18	0
	Net interest (paid and received)		(4,397,096)
	Dividends paid	12	0
	Other capital movements	12	(6,434,699)
	Payment of severance indemnity (to funds or employees)	16	(3,791,251)
C)	**Total cash flow used in financing activities**		**(12,715,971)**
D)=(A+B+C)	**Net increase in cash and cash equivalents**		**(224,887,587)**
E)	**Net short-term financial liquidity/(debt) at beginning of the period**	**18**	**230,000,000**
F) = (D + E)	**Net short-term financial liquidity/(debt) at end of year**	**18**	**5,112,412**
Cash and cash equivalents (G)			**18,726,856**
Current financial liabilities (H)			**(13,614,444)**
Year-end net short-term financial liquidity/(debt) (I)=(G)+(H)			**5,112,412**

The notes form part of these Consolidated Financial Statements

1. General Information

On 27 March 2018, the Apax Partners France Fund (Apax) acquired the control of BIP S.p.A. The transaction was carried out through:

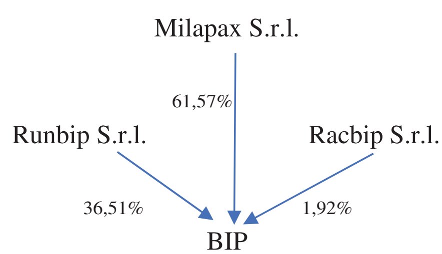
- the incorporation of the SPV BEEP S.p.A. ("BEEP"), which took over from the previous shareholders,—i.e. the Argos Soditic Fund and the equity partners of the Company—the entire shareholding of BIP (through direct acquisition of BIP shares and total acquisition of the shares of the holding companies Trepuntozero S.r.l. and Manbeep S.A.)
- the simultaneous reinvestment of BIP's equity partners in shares of RacBip Srl and RunBip Srl.

To finance this transaction, on 27 March 2018 BEEP issued two non-convertible bonds with a principal amount of €60,000,000 and €5,000,000, entered into by the investment and asset management company Tikehau Capital.

Subsequently, with the aim of streamlining the business control chain, with improvement both in terms of management flexibility and reduction of overall costs relating to the business structure, on 24 December 2018, the merger by incorporation of BEEP, Trepuntozero Srl and ManBeep Srl in BIP S.p.A. was carried out. This qualifies as a reverse merger the merger leveraged buy-out, pursuant to articles 2501-bis and 2501-ter of the Italian Civil Code.

From an accounting and fiscal point of view, the reverse merger became effective as of 1 January 2018. At the end of the extraordinary activities of reverse merger, BIP S.p.A. is owned by Milapax S.r.l., Runbip

S.r.l. and Racbip S.r.l., the first one being owned, in turn, by the Apax Fund, while the other two by BIP Partners, according to the following shareholding percentages:



Since BEEP has been incorporated on 13 March 2018 and acquired control of the BIP Group on 27 March, the consolidated financial statements of the BIP Group will disclose the economic figures and income statement for the period 13 March—2018—31 December 2018 (pursuant to IFRS 10 par. 20), while the separate financial statements of BIP S.p.A. will disclose (after the reverse merger) the economic figures and income statement for the whole year 2018.

The Parent Company Business Integration Partners S.p.A. (hereinafter "BIP S.p.A.") which has its registered office in Milan, Piazza San Babila, 5, and the companies it directly or indirectly controls (hereinafter, the "Group") operate in the management consultancy and business integration, as well as in the research and adoption of disruptive technology solutions. Consulting represents the Group's core business.

The offer is addressed to the following market sectors:

Energy and Utilities
Technology, TLC & Media;
Financial Services.
Public Sector & Healthcare;
Pharma & Biotechnology;
Transportation;
Manufacturing;
Retail.

1. General Information (continued)

BIP Services S.r.l., a wholly owned subsidiary of BIP S.p.A., provides services to all of the Group's Italian companies in the areas of administration, accounting and financial reporting, corporate affairs, treasury management, management and control, IT, logistics and support, real estate management, HR and other ancillary activities.

The consolidated financial statements were authorised for issuance by the Board of Directors of BIP S.p.A. on 29 April 2020.

2. Form and content of the financial statements and accounting policies

These consolidated financial statements together with the notes thereto (the "Consolidated Financial Statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS" or "international accounting standards") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union in accordance with the procedures provided for in Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Article 9 of Legislative Decree 38/05.

These Consolidated Financial Statements have been prepared on a historical cost basis, subject to value adjustments where appropriate, except in relation to the measurement of financial statement balances that under IFRS must be recognised at fair value, as indicated in the measurement criteria set out below.

The Consolidated Financial Statements comprise the financial statements of the parent company (BIP S.p.A.) and those of the Italian and overseas companies directly or indirectly controlled by the parent company, which determines the relevant financial and management decisions and receives the related benefits.

The Consolidated Financial Statements have been prepared based on the financial statements as at 31 December 2018 of the companies included within the scope of consolidation, prepared in accordance with the accounting policies adopted by the Group in compliance with IAS/IFRS.

The Consolidated Financial Statements have been prepared in Euro, the currency of the main economic area in which the Group operates. Unless otherwise specified, all amounts in this document are presented in Euro.

The Consolidated Financial Statements have been prepared on a going concern basis, as management has confirmed the absence of financial, operational or other indicators that may suggest an inability on the part of the Group to meet its obligations in the foreseeable future and, in particular, during the 12 months following the reporting date. Business related risks and uncertainties, together with details regarding how these are managed, are described in Note 23, "Management of financial risks".

Financial statements

The format of the Consolidated Financial Statements and related classification criteria adopted by the Group (among the options available under IAS 1—Presentation of financial statements) are described below.

Statement of financial position items are classified as current and non-current, while income statement items are classified according to their nature as such presentation is considered most appropriate to represent the Group's business and is in line with internal management reporting.

The consolidated statement of comprehensive income sets out the profit or loss for the year, together with other income and costs that, in accordance with IFRS, are recognised directly in equity.

The consolidated statement of changes in equity shows the total income (costs) for the year, transactions with shareholders and other changes in shareholders' equity.

The consolidated statement of cash flows is prepared using the indirect method, adjusting profit for the year to exclude non-monetary items.

The Consolidated Financial Statements have been audited by the independent auditor PricewaterhouseCoopers S.p.A..

2. Form and content of the financial statements and accounting policies (continued)

Seasonality

Group operations are not subject to seasonality.

Principles of consolidation

The following table lists the companies included within the scope of consolidation in addition to BIP S.p.A..

Company	Registered office	Share Capital (in local currency)	Share capital (in Euro)	Investment % Direct	Investment % Indirect
BIP Iberia S,L,	Madrid	200,000 EUR	200,000	100.00%	0.00%
BIP Desarrollo Global S,r,l,	Madrid	10,000 EUR	10,000	100.00%	0.00%
Openknowledge S,r,l,	Milano	100,000 EUR	100,000	75.50%	0.00%
Bip Tunisia S,a,r,l,	Tunisi	18,550 TND	9,764	95.00%	0.00%
BIP Business Integration Partners do Brasil Ltda	Rio de Janeiro	25,000 BRL	11,273	0.00%	99.00%
BIP Business Integration Partners do Brasil Consultoria Ltda	San Paolo	100,000 BRL	22,584	0,00%	60,00%
BIP Business Integration Partnership Participaoes do	San Paolo	184,333 BRL	57,233	0,00%	59,94%
Brasil Ltda					
BIP Asia Consulting Sdn,bhd,	Kuala Lumpur	500,000 MYR	120,000	100.00%	0.00%
Anagram Consulting LTD	Londra	170,213 GBP	195,885	53.00%	0.00%
Sketchin Sagl	Manno	100,000 CHF	92,022	55.00%	0.00%
Sketchin Italia S,r,l,	Milano	10,000 EUR	10,000	0.00%	55.00%
BIP Turchia	Istanbul	50,000 TRY	16,770	0.00%	60.00%
BIP Cile	Santiago del Cile	200,000 CLP	259	0.00%	100.00%
BIP Colombia	Bogotà	350,000,000 COP	117,877	0.00%	100.00%
BIP USA	Wilmington	100,000 USD	88,402	100.00%	0.00%
BIP UAE off Shore	Abu Dhabi	448,700 AED	112,216	100.00%	0.00%
BIP Belgio S,A,	Bruxelles	20,000 EUR	20,000	100.00%	0.00%
BIP Services S,r,l,	Milano	100,000 EUR	100,000	100.00%	0.00%
Smartenup Consulting GmbH	Vienna	35,000 EUR	35,000	100.00%	0.00%

The assets, liabilities, revenues and expenses of fully consolidated companies are consolidated on a line-by-line basis; the book value of the investment is eliminated and replaced by the relevant share owned of the net equity of the investee companies.

On the acquisition date when control is obtained, the equity of subsidiaries is determined by valuing individual assets and liabilities at their fair value. If the total is less than the purchase consideration, the difference is recognized in the balance sheet as “Goodwill” (hereinafter goodwill); if the total is greater than the purchase consideration, the difference is recognized in the income statement.

The shares of net equity and profit for the year attributable to non-controlling interests are recognized separately within equity and in the income statement. In the event full control is not assumed, the share of equity attributable to non-controlling interests is determined based on the share of the fair value attributed to the assets and liabilities on the acquisition date when control is obtained, less any goodwill relating to them (so-called partial goodwill method).

In the case in which additional shares are acquired subsequent to assuming control (acquisition of minority interests) any excess of the purchase consideration over the corresponding portion of equity acquired is recognized in equity; in the same way, the effects of the sale of minority shareholdings without loss of control are recognized in equity.

2. Form and content of the financial statements and accounting policies (continued)

All Group company financial statements have been prepared as at the same reporting date, 31 December 2018. In the case of subsidiaries belonging to:

1) *Winding-up of BIP Onshore (Abu Dhabi)*

   On 17 March 2017, the Board of Directors of BIP resolved on the winding-up of the company Business Integration Partners Onshore Limited. The company was wound up on 27 December 2018.

2) *Incorporation of Sketchin Italia Srl*

   On 16 March 2018, the subsidiary company Sketchin Sagl, in consideration of the significance of the Italian market, incorporated the company Sketchin Italia S.r.l. (wholly owned).

3) *Incorporation of Smartenup Consulting GmbH*

   On 8 May 2018, BIP incorporated the company Smartenup Consulting GmbH, with registered office in Vienna, in order to directly follow some local projects with an important customer, as well as to undertake initiatives aimed at developing the business activities in the Austrian region.

4) *Acquisition of 47.48% of BIP Iberia*

   On 25 September 2017 the Board of Directors approved—and ratified on 20 June 2018—the acquisition from minority shareholders of 47.48% of Business Integration Partners Consulting Iberia S.L., thus acquiring total control of the company. The transaction ended on 18 July 2018.

5) *Acquisition of 24.5% of Openknowledge Srl*

   On 16 July 2018 the Board of Directors resolved on the acquisition of another 24,5%-portion of the share capital from the minority shareholders of Openknowledge S.r.l., thus increasing the control to 75%. The transaction ended on 25 July 2018.

Subsidiaries

Subsidiaries are consolidated from the date the Group obtains control of the investee and cease to be consolidated from the date such control is transferred to third parties.

The book value of investments in subsidiaries is eliminated against the corresponding share of equity at the date of acquisition and replaced by the assets acquired and liabilities assumed resulting from the respective financial statements in accordance with the full consolidation method. The capital and reserves of subsidiaries attributable to non-controlling interests is recorded under the equity item “Capital and reserves attributable to non-controlling interests” and the share of consolidated profit or loss attributable to non-controlling interests is recorded under the item “Net profit or loss of non-controlling interests”.

Intra-group transactions

Profits resulting from transactions between consolidated group companies that have not yet been realized with third parties at the end of the reporting period are eliminated, as are receivables, payables, income and costs, guarantees, commitments and risks between consolidated group companies. Losses on intra-group transactions are not eliminated as it is considered that they represent a reduction in value of the asset transferred.

Translation of financial statements in currencies other than Euro

The financial statements of companies operating in currencies other than the Euro are translated into Euro, the functional currency of the parent company, with assets and liabilities being translated at the exchange rates in effect on the closing date, equity balances at their historical rates and costs and revenues being translated at the average exchange rate for the year (source: Bank of Italy).

Exchange differences arising on the translation of the financial statements of companies operating in currencies other than the Euro resulting from the different exchange rates applied to assets and liabilities, equity balances

2. Form and content of the financial statements and accounting policies (continued)

and income statement amounts are recognized in the account "Translation reserve", to the extent attributable to the Group, and in the account "Translation reserve attributable to non-controlling interests", to the extent attributable to non-controlling interests. The foreign exchange translation reserve is reversed to the income statement on disposal of a subsidiary or when a subsidiary cease to qualify as a subsidiary. On partial disposal, without loss of control, the share of exchange rate differences relating to the percentage share of the equity investment disposed of is allocated to shareholders' equity attributable to non-controlling interests.

The financial statements subject to translation are expressed in the functional currencies of the countries in which the Group companies operate.

The following tables show the exchange rates used:

End of period exchange rates as at 31 December 2018			Average yearly exchange rates in 2018		
Country	**Currency**	**1Euro equals:**	**Country**	**Currency**	**1Euro equals:**
Brazil	Real	4.4440	Brazil	Real	4.3087
Tunisia	Dinaro	3.4302	Tunisia	Dinaro	3.1108
Malaysia	Lira	4.7317	Malaysia	Lira	4.7642
Turkey	Lira	6.0588	Turkey	Lira	5.6986
Colombia	Peso Col	3.721.8100	Colombia	Peso Col	3.488.4200
UAE	Dirham	4.2050	UAE	Dirham	4.3390
Chile	Peso Chil	794.3700	Chile	Peso Chil	756.9600
USA	Dollar	1.1450	USA	Dollar	1.1815
UK	Pound	0.8945	UK	Pound	0.8848
Switzerland	Franc	1.1269	Switzerland	Franc	1.1549

3. Measurement criteria

The following paragraphs describe the main measurement criteria adopted in preparing the Consolidated Financial Statements:

Financial assets

In accordance with IFRS 9 and IAS 32, financial assets are classified in the following three categories:

1) Financial assets measured at amortised cost;

2) Financial assets measured at fair value through other comprehensive income (FVOCI).

3) Financial assets measured at fair value through profit or loss.

On initial recognition, financial assets are measured at cost, which corresponds to fair value plus transaction costs relating to the acquisition. Subsequent measurement depends upon the nature of the instrument.

Financial assets are measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model, the objective of which is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

3. Measurement criteria (continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

The fair value of listed financial instruments is based on the quoted market price. If the market in question is not active (or the securities are not listed) Group companies determine fair value applying measurement techniques. Investments in equity instruments that do not have quoted prices in active markets and whose fair value cannot be measured reliably are measured at cost.

Current assets

Receivables are initially recognised at fair value and subsequently measured at amortised cost. In the presence of objective evidence of impairment loss, the write-down is determined by comparing the receivable's book value with the present value of estimated cash flows discounted at the effective interest rate as defined upon initial recognition. Expected losses are considered over the entire life of the receivable from initial recognition. Receivables are reported net of doubtful debt provisions; in the event an asset impairment is ascertained, the doubtful debt provision is used to cover charges; conversely it is released as surplus if no longer required. The effects of measurement at amortized cost are recognized under "Finance income (expenses)".

Financial assets are derecognized when the rights to the cash flows from the asset have been transferred together with all risks and rewards of ownership of the financial asset.

Cash and cash equivalents are recognised, depending on their nature, at nominal value or at amortized cost. Other cash equivalents refer to short-term highly liquid financial investments with an original maturity of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value.

Non-current assets

Property, Plant and Equipment

Property, plant and equipment includes fixed assets held for use in the production or supply of goods and services or for leasing or administrative purposes. Real estate held for the primary or exclusive purpose of earning rental income or for capital appreciation or both ("Investment Property") is not included in this asset category.

Items of property, plant and equipment are recognised at purchase price, which is represented by the fair value of the price paid to acquire the asset and any other direct cost incurred to prepare the asset for use.

Costs related to the expansion, modernisation or improvement of owned or leased assets are capitalised to the extent that they meet the requirements to be classified as an asset or part of an asset.

Subsequent to initial recognition, property, plant and equipment is recognised at cost less any accumulated depreciation and any accumulated impairment losses.

Items of property, plant and equipment are depreciated on a straight-line basis over the useful economic life of individual assets, which is the estimated period over which the asset will be used by the Group.

This period starts from when the asset is available for use. When the asset includes several significant components with different useful lives, each component is depreciated separately. The value to be depreciated is represented by the book value prior to depreciation and net of any write-downs, reduced by the presumable net realisable value at the end of the asset's useful life if significant and capable of being reliably determined.

3. Measurement criteria (continued)

Considering the homogeneous nature of the assets included within the categories of property, plant and equipment, the estimated useful lives of the various asset categories, subject to specific exceptions, is as follows:

Category	Estimated useful life
Plant and machinery	3 – 6 years
Electronic and electromechanical machines	3 – 6 years
Office furniture and equipment	6 – 8 years

The depreciation criteria used, the useful lives and the residual values are reviewed and redefined at least at the end of each financial period in order to take account of any significant changes.

The book value of individual items of property, plant and equipment is maintained in the financial statements to the extent that there is evidence that such value can be recovered through use. If evidence suggests there may be difficulties in recovering the net book value, an impairment test is carried out.

Assets possibly purchased under lease, or related to lease agreements that, albeit they have an explicit format of lease, envisage the substantial transfer of ownership benefits and risks, are recognized at fair value, net of contributions pertaining to the lessor or, if lower, at the current value of minimum payments due for the lease and recorded under tangible assets as a counterbalance of the financial payable due to the lessor. These assets are depreciated according to the following criteria. When there is no reasonable certainty that a redemption right will be exercised, depreciation is carried out over the duration of the lease and the useful life of the asset, whichever shorter.

Improvement, upgrading and transformation costs that increase the value of the assets are recognised as assets in the balance sheet.

Intangible assets (other than goodwill)

Intangible assets are recognized when they can be identified, are under the control of the company expected to produce future economic benefits.

Intangible assets are initially recognised at purchase price or production cost. Purchase price is represented by the fair value of the price paid to acquire the asset and any other direct cost incurred to prepare the asset for use. In the case of internally produced intangible assets, the production of the asset is split into the two phases of research (the costs of which are not capitalised) and development (the related costs of which may be capitalised). If the two phases cannot be distinguished, the entire process is considered as research. Finance expenses incurred in relation to the acquisition of intangible assets are not capitalised.

Subsequent to initial recognition, intangible assets are recognised at cost less any accumulated depreciation and any accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over the expected useful economic life of individual assets,

Considering the homogeneous nature of the assets included within the categories of intangible assets, the estimated useful lives of the various asset categories, subject to specific exceptions, is as follows:

Category	Useful Life
Patents and licenses	5 years
Trademarks	20 years
Relationships with customers	20 years
Others	10 years

3. Measurement criteria (continued)

The amortisation criteria used, the useful lives and the residual values are reviewed and redefined at least at the end of each financial period in order to take account of any significant changes.

The book value of individual intangible assets is maintained in the financial statements to the extent that there is evidence that such value can be recovered through use. If evidence suggests there may be difficulties in recovering the net book value, an impairment test is carried out.

Costs associated with the purchase for use of patents and licenses are capitalized as intangible assets. The cost is represented by the fair value of the price paid to acquire the right and any direct costs incurred to adapt and implement it in the entity's operating and production environment. The amortization period cannot exceed the shorter of the useful life and the duration of the legal or contractual right.

Goodwill

Goodwill is measured as the excess of the sum of the acquisition cost, the acquirer's previously held equity interest in the acquiree (measured at fair value or proportionate share of the current value of the identifiable net assets of the acquiree) and the amount of any non-controlling interests in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill arising at the acquisition date is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies generated by the business combination.

Goodwill is not amortised but is tested for impairment at least annually and in any event whenever events indicate that goodwill may be impaired.

The impairment test is carried out at the level of the smallest unit on the basis of which management directly or indirectly assesses the return on the investment that includes the goodwill itself. If the carrying amount of the cash-generating unit is greater than the recoverable amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

The recoverable amount of a CGU (or group of CGUs) is the higher of its fair value less costs of disposal and its value in use. An asset's value in use is the present value of its estimated future cash flows calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Future cash flows refer to those expected over a five-year time horizon, as well as those extrapolated from the final year of such time horizon for the purpose of estimating the terminal value. The long-term growth rate used to estimate the terminal value of the cash-generating unit (or group of units) is assumed to be no higher than the average long-term growth rate for the market sector in which the cash-generating unit (or group of units) operates.

Future cash flows are estimated with reference to the current conditions of the cash-generating unit (or group of units) and, therefore, neither the benefits resulting from future restructuring to which the entity is not yet committed nor future investments to improve or optimise the unit are considered. For the purpose of impairment testing, the carrying amount of a cash-generating unit is determined in accordance with the method used to determine the recoverable amount of the cash-generating unit, excluding surplus assets (i.e. financial assets, deferred tax assets and net non-current assets held for sale) and including the portion of goodwill attributable to non-controlling interests.

Non-current assets held for sale

Non-current assets and the current and non-current assets in disposal groups, whose carrying amount will be recovered through a sale transaction rather than through continuing use, are classified as held for sale. Non-current assets and the current and non-current assets included in disposal groups, as well as the directly related liabilities, are recognized in the Statement of Financial Position separately from the company's other assets and liabilities.

3. Measurement criteria (continued)

Non-current assets held for sale are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell.

Any difference between the carrying amount and the fair value less costs to sell is recognised as an impairment loss in the income statement; any subsequent reversals are recognised up to the amount of the previously recognised impairment losses, including those recognised before the asset was classified as held for sale.

Financial liabilities

Payables are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities also include participative financial instruments (PFIs) issued by the Company and classified under this item in accordance with IAS 32. Such participative financial instruments were issued by BIP S.p.A., pursuant to Article 2346, Paragraph 6 of the Italian Civil Code, following approval of the resolution of the ordinary shareholders' meeting of 13 September 2018 and represent debt instruments issued to subscribers against payment in cash of an amount equal to the nominal value of the instruments issued by the company.

Each participative financial instrument confers the following rights:

(a) the right to a share of the profits for the financial year, to the extent that the ordinary shareholders' meeting approves such distribution;

b) the right to a share of the reserves representing retained earnings from the financial year 2018, to the extent that the ordinary shareholders' meeting approves such distribution during the company's lifetime;

c) the right to a share in the distribution of the remaining liquidation assets, following dissolution of the company, after payment of all of the Company's creditors.

The amount paid by subscribers is classified within financial liabilities (long-term or short-term depending on the maturity of the instrument) while the amount paid annually on such participative financial instruments is recognized in the income statement as "finance expenses" and until payment is recognized in the Statement of Financial Position as "other payables".

Provision for risks and charges

Provisions for risks and charges are recognized when: (i) it is probable that there is a current obligation, either legal or constructive as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; (iii) the amount of the obligation can be reliably estimated. Provisions are recognized at the value representing the best estimate of the amount the entity would reasonably pay to settle the obligation, or to transfer it to third parties, at the reporting date. Allocations related to onerous contracts are recognized at the lesser between the cost required to fulfill the obligation, net of expected economic benefits resulting from the contract, and costs to terminate the contract. If the financial effect of time is significant and the payment dates of obligations can be reliably estimated, the allocation is determined by discounting the expected cash flows determined taking account of the risks associated to the obligation at the average rate of the Company's indebtedness. Time-related increase of the provision is recognized in the income statement under item "Financial income/(expenses)".

Bank loans and other financial liabilities

Financial liabilities are initially recognised at cost, representing the fair value of the amount received net of directly attributable loan transaction costs. Subsequently, loans are measured at amortized cost, calculated using the effective interest method.

Employee benefits

Short-term employee benefits consist of wages, salaries, related social security charges, holiday pay and incentives paid in the form of bonuses payable within twelve months of the reporting date. These benefits are recognised in the income statement as a component of personnel expenses in the period the related service is rendered.

3. Measurement criteria (continued)

Post-employment benefits are defined on the basis of plans, even if not formalised, which depending upon their characteristics are split into "defined contribution" and "defined benefit" plans. In the case of defined-contribution plans, the company's obligation, limited to the payment of contributions to the State or to a legally separate entity (a fund), is determined on the basis of the contributions due.

The liability relating to defined benefit plans, net of any plan assets, is determined on the basis of actuarial assumptions and is recognised on an accrual basis over the period of service necessary to obtain the benefits.

Changes in actuarial gains/losses ('remeasurements') are recognised in other comprehensive income.

Long-term employee benefit obligations are calculated using actuarial assumptions; the effects of changes in actuarial assumptions or changes in benefit characteristics are recognised in full in profit or loss.

The Employee Severance Indemnity (TFR), a mandatory requirement for Italian companies pursuant to Article 2120 of the Italian Civil Code, has the nature of deferred compensation and is related to the length of the working life of employees and the salary received during the period of service rendered. In application of IAS 19 (Employee benefits), the TFR so calculated is considered a "defined benefit plan" and the related obligation recognised in the financial statements (the Employee Severance Indemnity provision) is determined each year by an independent actuary using the "Projected Unit Credit Method".

The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of bonds issued in Euro which reflects the duration of the related pension plan.

The service cost for the Group's Italian companies with less than 50 employees, as well as interest expense relating to the time value component of actuarial calculations (the latter classified among finance expenses) are recognised in the consolidated income statement.

With effect from 1 January 2007, Italian law allowed employees to choose whether to allocate their accruing severance indemnity to alternative external pension plans or elect for them to be retained by the employer. Companies with at least 50 employees are obliged to pay severance indemnity to the "Treasury Fund" managed by INPS. As a result, in accordance with IAS 19, the obligation towards INPS and the contributions to external pension plans assumed the nature of "defined contribution plans". In the case of allocation to external pension plans, the company is only obliged to make defined contributions to such plans and, accordingly, from the aforementioned date, the related new TFR flows are deemed to be payments to a defined contribution plan not subject to actuarial valuation.

With regard to the classification of costs relating to employee severance indemnities, costs for services rendered by employees are accounted for in "Personnel expenses", interest costs are included within "Finance expenses" and actuarial gains/losses are recognised among other items of comprehensive income.

Treasury shares and dividends

Purchases and sales of treasury shares, as well as any gains or losses arising thereon, are recognised as movements in equity. Dividend distributions to shareholders are recognised as a reduction in equity and as a payable in the period in which the dividend payment is approved by the shareholders' meeting.

Revenues and costs

In accordance with IFRS 15, revenue is recognised at an amount that reflects the consideration to which the company believes it is entitled in exchange for the transfer of goods or services to the client. Variable consideration that the company believes it should pay to direct or indirect clients is recognised as a reduction in revenue. Accordingly, revenue is recognised when the performance obligations to clients are satisfied and the amount can be measured reliably. Performance obligations are satisfied when the actual transfer of control over the goods and services occurs.

3. Measurement criteria (continued)

Revenues are reported net of returns, discounts, allowances and bonuses, as well as directly related taxes.

In the case of work in progress when the outcome of a specific contract can be estimated reliably, the company's performance does not create an asset of alternative use to the company and it has the enforceable right to payment for performance completed to date. Revenue and expenses attributable to the related contract are recognised as revenue and expenses respectively in relation to the stage of completion of the activity at the reporting date, based on the ratio of costs incurred for work performed to date to the estimated total contract costs, unless this is not considered representative of the stage of completion of the contract.

Changes to the contract, price revisions and incentives are recognised to the extent that they have been agreed with the client.

Costs are recognised on an accrual basis and are directly related to the provision of services. Costs incurred in relation to the acquisition of new knowledge or discoveries, the study of alternative products or processes, new techniques or models, the design and construction of prototypes or, in any case, costs incurred for other scientific research or technological development activities are generally considered current costs and are recognised in the income statement in the period in which they are incurred.

Interest is recognised at the effective interest rate on an accrual basis.

Foreign exchange differences

Transactions in currencies other than the functional currency are recognised at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period and the effect is recognised in the income statement. Non-monetary assets and liabilities denominated in currencies other than the functional currency and measured at cost are recognised at the exchange rate in effect at the time of initial recognition; when the assets and liabilities are measured at fair value or at recoverable or realisable value, the exchange rate in effect at the date the value is determined is used.

Dividends from equity investments

Dividends are recognised at the date of the shareholders' resolution, unless it is reasonably certain that the shares will be sold before the ex-dividend date.

Income taxes

Current income taxes are calculated based on estimated taxable income; the expected liability is recognised under 'Current tax liabilities'. Tax payables and receivables for current income taxes are recognised at the amount expected to be paid/recovered to/from the tax authorities by applying the tax rates and tax regulations in force or substantially approved at the reporting date.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes based on tax rates and regulations approved or substantially approved for future periods. Deferred tax assets are recognised when their recovery is considered probable.

With regard to temporary differences associated with investments in subsidiaries, associates and joint ventures, the related deferred tax liability is not recognised if the investor is able to control the reversal of the temporary difference and it is probable that it will not occur in the foreseeable future.

3. Measurement criteria (continued)

Deferred tax assets and liabilities are classified as non-current assets and liabilities and are offset at the individual company level if they relate to taxes that can be offset. The offsetting balance, if positive, is recorded under "Deferred tax assets"; if negative, under "Deferred tax liabilities". When the results of transactions are recognised directly in equity, current taxes, deferred tax assets and deferred tax liabilities are also recognised in equity.

Changes in accounting policies

The accounting policies adopted in 2018 are the same as those adopted in the previous year, except in relation to the changes described below in the section "Accounting standards, amendments and interpretations effective from this 1 January 2018".

Use of accounting estimates

The application of generally accepted accounting principles for the preparation of financial statements requires management to make accounting estimates based on complex and/or subjective judgements, past experience and assumptions considered reasonable and realistic given the information known at the time. The use of these accounting estimates affects the carrying amount of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, as well as the amount of revenues and expenses during the reporting period. Actual results may differ from estimates as a result of the uncertainty surrounding the assumptions and conditions on which the estimates are based. Changes in the conditions underlying the judgments, assumptions and estimates made may have a material impact on actual results.

The items most often requiring the use of estimates are the provision for doubtful debts, goodwill, valuations used in the impairment process, deferred tax assets, provisions for risks and charges, onerous contracts and valuations relating to business combinations, put options and earn-out amounts.

Business combinations

Business combinations are accounted for using the acquisition method described in IFRS 3 as revised in 2008. In accordance with this method, the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair values of the assets transferred and liabilities assumed by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognised in the statement of comprehensive income as incurred.

Contingent consideration, which is considered part of the transfer price, is measured at fair value at the acquisition date. Any subsequent changes in fair value are recognised in the statement of comprehensive income.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at fair value.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the equity attributable to non-controlling interests and the fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed at the acquisition date. If the amount of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the equity attributable to non-controlling interests and the fair value of the acquirer's previously held equity interest, if any, in the acquiree, such excess is recognised immediately in other comprehensive income as income resulting from the completed transaction.

The equity attributable to non-controlling interests at the acquisition date may be measured either at fair value or in proportion to the non-controlling interests' interest in the acquiree's identifiable assets. The choice of valuation method is made on a transaction-by-transaction basis.

3. Measurement criteria (continued)

Business combinations achieved in stages

When a business combination is achieved in stages, the Group's previously held equity interest in the acquired entity is measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of comprehensive income. The previously held equity interest is then treated as if it were sold and reacquired at the date control is obtained.

Transactions involving non-controlling interests

Changes in the ownership interest of a subsidiary that do not constitute a loss of control are treated as equity transactions. Accordingly, for acquisitions subsequent to gaining control, any positive or negative difference between the acquisition cost and the corresponding share of book equity is recognised directly in the Group's equity; in the case of partial disposals of subsidiaries without loss of control, any gain is recognised directly in the Group's equity.

In the event that partial sales of subsidiaries result in the loss of control, the investment retained is adjusted to its fair value and the revaluation is included in the formation of the gain (loss) arising from the transaction.

Acquisitions that qualify as business combinations

On 27 March 2018, the Fund Apax Partners France acquired control of BIP S.p.A.

The transaction was carried out through the incorporation on 13 March 2018, of the SPV BEEP S.p.A. (BEEP), which subsequently, on 27 March 2018, took over from the previous shareholders—the Argos Soditic Fund and the equity partners of the Company—the entire shareholding of BIP (through direct acquisition of BIP shares and the acquisition of all the shares of the holding companies Trepuntozero S.r.l. and Manbeep S.A.), and the subsequent reinvestment from the equity partners in shares of RacBip Srl and RunBip Srl, both in turn investing in BEEP.

To finance the transaction, on 27 March 2018 BEEP issued two convertible bonds with a principal amount of €60,000,000 and €5,000,000, entered into by the investment and asset management company Tikehau Capital.

Subsequently, with the aim of streamlining the business control chain, with improvement both in terms of management flexibility and reduction of overall costs relating to the business structure, on 24 December 2018, the merger by incorporation of BEEP, Trepuntozero Srl and ManBeep Srl in BIP was carried out. This qualifies as a reverse merger the merger leveraged buy-out, pursuant to articles 2501-bis and 2501-ter of the Italian Civil Code.

From an accounting and fiscal point of view, the reverse merger became effective as of 1 January 2018. Pursuant to IFRS 3, the fair value of the BIP Group was determined upon acquisition by BEEP on 27 March 2018:

Assets acquired	BIP Group 31 March 2018	Manbeep 31 March 2018	Trepuntozero 31 March 2018	TOTAL 31 March 2018
Property, plant and equipment	1,653,244			1,653,244
Intangible assets	1,314,593			1,314,593
Goodwill	0			0
Shareholding investments	0			0
Deferred tax assets	834,060			834,060
Other non-current assets	1,229,288			1,229,288
Trade receivables	77,474,137			77,474,137
Other current assets	1,399,058			1,399,058
Cash and cash equivalents	20,320,366	988	107	20,321,461
Total assets acquired	**104,224,746**	**988**	**107**	**104,225,841**

3. Measurement criteria (continued)

Liabilities assumed	BIP Group 31 March 2018	Manbeep 31 March 2018	Trepuntozero 31 March 2018	TOTAL 31 March 2018
Non-current financial liabilities	256,609			256,609
Portion of Shareholders' Equity pertaining to minority	667,921			667,921
Deferred tax liabilities	161,522			161,522
Provisions for non-current risks and charges	295,075			295,075
Other non-current liabilities	1,148,344			1,148,344
Employee benefit liabilities	1,217,906			1,217,906
Current financial liabilities	4,668,850			4,668,850
Payables for current taxes	2,587,916			2,587,916
Provisions for current risks and charges	48,418			48,418
Other current liabilities	44,494,556			44,494,556
Trade payables	20,355,025	7,400		20,362,425
Total liabilities assumed	**75,902,143**	**7,400**	**0**	**75,909,543**
Fair value of net assets acquired	**28,322,603**	**(6,412)**	**107**	**28,316,298**

Consideration for the acquisition	222,100,000
Fair value of net assets acquired	28,316,298
Difference	193,783,702
Allocation:	
Customer relationships	46,975,000
Trademark	27,136,000
Deferred tax liabilities	(20,676,969)
Goodwill	140,349,671

The difference between price paid and measurement at fair value of acquired assets and liabilities generated a difference of €193,783,701. Through the price allocation procedure, and in line with the IFRS 3 accounting standard and related measurements by BIP's management, this led to determine assets for "customer relationship" amounting to €46,975,000 and the BIP Trademark amounting to €27,136,000. After determining deferred assets on the above-mentioned assets in the amount of €20,676,969, the remaining portion, equal to €140,349,670, was allocated to goodwill.

Analyses were performed based on the BIP Group's Business Plan (2018-2025) prepared at the closing of 2017 and also used by the Apax Fund to assess the BIP Group and to determine the purchase price.

As at 31 December 2018 the goodwill recorded in BIP's Financial Statements was tested for impairment.

3.1 Accounting standards, amendments and interpretations effective from 1 January 2018

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the new accounting standards, amendments and interpretations effective from 1 January 2018 are described below:

IFRS 15 – "Revenue from contracts with customers"

IFRS 15, issued in May 2014 and amended in April 2016, introduces a new model divided into five steps which shall apply to revenue deriving from agreements with customers. IFRS 15 provides for the recognition of profits for an amount reflecting the remuneration the party deems to be entitled to, in return for the transfer of goods and services to the customer. Furthermore, the standard clarifies the recognition of incremental costs deriving from the signing of a contract and that of costs directly related to the complete execution of a contract. The new standard replaces all the current requirements provided for under IFRSs as for revenue recognition, such as IAS 18 Revenue, IAS 11 Works on order and interpretations thereto. The adoption of the new standard did not affect the Group.

3. Measurement criteria (continued)

As regards work in progress, when the outcome of an order can be reliably estimated, revenue and costs attributable to the order are recognized as revenue and costs, respectively, according to the progress the of works at the reporting date of the financial statements, based on the relation between costs incurred for the activity performed until the balance-sheet date and total costs estimated for the contractual work, unless this relation is not deemed as reflecting the work in progress of the order. Any changes in the agreement and prices, as well as incentives are included to the extent agreed upon with the customer. When the outcome of an agreement cannot be estimated reliably, revenue attributable to the related order are recognized only to the extent of order-related costs that are likely to be recovered. The costs deriving from the order are recognized as charges for the year n which they are incurred. When total costs of the order are likely to be higher than contractual revenue, the estimated loss is recognized immediately as cost. Payments on account made by customers are deducted from the value of inventories, within the limits of considerations accrued. The portion exceeding the value of inventories is recorded under Liabilities

IFRS 9 "Financial instruments"

FRS 9 – Financial instruments" supersedes IAS 39 – Financial instruments: Recognition and measurement, for accounting periods beginning on or after 1 January 2018. All three aspects related to the accounting of financial instruments are gathered: classification and measurement, impairment loss and hedge accounting. The adoption of the new standard did not affect the Group.

1. Classification and measurement

Pursuant to IFRS 9, the Group initially measures financial assets at the fair value and, for financial assets not recorded in the income statement, the costs of transaction shall be added.

Pursuant to IFRS 9, financial debt instruments are subsequently measured at fair value recognized in the income statement (FVPL), at amortised cost or at fair value recognized in other items of the comprehensive income statement (FVOCI). The classification is based on two criteria:

- The Group's business model for the activity management;
- If the cash flow of contractual instruments "only represents the payment of capital and interest" compared to the capital in place (the "SPPI" criterion).

The new classification and measurement of the financial instruments are as follows:

- Debt instruments at amortised cost for financial assets that are held in a business model intended to hold financial assets to collect cash flows within the SPPI criterion. This category includes trade receivables and other receivables due to the Group, as well as loans classified under other non-current financial assets.
- FVOCI debt instruments, with profits or losses recycled in the income statement upon derecognition. Financial assets classified under this category are listed debt instruments that comply with the SPPI criterion and are held in a business model that envisages both the collection of cash flows and the sale of instruments. In compliance with IAS 39, listed debt instruments were classified as Available-for-sale financial assets (AFS).

The Other financial assets and subsequently measured as follows:

- FVOCI equity-settled instruments, with profit or loss that are not recycled in the income statement upon derecognition. This category includes only equity instruments that are to be held for a foreseeable future and that are irrevocably classified as such upon initial recognition or transfer. In compliance with IFRS 9, FVOCI equity instruments are not tested for impairment.
- FVPL financial assets include listed derivative instruments and listed equity instruments for which the irrevocable decision was not taken to classify them as FVOCI, upon initial recognition or transfer. This category would also include debt instruments with cash flows having characteristics that do not reflect the SPPI criterion or that are held in a business model that envisages both collection of contractual cash flows and selling instruments.

1. Classification and measurement (continued)

Business models were measured upon initial application date, 1 January 2018, and therefore applied retrospectively to financial assets that were not derecognized before 1 January 2018. Assessment on whether contractual cash flows of debt instruments are solely made up of principal and interest is based on facts and under circumstances occurring at initial recognition of assets. The recognition of financial liabilities is the same applied in compliance with IAS 39. As provided for by IAS 39, the IFRS 9 standard requires that liabilities for potential considerations are treated as financial instruments measured at fair value, with changes in fair value recognized in the Income Statement. The accounting of derivatives included in financial liabilities and contracts of the non-financial type did not change compared to requirements of IAS 39.

2. Impairment loss

The adoption of IFRS 9, has basically changed the accounting method of impairment losses related to financial assets, while replacing the approach of loss events as envisaged in IAS 39, with the forward looking approach of expected credit losses (ECL). The IFRS 9 standard requires that the Company record an ECL allocation, in relation to all loans and other receivables representing a financial asset that is not held as FVPL. Expected credit losses (ECL) are based on the difference between contract-based cash flows due and all cash flows that are expected to be received. The negative difference is then discounted by using an approximation of the original effective interest rate of the asset. As regards contractual assets and other trade receivables, the Company elected to apply the standard simplified approach and calculated the ECL based on expected credit losses along the whole life of receivables. For other financial assets, ECL is based on 12 month-ECL. 12 month-ECL is part of ECLs envisaged for payables whole life, resulting from the default of financial instruments allowed for in the 12 month following the reporting date. In any case, when the credit risk has increased significantly after the occurrence date of the same, the allocation will be made based on the aggregate ECL.

Interpretation of IFRIC 22 – Foreign Currency Transactions and Advance Consideration

In December 2016, IASB published the interpretation "IFRIC 22 – Foreign Currency Transactions and Advance Consideration" adapted by the European Commission in March 2018. This interpretation aims at supplying indications on how the entity should determine the date of a transaction and therefore the exchange rate to be used when transactions in foreign currency are carried out, in which early payment is made or received. The adoption of said interpretation affected the Group as at 31 December 2018.

Amendments to IAS 40 – Investment Property Changes in transfers of Investment Property

In December 2016, IASB published the document "Amendments to IAS 40 - Investment Property: Changes in transfers of Investment Property", adapted by the European Commission in March 2018. The changes clarify when a company is authorized to change the status of a property in "investment property" or vice versa. Based on these amendments, an entity shall reclassify an asset, within or from investment properties, only when the asset complies or ceases to comply with the definition of "investment property" and a clear change occurred in the asset use. This change should be linked to a special event that occurred and should not be limited to a change in intentions by the management of an entity. The adoption of said interpretation affected the Group as at 31 December 2018.

Amendment to IFRS 2 – Clarifications of classification and measurement of share based payment transactions

In June 2016, IASB published the amendments to IFRS 2 – Classification and measurement of share based payment transactions, adapted by the European Commission in February 2018. Said amendments aim at clarifying the recognition of some share based payment transactions. The adoption of said interpretation affected the Group as at 31 December 2018.

2. Impairment loss (continued)

Improvements to IFRS 2014-2016 period

In December 2016, IASB published the document "Improvements to IFRS" Period 2014-2016" adapted by the European Commission in February 2018. The main changes refer to:

- IFRS 1 – First-time adoption of International Financial Reporting Standards – The amendments cancel some exemptions envisaged by IFRS 1, as the benefit of such exemptions is deemed as already overcome.
- IFRS 12 – Disclosure of Interest in Other Entities – The amendment clarifies the scope of application of IFRS 12, specifying that the information required by the standard is applied also to investments that are classified as held for sale, held for distribution to shareholders or as discontinued operations, in compliance with IFRS 5. The amendment aims at standardizing the information required by IFRS 5 and IFRS 12 standards.
- IAS 28 – Investments in Associates and Joint Ventures. The amendment clarifies that for an entity that is a venture capital organization or similar entity, the entity may elect to measure investments in those associates and joint ventures at fair value through profit or loss (rather than applying the equity method). The election is made separately for each equity investment on initial recognition.

These improvements had no effects for the Group as at 31 December 2018.

Amendment to IAS 19 – Plan Amendment, Curtailment or Settlement

In February 2018, the IASB published amendments to IAS 19 – Plan Amendment, Curtailment or Settlement, aimed at clarifying how the cost related to current work performances and net interest should be calculated when a defined-benefit plan is modified. Changes apply as of 1 January 2019 Advance application is permitted.

Amendment to IAS 1 and IAS 8 – Definition of Material

In October 2018, IASB published the amendment Definition of Material (Amendments to IAS 1 and IAS 8), aimed at clarifying the definition of "material" in order to provide help to companies in assessing the importance of information to be disclosed in the financial statements. Changes will apply as of 1 January 2020 However, advance application is permitted.

Amendment to IFRS 3 – Definition of a Business

In October 2018, IASB published Definition of a Business (Amendments to IFRS 3), aimed at providing help in determining whether a transaction is an acquisition of business activity or a group of activities not consistent with the definition of business activity provided for in IFRS 3. Changes will apply to acquisitions after 1 January 2020 Advance application is permitted.

3.2 Accounting standards, amendments and interpretations endorsed by the EU, not yet mandatorily applicable and not adopted in advance by the Group

In January 2016, IASB published the standard IFRS 16 Leases. The new standard, endorsed by the European Commission in October 2017, sets out one single model to recognize and measure lease contract for the lessee, without any distinctions between operating and financial leases. In particular, it envisages the recording of the right of use in the underlying assets in the Balance Sheet, under Assets, with counter-entry as financial payable. According to this standard, lease contracts concerning low value assets (i.e. lease contracts concerning assets with a value lower than 5,000 USD) and short-term contracts (equal or lower than 12 months) may not be recognized.

Conversely, the Standard does not include significant amendments for lessors. The standard introduces a criterion based on the control in use of an asset, in order to distinguish lease contracts from service contracts, based on the following:

- identification of the asset in use (i.e. without a right to replace the same by the lessor);

3.2 Accounting standards, amendments and interpretations endorsed by the EU, not yet mandatorily applicable and not adopted in advance by the Group (continued)

- the right to obtain substantially all economic benefits concerning the use of the asset;
- the right to determine how and for what intent the asset is to be used.

The standard applies from 1 January 2019, but advance application is permitted. The full retrospective method (with redetermination of comparative information) or modified retrospective method (with cumulative effect of the adoption of IFRS 16, recognized to adjust the opening balance of retained earnings as at 1 January 2019 without re-determine comparative information) can be used with the first-time application.

The Group will apply this standard as of 1 January 2019

Currently, the Group has completed the analysis of contracts that are possibly affected by this standard, referred primarily to lease contracts of real estates for office use at the various headquarters of the company, and long-term lease contracts for company cars.

The transition method that will be adopted consists in the above-mentioned modified retrospective. In particular, as regards lease contracts previously classified as operating leases, the Group will account for the following:

- a financial liability, equal to the current value of residual future payments at the transition date, discounted by using, for each single contract, the incremental borrowing rate, applicable at the transition date;
- the right of use, equal to the value of the financial liability, at the transition date, net of possible accruals and deferrals referred to the lease and recognized in the Balance Sheet at the reporting date of these financial statements;

In applying the accounting method of leases, the Management carefully valued the definition of the lease term, by identifying the non-cancellable period and supplementing it to take account of any possible options that are reasonably likely to be exercised.

In light of the analysis performed, the estimate of the effects of the application of IFRS 16, as at 1 January 2019, involves the following:

- A financial liability equal to €18,168,120. The discounting of future cash flows was performed with 1% rate.
- a right of use equal to the financial liability amounting to €18,168.120.

Amendments to IFRS 9 "Financial Instruments: Prepayment Features with Negative Compensation

In June 2017, IASB published the amendments to IFRS 9 – Prepayment Features with negative compensation, adapted by the European Commission in March 2018. These amendments, aimed at clarifying the classification of certain financial assets with early repayment when IFRS 9 is applied, allow for the measurement, at amortised cost or at fair value through other comprehensive income (OCI), of financial assets with an early repayment option and negative compensation. Changes apply as of 1 January 2019

IFRIC 23 – Uncertainty over income tax treatments

The interpretation of IFRIC 23 – Uncertainty over income tax treatments, published by IASB in June 2017, was adapted in October 2018. Said interpretation clarifies how to apply the requirements relevant to recognition and measurement under IAS 12, in case of uncertainty over income tax treatments. In this case, the entity should recognize and measure its tax assets or liabilities, either current or deferred, by applying the requirements as per IAS 12, based on the taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation. An entity is required to use judgment to determine whether each tax treatment should be considered independently or whether one or more uncertain tax treatments should be considered together. In assessing an uncertain tax treatment, an entity shall assume that Tax Authorities, during tax assessments, will examine those amounts and will have full knowledge of all relevant information when

3.2 Accounting standards, amendments and interpretations endorsed by the EU, not yet mandatorily applicable and not adopted in advance by the Group (continued)

doing so. An entity has to consider whether it is probable that the relevant authority will accept uncertain tax treatments. If the entity concludes that it is probable that the uncertain tax treatment is accepted, the entity has to determine taxable income (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment applied or included in its income tax filings. If the entity concludes that it is not probable that the uncertain tax treatment is accepted, the entity has to report the effect of uncertainty for each tax treatment by using either of the two following methods: a) the method of the most probable amount, or b) the expected value method, i.e. the sum of the various amounts within a range of possible results, weighted based on their probable occurrence. This new interpretation applies from 1 January 2019, but advance application is permitted.

3.3 Accounting standards, amendments and interpretations not yet endorsed by the EU

Amendment to IFRS 10 – Consolidated financial statements and IAS 28 Investments in subsidiary companies and joint ventures

The amendments issued by IASB in September 2014 concern the inconsistency between IFRS 10 and IAS 28, with reference to the loss of control in a subsidiary company, sold or contributed to an affiliated company or a joint venture.

The amendments clarify that gain or loss resulting from the sale or contribution of assets that constitute a business, as set out by IFRS 3, between an investor and its associate or joint venture, must be recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business is therefore recognized only to the extent of the unrelated investors' interest in that associate or joint venture. Through a further amendment in December 2015, the IASB cancelled the previous first-time application envisaged for 1 January 2016 and decided to define it later.

Amendment to IAS 28 – Investment in affiliated companies Long-term Interest in Associates and joint ventures

Amendments to IAS 28 Long-term Interest in Associates and Joint Ventures, published by IASB in October 2017, aim at clarifying that IFRS 9 must be also applied to long-term receivables from associates or joint ventures that are substantially part of the net investment in the associated company or joint venture.

IASB also published an example that describes how provisions of IFRS 9 and IAS 28 apply to long-term receivables in an associate or joint venture. Changes apply as of 1 January 2019

Improvements to IFRS 2015-2017 period

In December 2017, IASB published the document "Improvements to IFRS" 2015-2017 period, the main changes refer to:

- IFRS 3 – Business Combination and IFRS 11 – Joint Arrangements Amendments to IFRS 3 clarify that, when an entity obtains the control in a joint venture operation, it must re-determine the fair value of the interest previously held by the same in this joint venture. Amendments to IFRS 11 clarify that when an entity obtains the joint control in a joint operation, it should not re-determine the fair value of the interest previously held in this joint operation.
- IAS 12 – Income tax consequences of payments on financial instruments classified as equity. The proposed amendments clarify how any tax effects resulting from dividend distribution should be recognized by the entity.
- IAS 23 – Borrowing costs eligible for capitalization

  The amendments clarify that, when funds are specifically borrowed for the acquisition and/or construction of an asset but remain in place also when the asset is ready for use or sale, these funds are no longer specific and, to determine the capitalization rate of the loans, they will be considered as general loans of the entity.

Changes apply as of 1 January 2019 Advance application is permitted.

3.3 Accounting standards, amendments and interpretations not yet endorsed by the EU (continued)

Amendment to IAS 19 – Plan Amendment, Curtailment or Settlement

In February 2018, the IASB published amendments to IAS 19 – Plan Amendment, Curtailment or Settlement, aimed at clarifying how the cost related to current work performances and net interest should be calculated when a defined-benefit plan is modified. Changes apply as of 1 January 2019 Advance application is permitted.

Amendment to IAS 1 and IAS 8 – Definition of Material

In October 2018, IASB published the amendment Definition of Material (Amendments to IAS 1 and IAS 8), aimed at clarifying the definition of "material" in order to provide help to companies in assessing the importance of information to be disclosed in the financial statements. Changes will apply as of 1 January 2020 However, advance application is permitted.

Amendment to IFRS 3 – Definition of a Business

In October 2018, IASB published Definition of a Business (Amendments to IFRS 3), aimed at providing help in determining whether a transaction is an acquisition of business activity or a group of activities not consistent with the definition of business activity provided for in IFRS 3. Changes will apply to acquisitions after 1 January 2020 Advance application is permitted.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A) NON-CURRENT ASSET

4. Property, Plant and equipment

All items of property, plant and equipment are available for use and used effectively in the company's business activities and there are no obsolete assets of significant value or assets which require to be replaced in the short term that have not been depreciated.

The item "Property, Plant and Equipment", equal to €3,080,081 is broken down as follows:

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

	(Amounts in Euro)				
Description	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**Leasehold improvements**	**Total**
Balance at 13.03.2018	0	0	0	0	**0**
Increases from business combinations	**243,697**	**265,998**	**366,361**	**777,188**	**1,653,244**
Additions	120,940	409,096	460,782	894,718	**1,885,536**
Changes in the consolidation area	0	0	0	0	**0**
Disposals	0	(6,279)	(46,968)	(46,868)	**(100,116)**
Increase in accumulated depreciation due to change in the consolidation area	0	0	0	0	**0**
Decrease in accumulated depreciation	5,495	1,663	35,294	15,969	**58,421**
Depreciation for the year	(69,382)	(93,305)	(101,008)	(153,309)	(417,004)
Balance at 31,12,2018	**300,749**	**577,173**	**714,460**	**1,487,698**	**3,080,081**

The various asset categories and year on year movements are described below:

Plant and machinery

The item amounts to €300,749 net of depreciation for the year, equal to €69,382 and mainly refers to costs incurred by BIP S.p.A., BIP Services and Sketchin Sagl to improve communication and telecommunication facilities in the offices of Milan, Rome and Manno.

4. Property, Plant and equipment (continued)

Industrial and commercial equipment

This item amounts to €577,173, net of depreciation for the year, equal to €93,305 and mainly refers to works carried out on buildings rented by the companies of the Group.

Other assets

This item amounts to €714,460 net of depreciation for the year, equal to €101,008. The increase in this item is mainly due to goods (furniture and fittings) purchased during the year by BIP Services for the offices in Rome and Milan, as well as to investments by Sketchin Sagl to purchase fittings for the new offices in Manno.

Leasehold improvements

This item amounts to €1,487,698, net of depreciation for the year, equal to €153,309 and mainly refers to works carried out on buildings rented by the BIP Group. The increase during the year is mainly due to works carried out after the expansion of the offices in Milan, Mogliano, Bologna, Rome and Manno.

The rate of depreciation of the items above have not changed compared to the previous year and are detailed in Note 3) "Measurement criteria".

Please note that bond loans issued by BEEP (then merged in BIP), amounting to €65,000,000, are secured by a special privilege on properties owned by BIP (and on receivables resulting from the sale of the same properties).

5. Intangible assets

The item "Intangible assets", equal to €72,444,380 is broken down as follows:

CHANGES IN INTANGIBLE ASSETS

	(Amounts in Euro)						
Description	Patents and intellectual property rights	Concessions, licenses and trademarks	Client relationships	BIP trademark	Intangible assets in progress	Other intangible assets	Total
Balance at 13.03.2018	0	0	0	0	0	0	**0**
Increases from Business combinations	**13,978**	**1,203,818**	**0**	**0**	**94,885**	**1,912**	**1,314,593**
Additions	0	575,045	46,975,000	27,136,000	0	0	**74,686,045**
Changes in the cons.area	0	0	0	0	0	0	**0**
Disposals	0	(4,056)	0	0	(94,886)	(639)	**(99,581)**
Increase in accumulated amortisation due to changes in the consolidation area	0	0	0	0	0	0	0
Decrease in accumulated amortisation	0	0	0	0	0	0	0
Amortisation for the year	(3,150)	(660,725)	(1,769,606)	(1,022,247)	0	(949)	(3,456,677)
Balance at 31.12.2018	**10,828**	**1,114,082**	**45,205,394**	**26,113,753**	**(0)**	**324**	**72,444,380**

Concessions and licences

The overall item's amount is equal to €1,114,082 and includes investments to purchase and renew software licenses. The item's increase is due to the costs borne by the parent company BIP S.p.A. to purchase new licenses from Microsoft or other operating systems and to renew the existing ones.

5. Intangible assets (continued)

Client relationships

The item amounts to €45,205,394 and refers to the purchase price allocation of the BIP Group as at 27 March 2018, as detailed in paragraph 3. The book value is equal to €46,975,000 and amortisation has been set in 20 years. Amortisation for the period (27 March - 31 December 2018) is equal to €1,769,606.

Trademarks

The item amounts to €26,113,753 and refers to the purchase price allocation of the BIP Group as at 27 March 2018, as detailed in paragraph 3. The book value of the BIP trademark is equal to €27,136,000 and amortisation has been set in 20 years. Amortisation for the period (27 March - 31 December 2018) is equal to €1,022,247.

Please note that bond loans issued by BEEP (then merged in BIP), amounting to €65,000,000, are secured by a lien on BIP's intellectual property rights.

6. Goodwill

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	140,349,670
Changes for the year	(500,000)
Balance as at 31.12.2018	**139,849,670**

The value of goodwill from business combination, equal to €140,349,670 was entered in the Group's financial statements following the acquisition of the group by the Apax Partners France Fund, as described in paragraph 3, as well as of the related purchase price allocation.

Goodwill is not amortized but it is tested for impairment on an annual basis as at the reporting date.

As regards the recoverable value of the only CGU, based on the method of value in use, measurement was based on estimates on cash flows generated by the each CGUs. In order to carry out the impairment, each company of the Group has been considered as CGU. Expected operating cash flows were taken from the 2019 budget and the strategic plans for the 2018-2025 period.

The value in use has been determined with the "discounted cash flow" method, discounting operating cash flows based on seven-year forecast. Specifically, for impairment test purposes, management updated the Business Plan to reflect the latest expectations in terms of the general economic performance in those countries in which it operates and the sector in which the Group belongs, as well as development expectations deriving regarding activities already implemented in the previous financial year and those to be implemented in the near future. Management assessed the consistency of the cash flows envisaged in the plan with the financial requirements determined by the debt structure, without identifying any critical issues.

The only impairment identified was the CGU related to the subsidiary BIP Turkey, for which, taking into considerations the economic, political and currency-related context of the country, an impairment of €500,000 was deemed suited.

In performing the impairment test in relation to the goodwill described above, management based their calculations on the following assumptions:

- results for financial year 2019 were estimated taking into account undelivered order trends in the early months of the year (at the date of preparing the Consolidated Financial Statements) and
- orders forecast for the coming months;
- for subsequent years 2019 – 2021, forecast revenues growth (CAGR) was estimated at approximately 8%;
- group profitability (operating result) was expected to remain constant over the years of the plan;

6. Goodwill (continued)

- the average outstanding days are recognized in accordance with the historical record;
- growth in perpetuity for the period after the year 2025 was conservatively estimated for the CGU at a group-wide rate of 1.7%.

It is noted that the terminal value was calculated by extrapolating the cash flows, as reported above, at a WACC specific for each CGU. The average WACC calculated for the Group was 10.9%.

Sensitivity analyses carried out varying the discount rate also confirmed that the value of goodwill is fully maintained.

7. Deferred tax assets

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	834,060
Changes for the year	536,862
Balance as at 31.12.2018	**1,370,922**

Deferred tax assets amounted to €1,370,922 and included deferred tax assets relating to temporary differences between statutory financial statements balances and their related tax values (provision for doubtful debts, provision for employees' benefits) and temporary differences relating to adjustments made to statutory financial statements to bring them into line with the international accounting principles used by the Group.

Based on detailed analysis and having reviewed the business plans of the various subsidiaries, Group management believes it will be possible to recover the deferred tax assets recognised in the financial statements at 31 December 2018 in future years.

Deferred tax assets and deferred tax liabilities are broken down as follows:

	2018	
Description	**Difference**	**Tax effect**
Doubtful debt provision	220,688	52,965
Prior period losses	3,077,604	743,505
Other	2,297,193	574,452
Total	**5,595,485**	**1,370,922**

Prior period losses refer to BIP Iberia, Sketchin Italia and BIP Turkey,

8. Other non-current assets

	(Amounts in Euro)
Balance as at 13,03,2018	0
Increases from business combination	1,229,288
Changes for the year	237,790
Balance as at 31,12,2018	**1,467,078**

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
a) Investments in other companies	0	5,510	(510)	5,000
b) Non-current financial assets	0	389,205	335,013	724,218
c) Others	0	834,573	(96,713)	737,860
Total	**0**	**1,229,288**	**237,790**	**1,467,078**

8. Other non-current assets (continued)

a) Shareholding Investments

Shareholding Investments refer to minority interest in the Consorzio COBIP, in the amount of €5,000.

b) Non-current financial assets

"Non-current financial assets" as at 31 December 2018, equal to €724,218, mainly include guarantee deposits paid for office rentals.

c) Other

The item amounts to €737,860 and is broken down as follows:

- Receivables from the Inland Revenue Office, in the amount of €680,300 related to the IRES/IRPEF reimbursement claim for the non-deduction of IRAP related to staff costs (Art. 2 of Law Decree no. 201 of 6 December 2011.)
- Receivables from Equitalia for € 41,163;
- Other receivables for €16,397.

B) CURRENT ASSET

9. Trade Receivables

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	77,474,137
Changes for the year	20,534,177
Balance as at 31.12.2018	**98,008,314**

Amounts due from customers, all payable within the year, resulted from standard services rendered to customers.

Details are provided below:

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the period**	**Value as at 31.12.2018**
a) Trade receivables	0	76,991,347	20,079,629	97,070,976
b) Other receivables	0	482,790	454,548	937,338
Total	**0**	**77,474,137**	**20,534,177**	**98,008,314**

a) Trade receivables

	(Amounts in Euro)	
Description	**Value as at 31.12.2018**	
For invoices issued	70,409,816	
o/w overdue		*10,945,020*
For invoices to be issued	28,618,270	
Doubtful debt provision	(1,957,110)	
Total	**97,070,976**	

Past due receivables equal to €10.9 million include amounts overdue between 0 and 30 days for approx. €7.7 million and amounts overdue from 30 and 60 days for approx. €1.2 million. On 26 April 2019, payables amounting to more than €7.8 have been cashed in.

9. Trade Receivables (continued)

The average number of collection days is 175.

The company has three contracts in place with the factoring companies Citibank Europe PLC, Credem Factor and Unicredit, for the transfer without recourse of a portion of receivables in portfolio. It is also noted that, as at 31 December 2018, receivables for an overall amount of approximately €9,688,044 - yet to be collected from customers – were transferred, with an increase in cash and cash equivalents for the same amount.

Please consider that as at 30 April 2019, invoices to be issued and recognized as at 31 December 2018 (€ 28,618,270) have been issued for more than €18.1 million, while the remaining part of invoices will be issued during the following months.

The change in the allowance for doubtful accounts during the year was as follows:

		(Amounts in Euro)
Balance as at 13 March 2018		—
Increases from business combinations		1,962,052
Provisions		90,548
Uses	—	95,491
Balance as at 31 December 2018		**1,957,109**

The provision for the year is intended to cover the risk of uncollectable receivables from certain clients whose payments are overdue.

The fair value of trade and other receivables does not differ significantly from the carrying value given the short period of time between the receivable arising and its due date.

Receivables and payables to related parties are described in Note 35 "Transactions with related parties".

At the reporting date, the maximum exposure to credit risk was the nominal value of receivables themselves. No guarantees are intended to hedge this risk.

b) Other receivables

	(Amounts in Euro)			
Description	**Value as at 13 March 2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
Prepayments	0	482,790	454,548	937,338
Total	**0**	**482,790**	**454,548**	**937,338**

The item "Other receivables" amounted to €937,388 and refer primarily to prepaid expenses on costs for services recorded in 2018 but pertaining to future years, prepaid expenses on costs for the hiring of assets, the rental of offices, insurances, maintenance of software packages.

10. Other current assets

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	1,399,058
Changes for the year	(170,165)
Balance as at 31.12.2018	**1,228,893**

10. Other current assets (continued)

The item "Other current assets" is broken down as follows:

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
a) Current financial assets	0	795,132	(111,784)	683,348
b) Others	0	603,926	(58,381)	545,545
Total	**0**	**1,399,058**	**(170,165)**	**1,228,893**

a) Current Financial Assets

They are broken down as follows:

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
Receivables due from the tax authorities	0	149,265	131,921	281,186
Withholding tax	0	36,340	69,220	105,560
Other	0	609,527	(312,925)	296,602
Total	**0**	**795,132**	**(111,784)**	**683,348**

The item "Receivables due from the tax authorities" is primarily related to the subsidiaries BIP Services (€210,564) and Sketchin Italia (€13,129), and includes VAT receivables.

The item "Withholding Tax" refers to Bip and the subsidiary Bip Turkey.

The item "Other" is mainly composed of the short-term portion of investments granted to some shareholders for the subscription of BIP's capital increase, as resolved on 2 December 2016 and subscribed on 31 January 2017. Said loans were granted at arm's length

b) Others

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
Tax receivables	0	127,749	50,697	178,447
Miscellaneous	0	476,177	(109,079)	367,098
Total	**0**	**603,926**	**(58,381)**	**545,545**

Tax Receivables

The item is equal to €178,447 and is related receivables for advance payments on taxes pertaining to 2018.

Miscellaneous

The item amounts to €367,098 and mainly refers to advance payments to suppliers or employees as well as sundry receivables. The item also comprises €49,754 pertaining to the tax credit referred to investments in R&D, as provided for by art. 1, par. 35, Law no. 190 of 23 December 2014 (Stability Law 2015).

11. Cash and cash equivalents

	(Amounts in Euro)
Balance as at 13.03.2018	50,000
Increases from business combination	20,321,461
Changes for the year	(1,644,605)
Balance as at 31.12.2018	**18,726,856**

The balance includes cash in hand and balances with banks and post office accounts. Cash is represented as follows:

	(Amounts in Euro)			
Description	Value as at 13.03.2018	Increases from business combination	Changes for the year	Value as at 31.12.2018
Bank and post office deposits	50,000	20,304,140	(1,633,942)	18,720,198
Cash on hand	0	17,321	(10,663)	6,658
Total	**50,000**	**20,321,461**	**(1,644,605)**	**18,726,856**

The balance includes €110,000, related to the term-deposit bank account at Banca Intesa, opened following the purchase of the company OpenKnowledge in July 2015 and represents the guarantees given by the shareholders of Okn upon transfer of 51% of shares to Bip S.p.A. This account can be released after approval of the financial statements 2019 and will serve as payment for the last portion of the share purchase price. For further information, please refer to Note 13.

For further information on the financial evolution for the year, please refer to the cash-flow statement.

C) SHAREHOLDERS' EQUITY

12. Share Capital and Reserves

	(Amounts in Euro)
Balance as at 13.03.2018	50,000
Increases from business combination	0
Changes for the year	164,369,092
Balance as at 31.12.2018	**164,419,092**

Please find below the breakdown of the items making up the Net Equity

	Share capital	Legal reserve	Translation reserve	Other reserve	Profit (loss) for the year	Shareholders' equity attributable to the Group	Non-controlling interests	Shareholders' equity
BEEP net Shareholders' equity (incorporation)	**50,000**					**50,000**		**50,000**
Increase in BEEP Share capital on 23 March 2018	13,526,883			52,693,117		66,220,000		66,220,000
Increase in BEEP Share capital on 24 September 2018	9,873,001			88,856,999		98,730,000		98,730,000
BIP acquisition		4,689,977		(4,689,977)		0	742,981	742,981
Waive of the credit line by Milapax S,r,l,				3,446,083		3,446,083		3,446,083
Re-measurement of PUT minorities				(6,580,768)		(6,580,768)	(60,232)	(6,641,000)
Transactions with non-controlling interests				(82,194)		(82,194)	(277,530)	(359,724)
Other changes				(40,873)		(40,873)	64,310	23,437
Other items of comprehensive income			(150,935)	26,708		(124,227)	(76,248)	(200,475)

12. Share Capital and Reserves (continued)

Profit for the year					1,710,820	1,710,820	696,970	2,407,790
Balance as at 31,12,2018	**23,449,884**	**4,689,977**	**(150,935)**	**133,629,095**	**1,710,820**	**163,328,841**	**1,090,251**	**164,419,092**

Share Capital

Beep S.p.A. was incorporated on 13 March 2018, with share capital (fully paid-in) divided into 50,000 shares with par value equal to €1.00 each and wholly owned by the company Milapax S.r.l.

Subsequently, on 23 March 2018, after a capital increase equal to 13,526,883 new shares, subscribed by Milapax S.a.r.l., Runbip S.r.l. and Racbip S.r.l., the capital increased to 13,576,883 shares with a par value of €1.00 each, divided as follows:

- 4,565,000 class A shares with property and voting rights to the shareholder Milapax S.a.r.l.;
- 2,707,092 class B shares with property and voting rights to the shareholder Runbip S.r.l.;
- 5,854,791 class C shares with property (but not voting) rights to the shareholder Runbip S.r.l.;
- 450,000 class D shares with property (but not voting) rights to the shareholder Racbip S.r.l..

As previously described, in order to purchase the BIP Group on 27 March 2018, BEEP subscribed a senior bond loan of €60,000,000 and a second bond of €5,000,000 with the investment company and asset management Tikehau Capital. It also obtained a loan of €98,700,000.

In relation to this last loan, on 24 September 2018, Beep's Shareholders' Meeting approved an onerous and inseparable capital increase of Beep, amounting to €9,873,001, with total share premium of €88,856,999, fully subscribed by Milapax S.à r.l., through the full conversion of the receivable of the principal credit line.

On 24 September 2018 the shareholders' meeting of BEEP resolved on the following:

- conversion of the financial receivable of Milapax S.a.r.l. to a capital increase equal to €9,873,001, through the issue of 9,873,001 class A shares, with a share premium of €88,856,999.
- conversion of class C shares in class B shares;
- conversion of class C shares in class B shares;

After the shareholders' meeting, the share capital, equal to 23,449,884 shares of par value of €1, was as follows:

- 14,438,001 class A shares with property and voting rights to the shareholder Milapax S.a.r.l.;
- 8,561,883 class B shares with property and voting rights to the shareholder Runbip S.r.l.;
- 450,000 class C shares with property (but not voting) rights to the shareholder Racbip S.r.l.

On 23 November 2018, Milapax S.a.r.l. incorporated the company Milapax Italia S.r.l. and, through a capital increase, granted investments in BEEP to the subsidiary company as well as payables originated from the equity financing for €98,700,000 and equal to €3,446,083.

Then, on 14 December 2018, Milapax Italia S.r.l. asked for the conversion of the financial receivables equal to €3,446,083 to an equity reserve.

Moreover, with the aim of streamlining the business control chain, with improvement both in terms of management flexibility and reduction of overall costs relating to the business structure, on 24 December 2018, the merger by incorporation of BEEP, Trepuntozero Srl and ManBeep Srl in BIP was carried out. This qualifies as a reverse merger the merger leveraged buy-out, pursuant to articles 2501-bis and 2501-ter of the Italian Civil Code effective, from in accounting and fiscal terms, as of 1 January 2018.

12. Share Capital and Reserves (continued)

The reverse merger did not involve any exchange relations, since BIP's share capital was entirely held by the same subjects (Milapax S.r.l., RunBip S.r.l. e RacBip S.r.l.) involved in the reverse merger (BEEP directly and indirectly held 100% of interest in BIP) and BEEP's share capital was maintained. Hence, as at 31 December 2018, the share capital is as follows:

- 14,438,001 class A shares with property and voting rights to the shareholder Milapax S.a.r.l.;
- 8,561,883 class B shares with property and voting rights to the shareholder Runbip S.r.l.;
- 450,000 class C shares with property (but not voting) rights to the shareholder Racbip S.r.l..

Please note that bond loans issued by BEEP (then merged into BIP), totalling €65,000,000, are secured by a lien related to interest of BIP S.p.A., representing 100% of BIP's share capital.

Legal reserve

The reserve amounting to €4,689,977 represents 20% of the share capital. The allocation was carried out after the merger by incorporation of BEEP, Trepuntozero and ManBeep in BIP, which qualifies as a reverse merger leveraged buy-out, pursuant to articles 2501-bis and 2501-ter of the Italian Civil Code through the reclassification of the item "Other reserves" into the item "Legal reserve".

Translation Reserve

The translation reserve reports has a negative balance of €150,935 and is referred mainly to the exchange rate difference of companies operating with currencies other than Euro and incurred during the year.

Other reserves

This item amounts to € 133,629,095 and is broken down as follows:

a) distributable profit reserve amounting to €140,160,361.

   Other reserves, equal to €52,693,117, upon establishment of BEEP on 13 March 2018, following the payments made by Shareholders, increased by €88,856,999 through the payment of the share premium subscribed upon capital increase, as per resolution made by the Shareholders' Meeting held on 24 September 2018 and the waive, made by the shareholder Milapax s.r.l. on 14 December 2018, of interest €3,446,083 accrued on the loan of €98,700,000 and other negative reserves €145,861, mainly linked to transactions with minority interest. The reserve then changed for the reclassification of €4,689,977 to the legal reserve.

b) positive non distributable reserve of actuarial profits/losses totaling €49,502, net of taxes, is recognized after the accounting of the severance indemnity, in compliance with IAS 19.

c) negative reserve equal to €6,580,768 to the current value of put options granted to minority shareholders of Sketchin, Anagram Consulting and Openknowled in order to have the right to request, when certain conditions are met, the purchase of their shares by BIP S.p.A. along with the right to a reserved capital increase within BIP S.p.A.. The valuation of the Put Options resulted in the recording of a debt under the item "other payables" in current liabilities.

Profit (loss) for the year

As previously described, BEEP purchased the BIP Group on 27 March 2018. For this reason, the result for the year includes BEEP result for the period from 13 March (incorporation date) to 31 December, as well as that of the BIP Group from the date of acquisition and for the period 27 March—31 December. This result is equal to €2,407,790, of which €1,710,820 is attributable to the Group, while €696,970 to third parties.

D) NON-CURRENT LIABILITIES

13. Non-current financial liabilities

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	256,609
Changes for the year	63,486,043
Balance as at 31.12.2018	**63,742,652**

The item is broken down as follows and has undergone the following changes during the year:

(Amounts in Euro)	Value as at 13.03.2018	Increases from business combination	Reimbursement	Entry	Short-term portion	Value as at 31.12.2018
Banco Popular loan	0	76,609	(76,609)			0
TKO bond loan	0			61,490,652		61,490,652
Equity financial instruments	0			2,142,000		2,142,000
Escrow for Openknowledge acquisition	0	180,000			(70,000)	110,000
Total	**0**	**256,609**	**(76,609)**	**63,632,652**	**(70,000)**	**63,742,652**

Non-convertible bond loan

As previously specified, in order to achieve the necessary liquidity for the acquisition of the BIP Group, on 27 March 2018 BEEP issued two convertible bonds with a principal amount of €60,000,000 and €5,000,000, entered into by the investment and asset management company Tikehau Capital.

The main reimbursement terms and conditions for the two bond loans, equal for both, are as follows:

- Reimbursement of the principal amount in one single payment on 27 March 2025;
- Payment of interest on a quarterly basis, as from June 2018;
- Interest rate applied for the first 12 months, equal to 3-month-Euribor + 5%, while, for the remaining periods, the rate will be linked to the ratio calculated as ratio between net financial position and operating result on data of the BIP Group, as follows:

Leverage Ratio: (NFP/operating profit)	Margin (% per annum)
Greater than 4.25:1	7.25%
Below than or equal to 4.25:1 and above 3.75:1	6.25%
Below than or equal to 3.75:1 and above 3.25:1	5.50%
Below than or equal to 3.25:1 and above 2.75:1	5.00%
Below than or equal to 2.75:1 and above 2.25:1	4.75%
Below than or equal to 2.25:1	4.25%

Compliance with the financial covenant related to the ratio between net financial position and operating result of the BIP Group, to be assessed every six months as from 30 September 2018, based on the following table:

Testing Date	Covenant
Sep-18	5.43
Dec-18	4.59
Mar-19	4.49
Jun-19	4.3
Sep-19	4.49
Dec-19	4.04
Mar-20	3.79
Jun-20	3.52
Sep-20	3.66
Dec-20	3.11
Mar-21	2.92

13. Non-current financial liabilities (continued)

Jun-21	2.71
Sep-21	2.84
Dec-21	2.33
Mar-22	2.12
Jun-22	1.92
Sep-22	2.06
Starting from Dec-22	1.75

The two Bond Loans are secured by the following collaterals:

- a lien related to BIP interest, representing 100% of BIP's share capital;
- a pledge to be granted by BIP, as selling party, related to its receivables resulting from (a) the purchase contract of Shareholding investments; and (b) intercompany loans granted by BIP to companies members of the group;
- a lien on intellectual property rights of BIP;
- a special privilege on properties owned by BIP (and on receivables resulting from their sale), and
- any lien related to the shares of the companies that can be defined as Material Subsidiaries, pursuant to regulations on Bond Loans, and members of BIP's Group (currently no Group company, according to agreements in place, can be defined ad "Material Subsidiary").

Following the reverse merger, the two bond loans were included in the BIP S.p.A. financial statements.

The 2018-2025 Business Plan confirmed BIP's capacity of fully reimbursing the interest on a quarterly basis, in addition to the principal on 27 March 2025.

As at 31 December 2018, the contractual covenant was fulfilled and amounted to 1.93.

The results of the first quarter 2019 also highlight that the ratio of net financial position and operating results is lower than 2.25, thus guaranteeing, for the months after 31 March 2019, an interest rate of 4.25% and a margin of 4.25% above the quarterly EURIBOR.

The accounting of the two loans was carried out in compliance with IAS 39, at amortised cost. The costs borne for their subscription, equal to €3,421,033, are considered in future cash flows to determine the effective interest rate.

The calculation led to the valuation of the financial payables related to bond loans to a value of €61,490,650 as at 31 December 2018.

It is worth noting that, in order to hedge future cash flows due to the payment of interest, BIP S.p.A. entered an Interest Rate Swap (IRS) contract with a fixed rate of 0.11% over an amount of €50 million, for a duration up to 31 July 2020. Even though this IRS was entered into by the management for hedging purposes, it not compliant with the hedging terms set out by IAS 32 and was therefore considered as speculative. Changes in fair value were entered in the Income Statements, under item "interest".

Participative financial instruments

Participative financial instruments were issued by BIP S.p.A., pursuant to Article 2346, Paragraph 6 of the Italian Civil Code, following approval of the resolution of the ordinary shareholders' meeting of 13 September 2018 and represent debt instruments issued to subscribers against payment in cash of an amount equal to the nominal value of the instruments issued by the company.

13. Non-current financial liabilities (continued)

Each equity financial instrument grants the following rights:

a) the right to a share of the profits for the financial year, to the extent that the ordinary shareholders' meeting approves such distribution;

b) the right to a share of the reserves representing retained earnings from the financial year 2018, to the extent that the ordinary shareholders' meeting approves such distribution during the company's lifetime;

c) the right to a share in the distribution of the remaining liquidation assets, following dissolution of the company, after payment of all of the Company's creditors.

The amount paid by subscribers is classified within financial liabilities (long-term or short-term, depending on the duration of the instrument in accordance with IAS 32) and amounts to €2,142,000 as at 31 December 2018. The amount paid annually on such participative financial instruments is recognized in the income statement as "financial expenses" and until its payment is recognized in the Statement of Financial Position as "other payables".

Banco Popular loan

The subsidiary BIP Iberia in 2016 entered into a loan agreement for €300,000 to better manage its working capital. During the year, the last instalment has not been reimbursed.

Escrow for OpenKnowledge acquisition

The item "Escrow for OpenKnowledge acquisition" as at 27 March 2018 amounts to €180,000 and represents the deferred price to be paid to the shareholders of OpenKnowledge in 2019 and 2020, pursuant to the contractual provisions. As a matter of fact, after the purchase of 51% of the shares of OpenKnowledge in 2015, a term-deposit bank account for € 180,000 was opened as a guarantee for the agreed price. Said account can be released only for the payment of the deferred price, after checking compliance with the granted guarantees. In January 2019, upon maturity of some guarantees required by minority shareholders, the amount of €70,000 was reimbursed to the OpenKnowledge Group, reclassified shortly in these financial statements. For further information, reference is made to Note 11.

If in the fiscal year 2018 the average interest rates had been one percentage point higher, borrowing costs charged to the income statement would have been about €490,000 higher (calculated on the March- December period), equal to 0.31% of the Group's revenue and to 3.61% of the Group's EBIT. The management deemed that the risk profile concerning the tax rates variability has been assessed sustainable and absorbable by the company's work flow.

14. Deferred tax liabilities

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	20,838,491
Changes for the year	(592,732)
Balance as at 31.12.2018	**20,245,759**

Deferred taxes includes temporary differences deriving from the translation of subsidiaries' financial statements from local accounting standards to the international ones used by the Group.

Deferred tax liabilities also includes the amount of €19,901,380, related to deferred tax assets, accounted for after the measurement of the Customers' list for €46,975,000 and the BIP Trademark for €27,136,000, recognized in BIP S.p.A.'s financial statements following the Purchase Price Allocation.

The amount recorded on 27 March 2018 amounted to €20,677,000 and during the period 27 March 2018—31 December 2018 was repaid to the Income Statements in the amount of €775,620, following amortisation/ depreciation recorded on the above-mentioned assets.

15. Provision for risks and charges (non-current portion)

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	295,075
Changes for the year	(93,611)
Balance as at 31.12.2018	**201,464**

The item amounts to €201,464 and is made up of the following: €110,000 to a provision for risks measuring acquired assets and liabilities at their fair value (purchase price allocation) and referred to the subsidiary OpenKnowledge S.r.l.; approximately €20,000 to a provision for legal risks referred to the subsidiary BIP Tunisia and €70,000 to a provision for legal risks referred to the subsidiary BIP Consultoria.

16. Other non-current liabilities

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	1,148,344
Changes for the year	3,753,335
Balance as at 31.12.2018	**4,901,679**

The item refers to the following:

- As regards €250,000 to the last tranche of the deferred price for the acquisition of the BU Artax, pursuant to the agreement signed on 26 September 2017. Payment of €250,000 will be carried out if the EBIT for 2019 is higher in figures and % than profits, compared to what indicated in the business plan;
- As regards €3,851,661 to the current value of the put options' non-current portion granted to minority Shareholders of Anagram Consulting and Sketchin Sagl, so that they can request, should some conditions are met, that BIP S.p.A. purchases their shares and the simultaneous right to an increase in the capital destined to them, in BIP S.p.A. When the put options were recorded, the item "Other reserves" in the Shareholders' Equity was adjusted as a counter-entry.
- As regards €800,000 to a fund allocated for variable remunerations that the Company will pay upon the occurrence of specific conditions.

17. Employee benefits

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	1,217,906
Changes for the year	158,640
Balance as at 31.12.2018	**1,376,546**

Employee benefits amounted to €1,376,546 and refers to the severance indemnity (TFR) for the companies with registered offices in Italy.

Pursuant to Law No. 296 of 27 December 2006 and subsequent decrees and regulations issued in the early months of 2007, with effect from 1 January 2007, the Employee Severance Indemnity (TFR) was transformed from a "defined benefit plan" to a "defined contribution plan" with the result that the accounting treatment differs depending on whether the TFR was accrued before or after 31 December 2006.

The severance indemnity accruing from 1 January 2007 is a "defined contribution plan". The company makes periodic accrued severance indemnity contributions to a separate entity (e.g. INPS and/or external funds) and in so doing fulfils its obligation towards its employees. The accounting treatment is similar to contributions of any

17. Employee benefits (continued)

other nature and therefore the severance indemnity accrued is recorded as a cost in the period and the related payable recorded among short-term payables. The employee severance indemnity accrued until 31 December 2006 is a “defined benefit plan”, the existence and amount of which is known but the timing of which is uncertain.

The liability is determined as the present value of the defined benefit obligation at the reporting date, in accordance with applicable Italian law, adjusted for actuarial gains/losses. The amount of the defined benefit obligation is calculated and certified each year by an independent actuary using the projected unit credit method.

The main financial assumptions adopted in the actuarial calculations made to determine the employee severance indemnity are summarized below:

Annual inflation rate	1.50%
Annual rate of wage/salary growth:	
Executives:	2.60%
Managers	1.70%
Employees	1.40%
Annual rate of growth in employee severance indemnity (TFR):	2.625%
Annual discount rate	1.57

In accordance with Paragraph 83 of IAS 19, the annual discount rate used to calculate the present value of the obligation was based on the Iboxx Corporate AA index with duration 10+ as at the valuation date.

Accordingly, the term of the corporate bond yield selected was consistent with the term of the post employment benefit obligations.

The annual rate of increase of the TFR is 75% of inflation plus 1.5 percentage points. As for the technical demographic bases:

Death:	RG48 mortality tables published by the General State Accounting Body
Disability:	INPS tables divided by age and gender
Retirement:	100% on achieving AGO requirements

The item is broken down as follows.

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	**1,217,906**
Allocation and revaluation of the Fund (Current Service Cost+Interest Cost)	3,926,682
Amounts paid to other social security funds	(3,706,720)
Actuarial (gains)/losses	4,969
Benefits paid	(66,291)
Balance as at 31.12.2018	**1,376,546**

The employee severance indemnity provision, governed by article 2120 of the Italian Civil Code, includes the estimated obligation, determined based on actuarial techniques, related to the amount to be paid to employees of Italian companies upon termination of employment.

The indemnity, which is paid in the form of a lump sum, is equal to the sum of the provisions calculated on remuneration paid in relation to the employment relationship, revalued up to the time of termination of the same. As a result of legislative changes introduced as of 1 January 2007, the accrued severance pay is allocated to pension funds, to the treasury fund managed by INPS or, in the case of companies with fewer than 50 employees, may remain with the company. This implies that a significant portion of the accrued termination benefits is classified as a defined contribution plan as the company’s obligation is represented exclusively by the payment of contributions to the pension fund or to INPS. The liability relating to the employee severance indemnity prior to 1 January 2007 continues to represent a defined benefit plan subject to actuarial valuation.

E) CURRENT LIABILITIES

18. Current financial liabilities

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	4,668,850
Changes for the year	8,945,594
Balance as at 31.12.2018	**13,614,444**

This item is broken down as follows:

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
Due to lending institutions/other	0	2,260,520	5,877,385	8,137,905
Due to banks	0	2,408,330	3,068,209	5,476,539
Total	**0**	**4,668,850**	**8,945,594**	**13,614,444**

Payables due to financing Institutions

The item is broken down as follows and has undergone the following changes during the year:

(Amounts in Euro)	Value as at 13.03.2018	Increases from business combination	Reimbursements	Increases	Short-term portion of long-term loans	Value as at 31.12.2018
Banco di Desio loan	0	135,020	(67,115)			67,905
Equity financial instruments	0	2,125,500	(2,125,500)			0
Escrow for Openknowledge acquisition	0				70,000	70,000
Cariparma loan	0			6,000,000		6,000,000
UBI loan	0			1,000,000		1,000,000
Credem loan	0			1,000,000		1,000,000
Total	**0**	**2.260.520**	**(2.192.615)**	**8.000.000**	**70.000**	**8.137.905**

During the year, the validity period expired of the Equity Financial Instruments, issued in 2013 and therefore, as defined by the Regulations, they were repaid.

Subsequently, the BIP S.p.A. issued new equity financial instruments expiring in 2023. These payables were classified under item 13 “Non-current financial liabilities”.

During the year, in order to support the growth of the business and transactions for the period, BIP S.p.A. entered credit lines with primary banks for a total amount of €8,000,000. In particular, a Revolving Credit Facility (RCF) was entered for €6,000,000 in order to allow for a greater cash flexibility in the short time. If in the fiscal year 2018 the average interest rates had been one percentage point higher, borrowing costs charged to the income statement would have been about €93,000 higher (calculated on the March- December period), equal to 0.06% of the Group’s revenue and to 0.69% of the Group’s EBIT. The management deemed that the risk profile concerning the tax rates variability has been assessed sustainable and absorbable by the company’s work flow.

Payables due to banks

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
Advances on invoices	0	74,494	1,472,580	1,547,074
Short-term cash advances	0	885,765	1,801,199	2,686,964
Bank overdrafts	0	1,448,072	(205,571)	1,242,501
Total	**0**	**2,408,330**	**3,068,209**	**5,476,539**

18. Current financial liabilities (continued)

Financial payables mainly feature a variable interest rate, made up by Euribor + 1 spread. The weighted average interest rate of short-term financial payables is 0.87% for 2018.

The net financial position of the Group as at 31 December 2018 is the following:

Net Financial Position
(Amounts in Euro)

	31 December 2018
A. Cash (including bank deposits)	*18,726,856*
B. Other cash equivalents	*0*
C. Securities held for trading	*0*
D, Cash (A+B+C)	**18,726,856**
E. Current financial receivables	**0**
- E,1 of which current financial receivables due from subsidiaries	
F. *Short term bank borrowing*	*5,476,539*
G. *Current portion of non-current debt*	*8,137,905*
H. *Other current financial liabilities (Lease liabilities)*	*0*
I. Current financial debt (F+G+H)	**13,614,444**
J. Net current financial debt (cash) (I-E-D)	**(5,112,412)**
K. *Non-current bank loans and participative financial instruments*	*63,742,652*
L. Non-current financial debt	**63,742,652**
Net Financial debt (cash) relating to continuing activities (J+L)	**58,630,240**
Net Financial debt (cash) relating to assets held-for-sale	**0**
M. Net financial debt (cash)	**58,630,240**

For further information on the net financial payables from 13 March to 31 December 2018, please refer to the cash flow statement.

19. Current tax liabilities

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	2,587,916
Changes for the period	(689,758)
Balance as at 31.12.2018	1,898,158

The balance equal to €1,898,158 represents payables for direct taxes, calculated in accordance with tax rates in force in the different countries where the companies of the Group operate.

The item is broken down as follows:

(Amounts in Euro)

Description	Value as at 13.03.2018	Increases from business combination	Changes for the year	Value as at 31.12.2018
IRES	0	1,113,021	(315,420)	797,601
IRAP	0	803,021	(631,295)	171,726
Others	0	671,874	256,957	928,831
Total	**0**	**2,587,916**	**(689,758)**	**1,898,158**

20. Provision for risks and charges (current portion)

The item “Provision for current risks and charges” amounts to €76,106 and refers to provisions to hedge against legal risks with a former employee of the Brazilian company BIP Do Brasil Consultroia.

21. Other current liabilities

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	44,494,556
Changes for the year	5,658,698
Balance as at 31.12.2018	50,153,254

This item is broken down as follows:

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
Payables due to directors and auditors	0	3,858,389	207,292	4,065,681
Payables due to self-employed staff	0	81,366	(22,638)	58,728
Withholding tax payables	0	98,783	129,551	228,334
Tax payables	0	3,601,090	2,812,793	6,413,883
Payables due to social security institutes	0	2,600,978	2,408,233	5,009,211
Payables to employees for 13th monthly salary, holidays and leave	0	8,897,981	(3,936,580)	4,961,401
Employee bonuses	0	12,252,535	(1,456,355)	10,796,180
Interest payable	0	7,219	7,529	14,748
Interest payable on PFIs	0	1,124,004	(153,004)	971,000
Derivatives fair value	0	60,349	6,809	67,158
Other payables	0	11,911,862	5,655,068	17,566,930
Total	**0**	**44,494,556**	**5,658,698**	**50,153,254**

The item "Employee bonuses" amounts to €10,796,180 and discloses bonuses accrued in 2018 in favor of employees and to be paid in early 2019.

"Interest payable on PFIs" are equal to €971,000 and refer to interest pertaining to 2018, relevant to financial equity instruments to be paid in June 2019.

The Item "Derivatives fair value" refers to the change in fair value of the Interest Rate Swap (IRS) contracts, signed during the year in order to avoid the exposure to the risk of interest rate change on the long-term loan. For further information, reference is made to Note 13.

The item "Other payables" mainly refers to the following:

- For €14,073,539 to contract liabilities (deferred income for revenue pertaining to the following year), of which €13,693,163 related to the Parent Company BIP S.p.A.
- For €200,000 to the second instalment of the deferred price for the acquisition of the Business Unit Artax, based on the agreement signed on 26 September 2017. Said amount was paid on 25 February 2019.
- For €2,789,320 to the current value of put options granted to minority shareholders of Sketchin and Openknowled in order to have the right to request, when certain conditions are met, the purchase of their shares by BIP S.p.A. along with the right to a reserved capital increase within BIP S.p.A. According to agreements with minority shareholders, the put option is expected to be exercised within the year 2019. When the put option was recorded, the item "Other reserves" in the Shareholders' Equity was adjusted as a counter-entry.

22. Trade payables

	(Amounts in Euro)
Balance as at 13.03.2018	0
Increases from business combination	15,512,424
Changes for the year	34,618
Balance as at 31.12.2018	**15,547,042**

The item is made up of payables to suppliers and is broken down as follows:

	(Amounts in Euro)			
Description	**Value as at 13.03.2018**	**Increases from business combination**	**Changes for the year**	**Value as at 31.12.2018**
Invoices received	0	6,127,926	1,782,496	7,910,422
Invoices not yet received	0	9,373,629	(1,737,009)	7,636,620
Others	0	10,869	(10,869)	0
Total	**0**	**15,512,424**	**34,618**	**15,547,042**

The item refers to invoices received/not yet received for services and consultancy mainly provided for by external consultants. Payables mainly refer to the parent company BIP S.p.A. for €12,428,973 and its subsidiaries OpenKnowledge and BIP Services respectively for € 821,244 and €1,032,566.

Payables to related parties are described in Note 37 "Transactions with related parties".

Fair value valuation of trade and other payables had no significant impact, taking account of the short time elapsing between debt occurrence and its maturity term.

23. Management of financial risks

This note provides the information required by IFRS 7.

Potential financial risks and the significance of the Group's exposure to such risks are described below. It is noted, however, with regard to financial risks, that management believe there to be no particular critical issues to report.

Exchange rate risk

Exchange rate risk is the risk that the value of a financial instrument may vary as a consequence of floating exchange rates. The group is exposed to the currency risk only partially, since most of its operations are carried out in the Euro area. In the years to come the impact could be greater (in particular in the Latin American area), but we do esteem that the impact will be relative. In any case the company's management is monitoring the currency performance charts while taking into consideration the use of hedging instruments.

Interest Rate Risk

Interest rate risk is the risk that a financial instrument may change as a consequence of floating market interest rates.

As previously specified, in order to achieve the necessary liquidity for the acquisition of the BIP Group, on 27 March 2018 BEEP issued two convertible bonds with a principal amount of €60,000,000 and €5,000,000, entered into by the investment and asset management company Tikehau Capital.

The main reimbursement terms and conditions for the two bond loans, equal for both, are as follows:

- Reimbursement of the principal amount in one single payment on 27 March 2025;
- Payment of interest on a quarterly basis, as from June 2018;

23. Management of financial risks (continued)

- Interest rate applied for the first 12 months, equal to 3-month Euribor + 5%, while, for the remaining periods, the rate will be linked to the ratio calculated as ratio between net financial position and operating result on data of the BIP Group, as follows:

Leverage Ratio: (NFP/operating profit)	Margin (% per annum)
Greater than 4.25:1	7.25%
Below than or equal to 4.25:1 and above 3.75:1	6.25%
Below than or equal to 3.75:1 and above 3.25:1	5.50%
Below than or equal to 3.25:1 and above 2.75:1	5.00%
Below than or equal to 2.75:1 and above 2.25:1	4.75%
Below than or equal to 2.25:1	4.25%

In order to hedge future cash flows due to the payment of interest, BIP S.p.A. entered an Interest Rate Swap (IRS) contract with a fixed rate of 0.11% over an amount of €50 million, for a duration up to 31 July 2020. By reason of the fact that this IRS is not compliant with the hedging terms set out by IAS 32, this was considered as speculative and therefore changes in fair value were entered in the Income Statements, under item “Interest”.

The ratio (financial position/operating results) is monitored by BIP S.p.A. on a monthly basis, in order to determine the applied interest rate prospectively.

In March 2019, this ratio was lower than 2 and for the entire 2019 it is expected to remain under this threshold, thus guaranteeing the lowest interest margin.

Market Risk

Market risk is the risk that the value of a financial instrument may change as a consequence of floating market prices.

Currently, the Group has no significant transactions correlated with this risk.

Credit Risk

Credit risk is the financial loss originated by third parties’ default of payment obligation towards the Group. Financial counterparts are mainly represented by top-tier clients with elevated solvency.

For commercial purposes, specific policies have been adopted to ensure the solvency of customers and to limit exposure to credit risks with respect of a single client by means of custom evaluation processes.

Periodically all receivables are put through an analytical assessment for each client proceeding with depreciation when a probable value loss is pointed out.

Information regarding trade receivables is included in note 12

Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available.

A conservative management is engaged by monitoring the company’s cash flows, financing needs and liquidity in order to guarantee a helpful management of the financial resources through the maintenance of adequate liquid resources or payables, as well as suitable availability credit lines.

The credit lines currently in force are sufficient for the group to manage the development of the business and the absorption of the operating cash, as well to manage the periods of higher cash absorption.

23. Management of financial risks (continued)

Other information regarding financial instruments

Fair value hierarchy

In relation to the financial instruments recognized at fair value in the statement of financial position, IFRS 13 requires that these values are classified based on a hierarchy of levels that reflects the materiality of input data used in determining the fair value. The following levels are defined:

- Level 1: listed prices recognized in an active market for the asset or liability to be measured;
- Level 2: input data other than the above, that can be observed, either directly (prices) or indirectly (price derivatives) on the market;
- Level 3: input data that are not based on observable market data.

The book value of financial instruments and the related economic and equity effects are shown hereunder:

	Value as at 31.12.2018					
	Classes of financial instruments				Fair value information	
	Loans and receivables	Assets/liabilities measured at fair value through other comprehensive income	Investment held to maturity	Investments held for sale	Fair Value	Hierarchy level
Other non-current assets	1,467,078				1,467,078	3
Trade receivables	98,008,314				98,008,314	3
Other current assets	1,228,893				1,228,893	3
Non-current financial liabilities	63,742,652				63,742,652	3
Current financial liabilities	13,614,444				13,614,444	3
Other current liabilities	50,086,096	67,158			50,153,254	3
Trade payables	15,547,042				15,547,042	3

Level 3 refers to prices calculated on the basis of figures different from the available market

Information on the market value of financial instruments is supplied in the description of the specific items. The market value of trade receivables and payables due within next year, is estimated as almost equivalent to the related book value, taking account of the short period of time elapsing between the inception of the debt and its maturity term.

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

INTRODUCTION

As previously reported, on 27 March 2018, the Apax Partners France Fund acquired the control of BIP S.p.A.

The transaction was carried out through:

- the incorporation of the SPV BEEP S.p.A. ("BEEP"), which took over from the previous shareholders—the Argos Soditic Fund and the equity partners of the Company—the entire shareholding of BIP (through the direct acquisition of BIP shares and the acquisition of all the shares of the holding companies Trepuntozero S.r.l. and Manbeep S.A.)
- the simultaneous reinvestment of BIP's equity partners in RacBip Srl and RunBip Srl, which, in turn, own shareholdings in BEEP.

Then, with the aim of streamlining the business control chain, with improvement both in terms of management flexibility and reduction of overall costs relating to the business structure, on 24 December 2018, the merger by

23. Management of financial risks (continued)

incorporation of BEEP, Trepuntozero Srl and ManBeep Srl in BIP was carried out. This qualifies as a reverse merger the merger leveraged buy-out, pursuant to articles 2501-bis and 2501-ter of the Italian Civil Code Italian Civil Code.

The merger will have effect as of 1 January 2018

Therefore, since BEEP acquired the BIP Group on 27 March 2018, these are the first consolidated financial statements of the BIP Group, which will disclose BEEP economic data as from 13 March 2018, BEEP's date of establishment (Parent Company of the Group, then merged into BIP with reverse merger procedure), and the economic data for the purchase of the BIP's Group, as from 27 March 2018.

VALUE OF PRODUCTION

	(Amounts in Euro)
From 13 March to 31 December 2018	157,782,276

24. Revenue from sales and services

Revenue from sales and services, amounting to €157,016,791, refer to projects that were implemented at Group's customers over the period from 27 March 2018 to 31 December 2018.

25. Other revenues

	(Amounts in Euro)
From 13 March to 31 December 2018	765,485

This item amounts to €765,485 and is broken down as follows:

Description	(Amounts in Euro) From 13 March to 31 December 2018
Expenses recovery	669,343
Out of period gains	92,480
Sundry	3,662
Total	**765,485**

Recovery of expenses

This item amounts to €669,343 and mainly refers to the following:

- amounts billed to employees in accordance with ACI (kilometre reimbursement calculation) tables in respect of their use of company cars;
- the rebilling of employees' telephones and fuel cards excesses.
- €49,754 pertaining to the tax receivable referred to investments in R&D activities, pursuant to art. 1, para. 35, law no.190 of 23 December 2014, n.190 (so-called Stability Law 2015).

Contingent assets are related to higher provisions in the previous year.

25. Other revenues (continued)

B) COST OF PRODUCTION

	(Amounts in Euro)
From 13 March to 31 December 2018	144,200,329

The item is broken down as follows.

Description	(Amounts in Euro) From 13 March to 31 December 2018
Cost of services	23,248,967
General and administrative expenses	19,917,574
Personnel expenses	96,279,624
Other operating costs	234,891
Depreciation, amortisation and impairment	4,519,273
Total	**144,200,329**

26. Cost of services

	(Amounts in Euro)
From 13 March to 31 December 2018	23,248,967

Costs for services on order amount to €23,248,967 and are broken down as follows:

Description	(Amounts in Euro) From 13 March to 31 December 2018
Consulting and technical assistance	17,076,245
Travel expenses	4,294,610
Rentals	555,730
Other	1,322,381
Total	**23,248,967**

The item "Consultancy and technical assistance", amounting to €17,076,245, includes costs incurred for the involvement of subcontractors and qualified technicians for services carried out to customers.

The item "Travel expenses" amounts to € 4,294,610 and refers to expenses borne by both employees and external consultants.

27. General and administrative expenses

	(Amounts in Euro)
From 13 March to 31 December 2018	19,917,574

Costs for general and administration costs amount to €19,917,574 and include the following items:

Description	(Amounts in Euro) From 13 March to 31 December 2018
Communication and events	1,669,612
Training	531,997
Rental of computers and printers	989,251
Payroll management	323,789
Recruitment	414,307
Legal and tax services	6,319,736
Board of Auditors	48,725
Telephones	856,533

27. General and administrative expenses (continued)

Office rental	3,085,331
Vehicle rental	2,439,369
Canteen	1,193,439
Sundry expenses	2,045,483
Total	**19,917,574**

The main balances refer to:

Legal and tax services

The item amounts to €6,319,736 and includes approximately €5.9 million incurred during the year for the collaboration of the professionals required to carry out the extraordinary operations deriving from the acquisition of the BIP Group as well as from BEEP merger in BIP.

Office rental

The item amounts to €3,085,311. This item includes the rental cost for the offices Milan, Rome and London, borne by the parent company, and the rental relating to the subsidiaries, in particular, BIP Iberia (Madrid), BIP do Brasil (São Paulo and Rio), Sketchin (Manno) and Openknoledge (Milan). Moreover, the item includes costs debited by customers for the rental of their office posts.

Vehicle rental

The item amounts to €2,439,369 and mainly refers to costs for BIP S.p.A. employees' cars.

Sundry expenses

The cost is attributable primarily to BIP S.p.A. (€1,350,838) and to the subsidiary BIP Services (€235,286) and includes costs of various types, including rentals for the housing of employees working on projects at customers' premises, improvements to rented assets that are not capitalized, costs for the management or company's vehicles, membership fees and other general expenses incurred during the year, in addition to other duties and taxes.

Communication and events

This item amounts to €1,669,612 and relates to expenses incurred by the Group's employees and directors while performing promotion and business development activities, in addition to costs borne for corporate events.

Rental of computers and printers and telephone costs

The items amount respectively to €989,251 and €856,533 and are mainly attributable to the Parent Company BIP S.p.A. for €871,331 and €716,238 respectively.

Recruitment

The cost is mainly attributable to BIP Services and refers to expenses for employee searching entrusted to external companies.

28. Personnel expenses

	(Amounts in Euro)
From 13 March to 31 December 2018	96,279,624

28. Personnel expenses (continued)

The item is broken down as follows:

Description	(Amounts in Euro) From 13 March to 31 December 2018
a) Wages and salaries	65,524,665
b) Social security costs	16,168,847
c) Severance indemnity	3,949,891
d) Other personnel costs	10,636,221
Total	**96,279,624**

The item "other personnel costs" is mainly made up of bonuses foe employees pertaining to the year, cost for holiday, leaves and employee's insurances.

Profits and losses for the year linked to benefit plans are shown among other items of the comprehensive income statement.

The headcount as ta 31 December 2018 consists of 2,061 units. Please find below the personnel broken down by each category:

	Executives	Managers	Employees	Others	Total
Total as at 31 December 2018	164	658	1,235	4	2,061
Average number from 13 March to 31 December	166	631	1,102	4	1,903

29. Other operating costs

	(Amounts in Euro)
From 13 March to 31 December 2018	234,891

The other operating costs mainly refer to contingency liabilities due to items closed pertaining to the previous year, or purchase of stationery or sundry materials

30. Depreciation, amortisation and impairment

	(Amounts in Euro)
From 13 March to 31 December 2018	4,519,273

It is composed as follow:

Description	(Amounts in Euro) From 13 March to 31 December 2018
Depreciation of property, plant and equipment	417,004
Amortisation of intangible assets	3,456,677
Impairment write-downs	645,591
Total	**4,519,273**

The item Amortisation of intangible assets includes amortisation related to Customer relationship and the BIP trademark, €1,769,606 and €1,022,247, respectively, generated following the allocation transaction of the purchase value of the BIP Group on 27 March 2018 (Purchase Price Allocation), as described in paragraph 3.

The item refers to depreciations of trade receivables by BIP S.p.A. for approx. €100,000 and to the amortisation of the goodwill of BIP Turkey for €500,000. Following the continuous depreciation of the Turkish Lira and the

30. Depreciation, amortisation and impairment (continued)

fact that the Company did not achieve the budget targets, a more conservative business plan, compared to the one defined upon acquisition of the company, had to be redefined. In light of the new data, an impairment test was carried out which led to a prudential write-down of goodwill of €500,000.

31. Net finance income and expenses

	(Amounts in Euro)
From 13 March to 31 December 2018	(7,494,282)

This item amounts to €7,494,320 and is broken down as follows:

Description	(Amounts in Euro) From 13 March to 31 December 2018
Finance income	348,897
Finance expenses	(7,843,179)
Total	**(7,494,282)**

Finance income mainly refers to positive forex differences and to interest receivable on current account balances.

Finance expenses are broken down as follows:

Description	(Amounts in Euro) From 13 March to 31 December 2018
Interest expense	(6,211,342)
Interest expense on PFIs	(810,556)
Other	(821,281)
Total	**(7,843,179)**

Finance expenses mainly consist of interest expense, accrued on the loan granted by Tikehau Capital and amounting to €2,430,432 (for details, reference is made to paragraph 13), as well as interest payable of €3,446,083 accrued until 23 September 2018 on the payable of €98,730,000, disbursed by the Shareholder Milapax S.a.r.l. and then converted into capital (for details see paragraph 12).

In addition to these amounts, the item includes interest expenses paid on short-term loans to banks, as well as costs of factoring lines and advances on invoices.

The item "Interest expense on PFI" certificates recognize the accrued interest on participated financial instruments issued by the parent company BIP.

The item "Other" is mainly made up of negative forex differences.

32. Impairment losses on financial assets

The item for the year amounts to 0

33. Income tax

	(Amounts in Euro)
From 13 March to 31 December 2018	3,679,876

33. Income tax (continued)

This item amounts to €3,679,876 and is broken down as follows:

Description	(Amounts in Euro) From 13 March to 31 December 2018
Current taxes	4,810,561
Deferred taxes	(1,130,686)
Total	**3,679,876**

Current taxes refer to provision of the year calculated with the rates in force in the different countries where the Group BIP operates.

Deferred taxes

	(Amounts in Euro)
From 13 March to 31 December 2018	(1,130,686)

The item represents the changes in prepaid and deferred taxes. For further information, reference is made to Notes 7 and 14.

34. Other items of comprehensive income

	(Amounts in Euro)
From 13 March to 31 December 2018	(200,475)

The amount refers to:

- Positive variation, net of taxes, of IAS reserve for profit (loss) for the year in the provision for employees benefits, equal to €19,157.
- Positive variation due to the settlement of derivative financial instruments, hedging the interest rate risk, subscribed for two long-term loans that were redeemed during the year for the amount of €45,865.
- Negative translation reserve for € 227,183, mainly due to the effect of the sterling and Brazilian real depreciation during the year.

35. Other Information

Commitments

Commitments assumed by the Group as at 31 December 2018 amount to €5,271,520 for guarantees for third parties issued for participation in tenders, the stipulation of contracts and for guarantees on office rental contracts.

Rental Contracts

As of 1 January 2019, the new IFRS 16 will be applied.

The standard introduces a criterion based on the control in use of an asset, in order to distinguish lease contracts from service contracts, based on the following:

- identification of the asset in use (i.e. without a right to replace the same by the lessor);
- the right to obtain substantially all economic benefits concerning the use of the asset;
- the right to determine how and for what intent the asset is to be used.

35. Other Information (continued)

The Group opted for the recognition of the effects of the standard with modified retrospective method (with cumulative effect of the adoption of IFRS 16, recognized to adjust the opening balance of retained earnings as at 1 January 2019 without re-determine comparative information).

The Group has currently completed the analysis of contracts that are possibly affected by this standard, referred primarily to lease contracts of real estates for office use at the various headquarters of the company, and long-term lease contracts for company cars.

The transition method that will be adopted consists in the above-mentioned modified retrospective. In particular, as regards lease contracts previously classified as operating leases, the Company will account for the following:

- a financial liability, equal to the current value of residual future payments at the transition date, discounted by using, for each single contract, the incremental borrowing rate, applicable at the transition date;
- the right of use, equal to the value of the financial liability, at the transition date, net of possible accruals and deferrals referred to the lease and recognized in the Balance Sheet at the reporting date of these financial statements;

In applying the accounting method of leases, the Management carefully valued the definition of the lease term, by identifying the non-cancellable period and supplementing it to take account of any possible options that are reasonably likely to be exercised.

In light of the analysis performed, the estimate of the effects of the application of IFRS 16, as at 1 January 2019, involves the following:

- Financial liabilities equal to €18,168,120. The discounting of future cash flows was performed with 1% rate.
- a right of use equal to the financial liability amounting to €18,168,120.

Fees due to independent auditors

Fees due to the independent auditor PricewaterhouseCoopers SpA for services related to the legal auditing of the separate and consolidated financial statements amounted to €170,000.

Compensation due to directors and statutory auditors

Compensation due to the directors of the Group's companies amount to € 4,459,250.

Compensation due to the statutory auditors of BIP S.p.A. (no other board of auditors or similar boards are present in the other companies of the Group) is equal to €68,000.

Related party transactions

Related parties are companies which directly or indirectly, by means of one or more broking companies, control or are controlled by the companies of the Group and in which the same hold a participation capable of exerting a strong influence; executives having key responsibilities of the group parent and of the companies directly and/or indirectly controlled by the same, and in which the group parent company has a strong influence.

Many transactions with related parties were carried out during the year; the applied conditions are the ones usually applied in transactions with third parties.

35. Other Information (continued)

The tables below summarises the trade and financial transactions among the related parties and the companies of the Group as at 31 December 2018:

	(Amounts in Euro)				
31.12.2018	Revenue	Costs	Financial income/ (expenses)	Receivables	Payables
Immobiliare 4.0 Srl	0	585,240	0	0	188,753
M.L. Consulting	0	461,300	0	0	168,566
Compagnia Finanziaria Immobiliare	0	830,000	0	0	222,500
Bi.Effe Consulenti associati	0	86	0	0	0
MIP POLITECNICO DI MILANO Scpa	182,417	65,000		24,032	1,952
ZAGODIN S.A.S.	0	395,000	0	0	34,167
LUMIERE SAS	0	287,500	0	0	25,833
FINANT SRL	0	185,000	0	0	0
Milapax S.A.	0	0	(3,446,083)	0	0
Romesan Iniciativas SL	2,044	116,666	0	0	0
Madrigal Servicios Profesionales	2,044	116,671	0	0	0
Total	**186,505**	**3,042,463**	**(3,446,083)**	**24,032**	**641,771**

The relations with correlated parties concern the rental of offices in Milan, Piazza San Babila, consulting activities and Directors' fees.

Disclosure of grants pursuant to Article 1, Paragraph 125 of Law 124/2017

Pursuant to article 1, paragraph 125, of Law no. 124 of 4 August 2017, in compliance with transparency obligation, it is specified that, during the year, the company received considerations from Fondirigenti for a total amount of €19,220.

36. Significant events occurring after the reporting period

On 18 March 2019 the Brazilian asset reorganization process was completed through the incorporation of a new holding (BIP Holding), with the shares of the subsidiary companies BIP Consoltoria and Bip Partecipacoes flew into it. During the transaction, a capital increase was carried out in BIP Holding, in order to allow for a new shareholder to join in and to permit the minority shareholders' shares to be increased, while BIP Desarrollo acquired the shares of the exiting shareholder, who decided to leave the consulting field and to dedicate to new personal projects. At the end of the transaction, BIP S.p.A., through the subsidiary company BIP Desarrollo, owns 69.7% of the Brazilian assets.

On 19 January 2019, BIP S.p.A. Incorporated the Swiss branch Business Integration Partners Zug, with registered office in Zug.

No significant events occurred after the end of the year.

37. Significant non-recurring events and transactions

In addition to what thoroughly discussed on the purchase of the BIP Group by the Apax Partners France Fund on 27 March 2018, as well as on the reverse merger of BEEP S.r.l., Trepuntozero S.r.l. e Manbip S.r.l. into BIP, no other non-recurring transactions occurred during the year.

REGISTERED OFFICE OF THE ISSUER

Bach Bidco S.p.A.
Via del Vecchio Politecnico, 9
20121 Milan
Italy

LEGAL ADVISORS TO THE ISSUER

As to US and English law
Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

As to Italian law
Latham & Watkins LLP
Corso Matteotti, 22
20121 Milan
Italy

As to Italian tax law
Studio Legale Tributario Facchini Rossi Michelutti
Foro Buonaparte, 70
20121 Milan
Italy

As to Luxembourg law
Elvinger Hoss Prussen, société anonyme
2 place Winston Churchill
L-1340 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to US law
Allen & Overy LLP
Haus am Opernturm
Bockenheimer Landstrasse 2
60306 Frankfurt
Germany

As to English law
Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

As to Italian law
Allen & Overy - Studio Legale Associato

Corso Vittorio
Emanuele II, 284
00186 Rome
Italy

Via Ansperto, 5
20123 Milan
Italy

As to Luxembourg law
Allen & Overy -
société en commandite simple,
inscrite au barreau de Luxembourg
5 Avenue JF Kennedy
L-1855, Luxembourg
Grand Duchy of Luxembourg

INDEPENDENT AUDITOR TO BIP

PricewaterhouseCoopers S.p.A.
Via Monte Rosa, 91
20149 Milan
Italy

TRUSTEE
BNY Mellon Corporate Trustee Services Limited
One Canada Square
London E14 5AL
United Kingdom

SECURITY AGENT
BNP Paribas Italian Branch
Piazza Lina Bo Bardi 3
20121 Milano
Italy

REGISTRAR AND TRANSFER AGENT
The Bank of New York Mellon SA/NV,
Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

PAYING AGENT
The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

LEGAL ADVISORS TO THE TRUSTEE, THE SECURITY AGENT, THE PAYING AGENT,
REGISTRAR AND TRANSFER AGENT

McDermott Will &Emery UK LLP
110 Bishopsgate
London EC2N 4AY
United Kingdom

Bach Bidco S.p.A

€275,000,000 Floating Rate Senior Secured Notes due 2028

OFFERING MEMORANDUM

Sole Physical Bookrunner

BNP PARIBAS

Joint Global Coordinators and Join Bookrunners

BNP PARIBAS **Crédit Agricole CIB**

Joint Bookrunners

IMI — Intesa Sanpaolo **UniCredit**

Offering Memorandum

October 14, 2021

Donnelley Financial Solutions 112374