**Offering Memorandum**

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

# *€275,000,000 5.00% Senior Secured Notes due 2027 issued by LIBRA GROUPCO S.P.A.*

Libra GroupCo S.p.A. a joint stock company (*società per azioni*) organized under the laws of Italy (the "**Issuer**"), is offering €275,000,000 aggregate principal amount of its 5.00% senior secured notes due 2027 (the "**Notes**"). The Issuer is a wholly owned subsidiary of Libra HoldCo SARL, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 1-3 boulevard de la Foire, L-1528 Luxembourg, and registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B252446 (the "**Company**"). The proceeds from the offering of the Notes (the "**Offering**"), will be used on or about the Completion Date (as defined herein) and subject to the satisfaction of certain conditions, together with certain other funding, to finance the acquisition of OEP 14 U.A. Cooperatief, U.A. (the "**Target**" and, together with its subsidiaries as of the Completion Date, the "**Target Group**") and the Minority Acquisition (as defined herein), to refinance and cancel certain existing indebtedness of the Target Group, pay certain fees and expenses associated with the Transactions (as defined herein) and for general corporate purposes, including acquisitions. See "*Use of Proceeds.*"

The Notes will bear interest at a rate of 5.00% per annum. Interest on the Notes will be paid semi-annually in arrear on each May 15 and November 15, commencing on November 15, 2021. The Notes will mature on May 15, 2027. The Issuer may redeem the Notes in whole or in part at any time on or after May 15, 2023, at the redemption prices set forth in this offering memorandum (the "**Offering Memorandum**"). Prior to May 15, 2023, 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 of such Notes, plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium, as described in this Offering Memorandum. In addition, prior to May 15, 2023, the Issuer may redeem, at its option, up to 40% of the Notes (including the aggregate principal amount of any additional Notes issued) at the redemption price set forth in this Offering Memorandum with the net cash proceeds from certain equity offerings so long as at least 50% of the original principal amount of the Notes (including any additional Notes), issued under the Indenture (as defined herein) remain outstanding. Prior to May 15, 2023, the Issuer may redeem up to 10% of the aggregate principal amount of the Notes originally issued (including the aggregate principal amount of any additional Notes issued) in each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount thereof. See "*Description of the Notes—Optional Redemption.*" Additionally, upon certain events defined as constituting a change of control triggering event or upon certain asset sales, the Issuer may be required to make an offer to purchase the Notes at 101% of their principal amount. A change of control triggering event, however, will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event. In the event of certain developments affecting taxation, the Issuer may elect to redeem all, but not less than all, of the Notes.

Concurrently with the closing of the Offering on the Issue Date (as defined herein), the Issuer will deposit the gross proceeds of the Offering into a euro-denominated segregated bank account, controlled by the Issuer (the "**Deposit Account**"), to hold such amount pending the completion of the Lutech Acquisition (as defined herein). On or about the Issue Date, the Issuer will assign as security its rights, title and interest in the credit balance of the Deposit Account to GLAS Trust Company LLC (the "**Trustee**") for the benefit of the holders of the Notes pursuant to the security documents dated the Issue Date between the Issuer and the Security Agent (as defined herein), in this case, as representative, and for the exclusive benefit, of the Trustee (such grant of security, the "**Deposit Account Charge**"), which Deposit Account Charge will provide that the funds will be segregated and held for the purposes specified herein. The release of the funds credited to the Deposit Account and the completion of the Lutech Acquisition will be subject to the good-faith determination by the Issuer of the satisfaction of certain conditions, and such release will occur as soon as reasonably practicable following such determination (the date of such determination of the conditions, the "**Release Date**"). In the event that, (i) the completion date of the Lutech Acquisition (the "**Completion Date**") does not take place on or prior to January 14, 2022 (the "**Longstop Date**"), (ii) in the good-faith judgment of the Issuer, the Lutech Acquisition will not be consummated on or prior to the Longstop Date, (iii) the Main Acquisition Agreement (as defined herein), terminates at any time on or prior to the Longstop Date, or (iv) certain other events occur, the Issuer will redeem the Notes at a price equal to 100% of the initial issue price of such Notes, plus accrued but unpaid interest and additional amounts, if any, from the Issue Date to (but not including) the Special Mandatory Redemption Date (as defined herein) (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). See "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption*" and "*Risk Factors—Risks Relating to the Transactions—The Lutech Acquisition is subject to significant uncertainties and risks and, if it is not completed on or prior to the Longstop Date, the Issuer will be required to redeem the Notes at 100% of the initial issue price of the Notes, plus accrued and unpaid interest and additional amounts, if any.*"

The Notes will be senior secured obligations of the Issuer, rank *pari passu* in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes, including the Issuer's obligations under the Revolving Credit Facility (as defined herein) and certain hedging obligations, if any, 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, be effectively subordinated to any existing and future indebtedness or obligation of the Issuer (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral (as defined herein), to the extent of the value of the property or assets securing such obligation or indebtedness and be structurally subordinated to any future indebtedness of the Company's subsidiaries (including obligations to trade creditors), other than the Issuer, that do not guarantee the Notes. The Notes will be guaranteed on a senior secured basis, assuming the Completion Date occurs on or prior to the Longstop Date (i) on the Release Date, by the Company and Libra Bidco B.V. (together, the "**Initial Guarantors**" and, such guarantees provided, the "**Initial Guarantees**"), and (ii) as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date and subject to the Intercreditor Agreement (as defined herein) and the Agreed Security Principles, by the Target and certain material entities of the Target Group (the "**Target Guarantors**" and, together with the Initial Guarantors, the "**Guarantors**," and, such guarantees, the "**Target Guarantees**" and, together with the Initial Guarantees, the "**Guarantees**"). The Guarantors will also guarantee on a senior secured basis the Revolving Credit Facility (as defined herein) and certain hedging obligations, if any. Following the Completion Date, and together with certain other Post-Completion Mergers (as defined herein), we intend to merge the Issuer with Lutech S.p.A. ("**Lutech**"), pursuant to Article 2501-*bis* of the Italian Civil Code, with Lutech being the surviving entity.

On or about the Issue Date, the Notes will be secured on a first-priority basis by the Deposit Account Charge. On or about the Release Date, and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Initial Guarantees will be secured on a first-priority basis by security interests in the Initial Collateral (as defined herein). In addition, assuming the Completion Date occurs on or prior to the Longstop Date, (i) as soon as reasonably practicable after the Completion Date and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Target Guarantees will be secured on a first-priority basis by (a) Dutch law pledge over the shares held by Bidco in the Target and (b) a Dutch law pledge over structural loan receivables owed to the Issuer by Bidco (if applicable), and (ii) as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Target Guarantees will be secured on a first-priority basis by the remaining Target Collateral (as defined herein and, together with the Initial Collateral, the "**Collateral**"). The Collateral will also secure borrowings under the Revolving Credit Facility and certain hedging obligations, if any. Under the terms of the Intercreditor Agreement, in the event of enforcement of the security over the Collateral, the holders of the Notes will receive proceeds from the Collateral only after certain obligations (including those owed to lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, if any), have been repaid in full. In addition, following the Post-Completion Mergers, and to the extent applicable, certain security interests in the Collateral may be released and certain other security interests in the Collateral may be confirmed, extended and/or granted (as applicable) in accordance with the covenants described under "*Description of the Notes—Certain Covenants—Impairment of Security Interests.*" The Guarantees and the security interests in the Collateral may also be released under certain other circumstances. The validity and enforceability of the Guarantees and the security and the liability of each Guarantor and security provider will be subject to certain significant limitations as described in "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*" and "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Collateral is limited to certain specific assets, the value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.*" Subject to the terms of the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. This Offering Memorandum includes more detailed information on the terms of the Notes and the Guarantees, including redemption and repurchase prices, security, covenants, events of default and transfer restrictions.

The Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof. There can be no assurance, however, that such listing will be maintained. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2014/65/EU, as amended ("**MiFID II**"). This Offering Memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July16, 2019.

**Investing in the Notes involves a high degree of risk. Please see "*Risk Factors*" beginning on page 40 of this Offering Memorandum.**

The Notes will be in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on issue by one or more global notes that will be delivered through Euroclear SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"), as applicable, on or about May 24, 2021 (the "**Issue Date**"). Interests in each global note will be exchangeable for definitive notes only in certain limited circumstances. See "*Book-Entry, Delivery and Form.*"

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**Notes price:100.00% plus accrued interest from the Issue Date.**

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The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority or any state or other jurisdiction in the United States or any other jurisdiction. The Notes and the Guarantees may not be offered or sold within the United States, except to "qualified institutional buyers" ("**QIBs**") in reliance on (and as defined in) the exemption from registration provided by Rule 144A under the U.S. Securities Act ("**Rule 144A**"), or outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). You are hereby notified that sellers of the Notes and the Guarantees may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See "*Plan of Distribution*" and "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

*Joint Global Coordinators and Joint Bookrunners*

**BNP PARIBAS** **Deutsche Bank**

*Joint Bookrunners*

**IMI — Intesa Sanpaolo** **NatWest Markets** **Nomura** **UniCredit**

The date of this Offering Memorandum is May 24, 2021.

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## Notice to Investors

Neither the Issuer nor any of its subsidiaries or affiliates has authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this Offering Memorandum. You must not rely on unauthorized information or representations. This Offering Memorandum does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities. The information in this Offering Memorandum is current only as of the date on the cover page, and may change after that date. For any time after the cover date of this Offering Memorandum, the Issuer does not represent that its affairs or the affairs of the Group (as defined herein) are the same as described or that the information in this Offering Memorandum is correct, nor does it imply those things by delivering this Offering Memorandum or selling securities to you. The Issuer and the Initial Purchasers (as defined below) are offering to sell the Notes only in places where offers and sales are permitted.

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

The Issuer is offering the Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act. The Notes and the Guarantees have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**") or any other securities commission or regulatory authority, nor has the SEC 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 in the United States.

This Offering Memorandum is being provided for informational use solely in connection with consideration of a purchase of the Notes (i) to U.S. investors that the Issuer reasonably believes to be "qualified institutional buyers" as defined in Rule 144A, and (ii) to certain non-U.S. persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S. Its use for any other purpose is not authorized. This Offering Memorandum may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the qualified institutional buyers described in (i) above or to persons considering a purchase of the Notes in offshore transactions described in (ii) above and, in each case, any advisors to such persons in connection with this offering. The Issuer has prepared this Offering Memorandum solely for use in connection with the Offering.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of the Issuer and the Group and your own assessment of the merits and risks of investing in the Notes. The Issuer and the Guarantors are not, and the Initial Purchasers and the Trustee, and their respective agents, are not making any representation to you regarding the legality of an investment in the Notes by you.

The information contained in this Offering Memorandum has been furnished by the Issuer, the Guarantors and other sources they believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of any of the information set out in this Offering Memorandum, and nothing contained in this Offering Memorandum is or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or the future. This Offering Memorandum contains summaries, believed by the Issuer to be accurate, of some of the terms of specified documents, but reference is made to the actual documents, copies of which will be made available by the Issuer upon request, for the complete information contained in those documents. Copies of such documents and other information relating to the issuance of the Notes will also be available for inspection upon request at the specified offices of the Issuer. All summaries of the documents contained herein are qualified in their entirety by this reference. The contents of our website, and the contents of any other website referred to herein, are not incorporated into this Offering Memorandum and do not form part of it.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this Offering Memorandum with regard to it, the Group, each of their respective subsidiaries and affiliates, and the Notes are true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and that it is not aware of any other facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

No person is authorized in connection with any offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer, any member of the Group, the Initial Purchasers, the Trustee or their respective agents. The information contained in this Offering Memorandum is current at the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set out in this Offering Memorandum or in the Issuer's or the Group's affairs since the date of this Offering Memorandum.

The Issuer reserves the right to withdraw this offering of the Notes at any time, and each of the Issuer and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to you less than the full amount of Notes subscribed for by you.

The information set forth in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and/or Clearstream, as applicable, currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and/or Clearstream, as applicable, it accepts 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 some jurisdictions. Please see "*Notice to U.S. Investors*," "*Notice to Canadian Investors*," "*Prohibition of Offers to EEA Retail Investors*," "*Prohibition of Offers to United Kingdom Retail Investors*," "*MIFID II Product Governance/Professional Investors and ECPS only Target Market*," and "*Notice to Certain European Investors*." Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe, any restrictions on the transfer and exchange of the Notes. See "*Plan of Distribution*" and "*Transfer Restrictions*."

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. The Issuer, the Group and the Initial Purchasers are not responsible for your compliance with these legal requirements.

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this Offering Memorandum will be issued in the form of one or more global notes, which will be deposited and registered in the name of the nominee of a common depositary for Euroclear and/or Clearstream, as applicable. Beneficial interests in the global notes will be shown on, and transfers of the global notes will be effected only through, records maintained by Euroclear and/or Clearstream, as applicable and its respective participants. After the initial issuance of the global notes, notes in certificated form will be issued in exchange for the global notes only in the limited circumstances as set forth in the Indenture. Please see "*Book-Entry*, *Delivery and Form*."

## Notice to U.S. Investors

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under "*Transfer Restrictions*." The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act or any other applicable securities laws, pursuant to registration or an exemption therefrom. The Notes and the Guarantees may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to QIBs in reliance on the exemption from registration provided by Rule 144A or to non-U.S. persons in offshore transactions outside of the United States in reliance on (and as defined in) Regulation S. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*." The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell transfer or deliver, directly or indirectly, any Note to the public.

## Notice to Canadian Investors

The Notes may be sold only to purchasers in the Provinces of Alberta, British Columbia, Ontario and Québec purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

## 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 European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of 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 Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes in the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

## Prohibition of Offers to United Kingdom Retail Investors

In the United Kingdom, this Offering Memorandum and any other material in relation to the Notes are being distributed only to and are directed only at persons who are "qualified investors" (as defined in the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**")) who are (i) persons having 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 "**Order**"), (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as "Relevant Persons." In the United Kingdom, the Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, Relevant Persons. This Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this Offering Memorandum or its contents. The Notes are not being offered to the public in the United Kingdom.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. This Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

## MIFID II Product Governance/Professional Investors and ECPS Only Target Market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

## Notice to Certain European Investors

### *Italy*

No action has been or will be taken which could allow an offering to the public in the Republic of Italy within the meaning of Article 1(1)(t) of the Italian Financial Act and, in particular, the Offering has not been submitted to the clearance of CONSOB, pursuant to Italian securities legislation and will not be subject to review or clearance by CONSOB. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in the Republic of Italy, and neither this Offering Memorandum nor any other offering memorandum, prospectus, form of application, advertisement, other offering material or other documentation relating to the Notes may be issued, distributed or published in the Republic of Italy, either on the primary or on the secondary market, except:

(a) to qualified investors (*investitori qualificati*) as referred to in Article 2(e) of the Prospectus Regulation and any other applicable Italian laws and regulations, including Article 100 of Italian legislative decree No. 58 of February 24, 1998, as amended and supplemented; or

(b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation and Article 34-*ter*, of the Issuer Regulation and any other applicable Italian laws and regulations.

The Notes may not be offered, sold or delivered and neither this Offering Memorandum nor any other material relating to the Notes, may be distributed or made available in the Republic of Italy unless such offer, sale or delivery of Notes or distribution or availability of copies of this Offering Memorandum or any other offering material or other documentation relating to the Notes in the Republic of Italy is made in compliance with the selling restrictions above and must be made as follows: (a) by *soggetti* abilitati (including investment firms, banks or financial intermediaries, as defined by Article 1, Paragraph 1(r) of the Italian Financial Act), permitted to conduct such activities in the Republic of Italy in accordance, as applicable, with the Italian Banking Act as subsequently integrated and amended, the Italian Financial Act, the Issuer Regulation, CONSOB Regulation No. 20307 of February 15, 2018, as amended and any other applicable laws and regulations; and (b) in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirements or limitations which may be imposed from time to time by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/ or other competent 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.

### *Grand Duchy of Luxembourg*

This Offering Memorandum has not been approved by and will not be submitted for approval to the Luxembourg Supervision Commission of the Financial Sector (*Commission de Surveillance du Secteur Financier or CSSF*) in its capacity as competent authority under the Prospectus Regulation and the Luxembourg Act of July 16, 2019 on prospectuses for securities, as amended (the "**Prospectus Act**") for purposes of a public offering or sale of the Notes in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which make a public offer of securities to the public, subject to prospectus requirements, in accordance with the Prospectus Act. Consequently, this Offering Memorandum and any other offering memorandum, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Prospectus Act, and (ii) no more than 149 prospective investors, which are not qualified investors.

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

## Certain Definitions

Definitions of certain terms and certain financial and operating data can be found below.

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| **"Acquisition Agreement"** . . . . . . . . | together, (i) the agreement on the sale and transfer dated March 14, 2021 entered into among, Company and OEP 14 LP (the "**Main Acquisition Agreement**") and (ii) certain sale and transfer deeds and agreements entered into by the Target with co-investors and management shareholders of its direct subsidiary, OEP 15 B.V., as described in the Main Acquisition Agreement, in each case, as amended from time to time. |
| **"Agreed Security Principles"** . . . . . | the agreed security principles as set out in a schedule to the Revolving Credit Facility Agreement as in effect on the Issue Date, as applied, *mutatis mutandis*, with respect to the Notes in good faith by the Company. See "*Description of the Notes—Security—Summary of Agreed Security Principles*." |
| **"Apax"** . . . . . . . . . . . . . . . . . . . . . . . . | the funds advised by Apax Partners LLP. |
| **"Bidco"** . . . . . . . . . . . . . . . . . . . . . . . . | Libra Bidco B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its registered office at Herikerbergweg 238, 1101 CM in Amsterdam, the Netherlands and registered with the Dutch Trade Register under registration number 82404356. |
| **"Clearstream"** . . . . . . . . . . . . . . . . . . | Clearstream Banking S.A. |
| **"Collateral"** . . . . . . . . . . . . . . . . . . . . | has the meaning described to it under "*Summary—The Offering—Collateral.*" |
| **"Company"** . . . . . . . . . . . . . . . . . . . . | Libra HoldCo SARL, a private limited liability company (*société à responsabilité limitée*) organized under the laws of Luxembourg, having its registered office at 1-3 boulevard de la Foire, L-1528 Luxembourg, and registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B252446. |
| **"Completion Date"** . . . . . . . . . . . . . | the date of completion of the Lutech Acquisition. |
| **"CONSOB"** . . . . . . . . . . . . . . . . . . . . . | the Italian securities exchange commission, *Commissione Nazionale per la Società e la Borsa*. |
| **"Deposit Account"** . . . . . . . . . . . . . | the segregated bank account controlled by the Issuer into which the gross proceeds from the offering of the Notes will be deposited on the Issue Date pending the completion of the Lutech Acquisition and the good-faith determination by the Issuer of the satisfaction of certain other conditions. |
| **"Deposit Account Charge"** . . . . . . . | the first ranking security interest governed by Italian law and subject to the Agreed Security Principles, over the funds credited into the Deposit Account, for the benefit of the holders of the Notes pursuant to the security documents dated the Issue Date between the Issuer and the Security Agent (as defined herein), in this case, as representative, and for the exclusive benefit, of the Trustee. |

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| **"ERISA"** | the U.S. Employee Retirement Income Security Act of 1974, as amended. |
| **"Existing Lutech Indebtedness"** | certain existing indebtedness of the Group, consisting of the amounts outstanding under the Existing Lutech Senior Facilities and the Existing Lutech Other Facilities. |
| **"Existing Lutech Other Facilities"** | the credit facilities made available under the Existing Lutech Other Facilities Agreements, including short-term credit facilities and short-term bank debt. |
| **"Existing Lutech Other Facilities Agreements"** | the credit facilities agreements dated entered into by the Group entities from time to time, providing for the Existing Lutech Other Facilities, entered into, among, among others, Lutech and/or its subsidiaries and the lenders named therein, as amended from time to time. |
| **"Existing Lutech Senior Facilities"** | the senior credit facilities, including the term loan facilities and the revolving facility made available under the Existing Lutech Senior Facilities Agreement. |
| **"Existing Lutech Senior Facilities Agreement"** | the senior credit facilities agreement dated July 26, 2017, providing for the Existing Lutech Senior Facilities, entered into, among, among others, Lutech and the lenders named therein, as amended from time to time. |
| **"Euroclear"** | Euroclear Bank S.A./N.V., as operator of the Euroclear system. |
| **"European Economic Area"** | the trading area established by the European Economic Area Agreement of January 1, 1994, comprising the Member States of the EU (currently, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sweden) and Norway, Iceland and Liechtenstein. |
| **"Financial Statements"** | the audited consolidated financial statements of Lutech as of and for the years ended December 31, 2020, 2019 and 2018. |
| **"Group," "we," "our" and "us"** | unless the context requires otherwise (i) until the Completion Date, the Target and its subsidiaries, and (ii) following the Completion Date, the Company and its subsidiaries. |
| **"Guarantees"** | collectively the Initial Guarantees and the Target Guarantees. |
| **"Guarantors"** | collectively the Initial Guarantors and the Target Guarantors. |
| **"IFRS"** | the International Financial Reporting Standards as adopted by the European Union. |
| **"Indenture"** | the indenture, to be entered into on the Issue Date, governing the Notes offered hereby, among, among others, the Company, the Issuer and the Trustee. |

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| **"Initial Guarantors"** | the Company and Bidco. |
| **"Initial Guarantees"** | the guarantees issued by the Initial Guarantors on a senior secured basis guaranteeing the Notes. |
| **"Initial Purchasers"** | BNP Paribas, Deutsche Bank Aktiengesellschaft, Intesa Sanpaolo S.p.A., NatWest Markets Plc, Nomura Financial Products Europe GmbH, and UniCredit Bank AG. |
| **"Italian Golden Power Legislation"** | the Italian Law Decree (*decreto legge*) No. 21 of March 15, 2012, as converted into law and amended by Italian Law No. 56 of May 11, 2012; the Italian Law Decree (*decreto legge*) No. 105 of September 21, 2019, as converted into law and amended by Italian Law No. 133 of November 18, 2019; and Italian Law Decree (*decreto legge*) No. 23 of April 8, 2020, as converted into law and amended by Italian Law No. 40 of June 5, 2020, each as subsequently amended and supplemented, and including the relevant implementing decrees adopted in relation to the abovementioned laws and regulations, which regulates foreign investments in Italy. |
| **"Italian Banking Act"** | the Italian Legislative Decree No. 385 dated September 1, 1993, as amended and supplemented. |
| **"Italian Financial Act"** | the Italian Legislative Decree No. 58 dated February 24, 1998, as amended and supplemented. |
| **"Intercreditor Agreement"** | the intercreditor agreement dated April 20, 2021 among, among others, the Company, BNP Paribas, Italian Branch, as senior facility agent, and the Security Agent. |
| **"Issue Date"** | the date of issuance of the Notes, expected to be on or about May 24, 2021. |
| **"Issuer"** | Libra GroupCo S.p.A., a joint stock company (*società per azioni*) organized under the laws of Italy, having its registered office at Via Alessandro Manzoni 38, 20121, Milan, Italy and recorded in the Companies' Register of Milan, Monza, Brianza, Lodi under number, tax code and VAT number 11693200963. Pursuant to the completion of the Post-Completion Mergers, Lutech will be substituted as the issuer of the Notes. |
| **"Issuer Regulation"** | The CONSOB Regulation No. 11971 of May 14, 1999, as amended and supplemented. |
| **"Italian GAAP"** | provisions of Article 2423 and following Articles of the Italian Civil Code and Legislative decree no. 127/91, interpreted in the context of and integrated by the reporting standards promulgated by the Italian Accounting Standard Setter. |
| **"Longstop Date"** | January 14, 2022. |
| **"Lutech"** | Lutech S.p.A., a joint stock company (*società per azioni*), organized under the laws of Italy, having its registered office at Via Dante 14, 20121 Milan, Italy and recorded in the Companies' Register of Milan, Monza, Brianza, Lodi under number, tax code and VAT number 02824320176, which is the reporting entity of the Lutech Group. |

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| **"Lutech Acquisition"** | the acquisition of the Target by Bidco, as further described under "*Summary—The Transactions—The Lutech Acquisition*." |
| **"Lutech Group"** | unless the context requires otherwise, Lutech and its consolidated subsidiaries. |
| **"Minority Acquisition"** | the acquisition of the remaining minority shareholding in Kronotech S.r.l. by Lutech, as further described under "*Summary—The Transactions—The Minority Acquisition*." |
| **"Notes"** | the €275,000,000 aggregate principal amount of 5.00% senior secured notes offered hereby. |
| **"Paying Agent"** | GLAS Trust Company LLC. |
| **"Post-Completion Mergers"** | the merger, among others, of the Issuer with Lutech, as described under "*Summary—Corporate and Financing Structure*" in this Offering Memorandum. |
| **"Proceeds Loan"** | the loan of Tranche B of the Notes (as defined in "*Use of Proceeds*") by the Issuer to Lutech pursuant to one or more proceeds loans, upon the release of such proceeds from the Deposit Account. |
| **"Registrar"** | GLAS Trust Company LLC. |
| **"Regulation S"** | Regulation S promulgated under the U.S. Securities Act. |
| **"Release Date"** | the date of good-faith determination by the Issuer of the satisfaction of certain conditions in relation to the release of the amounts in the Deposit Account. |
| **"Revolving Credit Facility"** | the revolving credit facility made available under the Revolving Credit Facility Agreement. |
| **"Revolving Credit Facility Agreement"** | the revolving credit facility agreement dated April 20, 2021, providing for the Revolving Credit Facility entered into, among, among others, the Company, the Issuer and the lenders named therein, as amended from time to time. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement.*" |
| **"Rule 144A"** | Rule 144A promulgated under the U.S. Securities Act. |
| **"Security Agent"** | BNP Paribas, Italian branch, in its capacity 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 described to it under "*Description of the Notes.*" |
| **"Special Mandatory Redemption Date"** | has the meaning ascribed to it under "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption*." |

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| **“Target”** | OEP 14 U.A. Cooperatief, U.A., a cooperative with excluded liability (*coöperatie met uitgesloten aansprakelijkheid*), organized under the laws of the Netherlands, having its office address at Herengracht 466, 1017 CA Amsterdam, the Netherlands, and registered with the trade register of the Dutch Chamber of Commerce under number 68487363. |
| **“Target Guarantees”** | assuming the Completion Date occurs on or prior to the Longstop Date and subject to the Intercreditor Agreement and the Agreed Security Principles, the guarantees of the Notes issued by the Target Guarantors on a senior secured basis guaranteeing the Notes, as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date. |
| **“Target Guarantors”** | the Target, OEP 15 B.V., OEP 15bis B.V., OEP 14 B.V., OEP Italy Solution S.r.l., Lutech S.p.A., Arcares S.p.A., CDM Tecnoconsulting S.p.A., DISC S.p.A. and ICTeam S.p.A. |
| **“Target Group”** | the Target and its subsidiaries as of the Completion Date. |
| **“Transactions”** | the transactions described under “*Summary—The Transactions*.” |
| **“Transfer Agent”** | GLAS Trust Company LLC. |
| **“Trustee”** | GLAS Trust Company LLC. |
| **“U.S. dollar,” “dollar,” “U.S.$” or “$”** | the lawful currency of the United States. |
| **“U.S. Exchange Act”** | the U.S. Exchange Act of 1934, as amended. |
| **“U.S. GAAP”** | generally accepted accounting principles in the United States. |
| **“U.S.” or “United States”** | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia. |
| **“U.S. Securities Act”** | the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. |

## Glossary of Selected Terms

In this Offering Memorandum we use certain industry-specific terms and abbreviations when discussing our business, the meanings of which are indicated below:

**"AI"** — artificial intelligence.

**"AR"** — augmented reality.

**"Big Data"** — extremely large data sets that may be analyzed computationally to reveal patterns, trends, and associations, especially relating to human behavior and interactions.

**"BPaaS"** — the delivery of BPO services that are sourced from the cloud and constructed for multitenancy.

**"BPO"** — business process outsourcing, a method of subcontracting various business-related operations to third-party vendors.

**"blockchain"** — a system in which a record of transactions made is maintained across several computers that are linked in a peer-to-peer network.

**"CLOC"** — cloud operations center.

**"cloud"** — a network of servers to and from which data can be uploaded and downloaded.

**"cloud-based services"** — services that are operated from the cloud.

**"core process specialists"** — specialist in our customer's business processes that are considered of core importance.

**"CRM"** — customer relationship management.

**"cybersecurity"** — a set of technologies, skills, processes and structures required to protect data, applications and infrastructure from unauthorized access, damage or attacks.

**"digital enabling technologies"** — technologies that enable the digital transformation of companies by enhancing AI, advanced analytics, cloud, cybersecurity, IoT, RPA, AR/MR/VR, digital twin and blockchain technology.

**"digital platform"** — platforms for the operation of a spectrum of related digital tasks.

**"digital solutions"** — digital tools for handling tasks.

**"digital transformation projects"** — technology-based projects to improve and evolve the processes within an organization relying on enabling technologies.

**"ERP"** — enterprise resource planning.

**"ETRM"** — energy trading and risk management.

**"Fintech"** — a business that uses technology to enhance financial services and processes.

**"HD"** — high definition.

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| **"ICT"** | information communication and technology. |
| **"IoT"** | the "internet of things," a system of interrelated computing devices, mechanical and digital machines with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction. |
| **"IT transformation services"** | a reassessment and overhaul of an organization's information technology systems in order to improve the efficiency and delivery in a digital economy. |
| **"KPCs"** | Key Purchasing Criteria. |
| **"MR"** | mixed reality. |
| **"NOC"** | networks operations center. |
| **"NPS"** | Net Promoter Score. |
| **"RFID"** | radio frequency identification. |
| **"R&D"** | research and development. |
| **"Reference Market"** | is Lutech's addressable IT market, including (i) software segment, (ii) hardware segment excluding personal computers and tablets, mobiles and printers and (iii) IT services excluding business consulting and BPaaS and Traditional BPO. |
| **"RPA"** | robotic process automation, technologies to automate processes that are typically repetitive, manual and low value-added activities. |
| **"SOC"** | security operations center. |
| **"UHD"** | ultra high definition. |
| **"VR"** | virtual reality. |

## Industry and Market Data

This Offering Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and markets. Market data and statistics are inherently subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

We have generally obtained the market and competitive position data in this Offering Memorandum from industry publications and from surveys, studies or reports conducted by third party sources and data providers that we believe to be reliable. However, the accuracy and completeness of such information is not guaranteed and has not been independently verified. Additionally, such studies generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed and in some instances the sources do not assume liability for such information. We have obtained certain of the market and industry data presented in this Offering Memorandum from reports produced by third party industry specialists and consultants, such as Gartner Inc. ("**Gartner**"), and from publicly available information. Where the data produced by Gartner was stated in dollars, we have used a conversion rate of 0.89 euro to dollar, 0.85 euro to dollar, 0.90 euro to dollar and 0.88 euro to dollar for 2017, 2018, 2019, and 2020 figures, respectively, to determine the equivalent amount in euros (for projected figures, we have used a conversion rate of 0.88 euro to dollar).

The Gartner content described in this Offering Memorandum (the "**Gartner Content**"), represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this Offering Memorandum) and the opinions expressed in the Gartner Content are subject to change without notice.

Some of the information herein has been extrapolated from such market data or reports using the Group's experience and internal estimates. Elsewhere in this Offering Memorandum, statements regarding the industry in which the Group operates and its position in this industry are based solely on the Group's experience, internal studies and estimates, and its own investigation of market conditions. We believe that such information and statements are true and accurate, but there can be no assurance that is the case. Such information and statements have not been verified by any independent sources. While we are not aware of any misstatements regarding such information, statements and any similar data presented herein, such information, statements or similar data are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" in this Offering Memorandum. As a result, neither the Issuer, the Group nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information or statements in this Offering Memorandum.

Some of the industry data and information presented in this Offering Memorandum, may not fully reflect the impact of the ongoing COVID 19 pandemic, which has had an adverse effect on the Italian IT market. Consequently, some of the industry data could materially deviate from those presented in this Offering Memorandum. See "*Risk Factors—Risks relating to our Business and Industry—The impact of COVID 19 and related risks could materially affect our results of operations, financial position and/or liquidity*."

## Forward-Looking Statements

*This Offering Memorandum contains "forward-looking statements," as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Offering Memorandum, including, but without limitation, those regarding our future financial condition, results of operations and business, our products, acquisitions, dispositions and finance strategies, our capital expenditure priorities, regulatory or technological developments in the market, subscriber growth and retention rates, potential synergies and cost savings, competitive and economic factors, the maturity of our markets, anticipated cost increases, liquidity and credit risk. In some cases, you can identify these statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "project," "should," and "will" and similar words, or the negatives of those words or phrases, used in this Offering Memorandum.*

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties regarding our present and future business strategies and the environment in which we operate. Many of these assumptions, risks and uncertainties are beyond our control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on the statements, which speak only as of the date of this Offering Memorandum, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Offering Memorandum include those described under "*Risk Factors*."

The following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- competition from existing or future players in the markets in which the Group operates;
- political and economic uncertainty in Italy;
- impact of COVID-19 pandemic and related risks;
- market perceptions concerning the stability of the euro, potential reintroduction of individual currencies within the Eurozone or the potential dissolution of the euro entirely;
- operations in several different jurisdictions;
- extensive governmental regulation and related changes, of the industries in which our customers operate;
- payment, compliance and political concerns in relation to public contracting procedures for the provision of services to government and other public entities;
- delays or failure of payments for our services by our customers;
- litigation, tax and regulatory investigations, quality audits by our customers or other claims;
- lower growth in the market for cloud-based applications than the Group expects or difficulty transitioning traditional customer base to cloud technology;
- cybersecurity related issues;
- damage or disruptions to the Group's infrastructure and facilities;
- failure to deliver timely and effective implementation of the Group's services to its customers;
- failure to attract and retain skilled employees and executives;

- risks relating to reputation of the Group's brand;
- successful advertising and promotional activities;
- failure to obtain favorable pricing, manage costs effectively, or the cost of performance of the Group's contracts;
- loss of customers or decrease in business volumes;
- fluctuations in the Group's operating results from one quarter to the next;
- reliance on third-party providers to deliver services to customers;
- our dependence on partner relationships and the availability of their products;
- our dependence on services to customers through third-party operators;
- reliance on third-party open source software components;
- failure to protect the Group's intellectual property;
- infringement of third-party intellectual property rights;
- investment required in relation to the Group's sales efforts;
- failure to maintain effective systems of internal controls;
- uncertainties inherent in competitive bidding processes;
- inability to obtain bid bonds securities or guarantees required for participation in public tenders;
- trends in the banking and financial services industries;
- insufficient insurance coverage;
- labor disruptions;
- liability for actions of the Group's employees, executives, directors or other agents;
- competition and antitrust laws;
- tax laws;
- value of the Group's goodwill;
- undetected defects and delays in the introduction of new products and services;
- changes in sales organization and other corporate functions;
- development by competitors of products and services;
- market perception concerning the instability of the euro;
- ineffectiveness of the Group's cost-saving measures;
- risks related to the acquisition and integration of businesses;
- inability to anticipate and develop new services and products, enhance existing services and products and keep pace with rapid changes in the technology services and products industries;
- changes to accounting standards;
- comparability with Italian GAAP;
- estimates, judgements and assumptions relating to the financial statements;
- risks relating to the Transactions;
- risks related to our capital structure; and
- other factors relating to the Notes, the Guarantees and the Collateral as described in more detail under "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral*."

This Offering Memorandum contains certain synergy estimates, among others, relating to initiatives that have been implemented and have only been partially or fully realized in the periods under review. Such estimates are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. The assumptions used in estimating the synergies remaining to be achieved are inherently uncertain and are subject to a variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the synergy benefit estimates. *See Risk Factors—We have made certain assumptions relating to the Lutech Acquisition in forecasts that may prove to be materially inaccurate*. The Italian IT industry is changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Offering Memorandum are subject to a significant degree of risk.

We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Memorandum.

We disclose important factors that could cause our actual results to differ materially from our expectations in this Offering Memorandum. These cautionary statements qualify all forward-looking statements attributable to Issuer, the Group or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on the Group, we mean to include effects upon our business, financial and other conditions, results of operations and the Issuer's ability to make payments under the Notes.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive, and should be read in conjunction with other factors that are included in this Offering Memorandum. See "*Risk Factors*" along with sections of this Offering Memorandum titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate. All forward-looking statements should be evaluated in light of their inherent uncertainty.

The Group operates in a competitive and rapidly changing environment. New risks, uncertainties and other factors may emerge that 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. Except as required by law or the rules and regulations of any exchange on which our securities are listed, we expressly disclaim any obligation or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Offering Memorandum to reflect any change in our expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this Offering Memorandum is based.

## Presentation of Financial and Other Information

The Issuer was incorporated on March 29, 2021, in connection with the Transactions. As of the date of this Offering Memorandum, the Issuer is a holding company with no revenue-generating activities of its own, and no business operations, material assets, other than the shares it holds in Bidco, or material liabilities, other than those incurred in connection with its incorporation and the Transactions, including indebtedness incurred in connection with the Transactions. Further, Bidco was incorporated on March 31, 2021, in connection with the Transactions. As of the date of this Offering Memorandum, Bidco is a holding company with no revenue-generating activities of its own, and no business operations, material assets or material liabilities. As a result, no financial information of the Issuer or Bidco is included in this Offering Memorandum, except for certain limited “as adjusted” financial data presented on a consolidated basis as adjusted to reflect certain effects of the Transactions. Prior to the Post-Completion Mergers, 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.

In addition, the Target and certain of its subsidiaries that are parent companies of Lutech are holding companies with no revenue-generating activities of their own, and no business operations, material assets, other than direct or indirect shareholding in Lutech, or material liabilities. Accordingly, all historical financial information presented in this Offering Memorandum is that of Lutech and its consolidated subsidiaries and, unless otherwise stated, all references to “we,” “us,” “our” or the “Lutech Group” in respect of historical financial information in this Offering Memorandum are to Lutech and its subsidiaries on a consolidated basis.

The financial pages of this Offering Memorandum include our audited consolidated financial statements as of and for each of the three years ended December 31, 2018, 2019 and 2020, which have been prepared in accordance with Italian GAAP (together, the “**Financial Statements**”).

Our Financial Statements have not been adjusted to reflect the impact of any changes to the income statements, statements of financial position or cash flow statements that might occur as a result of the Transactions. Further, our Financial Statements are prepared and presented in accordance with Italian GAAP. In the future, we intend to report our financial results in accordance with IFRS. Due to this, our future financial statements could be materially different once we commence reporting under IFRS and may not be comparable to our Financial Statements included in this Offering Memorandum. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Comparability of Our Results of Operations.*” Further, following the completion of the Lutech Acquisition and Post-Completion Mergers, we currently intend to continue reporting our consolidated financial results at the level of Lutech.

We also present in this Offering Memorandum certain non-GAAP measures, that are not recognized by Italian GAAP or any other generally accepted accounting principles. Such performance indicators, ratios and non-GAAP measures have not been audited or reviewed in accordance with any generally accepted auditing standards. Such metrics may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Lutech Group’s financial condition or operating results as reported under Italian GAAP. For further information, see “*—Our Business Lines and Industry Verticals*” and “*—Non-GAAP Measures*.”

In making an investment decision, you must rely upon your own examination of the terms of this Offering and the financial information contained in this Offering Memorandum. Further, Italian GAAP differs in certain significant respects from IFRS and U.S. GAAP. You should consult your own professional advisors for an understanding of: (i) the differences in Italian GAAP and other generally accepted accounting principles and how those differences could affect the financial information contained in this Offering Memorandum; and (ii) the impact that future additions to, or amendments of, Italian GAAP principles, or the adoption of IFRS or U.S. GAAP principles, may have on our results of operations and/or financial condition, as well as on the comparability of prior periods. For example, IFRS reporting standards including, but not limited to, IFRS 9—Financial Instruments, IFRS 15—Revenue from Contracts with Customers and IFRS 16—Leases, differ to current Italian GAAP reporting standards. See "*Summary of Certain Differences between Italian GAAP and IFRS*" for a discussion of these and certain other significant differences. Future developments or changes in Italian GAAP and IFRS may give rise to additional differences between Italian GAAP and IFRS. Historically, Lutech has prepared its financial statements in accordance with Italian GAAP. Because there are differences between Italian GAAP and IFRS, if we were to prepare in the future our financial statements on the basis of IFRS instead of Italian GAAP, there would be differences in the Lutech Group's results of operations, cash flows and financial condition, including levels of indebtedness. See "*Risk Factors—Risk related to our Business and Operations—The Financial Statements are based on Italian GAAP and there may be differences between our financial position and results of operations prepared in accordance with Italian GAAP and IFRS or U.S. GAAP. In addition, should we decide to adopt IFRS as our accounting reporting method, this could potentially result in material changes to certain of our financial information from our information presented in this Offering Memorandum*."

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

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

Our operating results and their comparability for the periods under review are impacted by the effects of certain acquisitions made by the Lutech Group. Since 2017, we completed 15 acquisitions. In particular, we completed one acquisition in 2017, nine acquisitions in 2018 (CDM Tecnoconsulting S.p.A., Cimworks S.l. and Pivotal Italia S.r.l. were acquired as part of one acquisition), four acquisitions in 2019 and one acquisition in 2020. Due to the changes in our scope of consolidation as a consequence of each of such acquisitions, our results of operations in the periods under review may not be entirely comparable. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition—Acquisitions.*"

**Our Businesses Lines and Industry Verticals**

We offer our IT services, software and digital platforms to our customers across three distinct types of businesses lines: End-to-End Technology Enabling, Digital Services and Proprietary Software Solutions, which we operate across all of our six industry verticals described below. Our End-to-End Technology Enabling business line comprises the design, provision, operation and security of next generation infrastructures through innovative IT solutions, as well as the services we manage through our security, network and cloud operation centers. Our Digital Services business line develops, integrates and customizes state-of-the-art IT services, software and digital solutions for customer relationship management, AI, Big Data, digital commerce, ERP and product lifecycle management. Our businesses line related to Proprietary Software Solutions offer a wide range of cutting-edge software and digital solutions (including AI, cloud-based services and IoT technologies) and related services to our customers.

We monitor our results across six industry verticals as follows: (i) Financial Services; (ii) Public Sector & Healthcare; (iii) Energy & Utilities; (iv) Telecommunications & Media; (v) Manufacturing; and (vi) Fashion & Retail. Our Financial Services industry vertical comprises services to banks, insurance companies and financial institutions. Through our Public Sector & Healthcare industry vertical, we serve central and local public administration customers, listed state-controlled companies as well as public and private entities operating in the healthcare sector. Our Energy & Utilities industry vertical comprises services to customers in the energy industry as well as utilities. Our Telecommunications & Media industry vertical comprises services to customers in the telecommunications industry as well as media services. Through our Manufacturing industry vertical we serve large and medium-sized corporations in Italy operating in various industries, including manufacturing, and process agriculture industries, as well as public and private operators in the automotive sector in Italy and Germany. Lastly, through our Fashion & Retail industry vertical we serve corporations in Italy operating in the fashion and retail sector. We believe that the organization and reporting of the results of our business line along these industry verticals properly reflects the positioning of our business across our key industries and provides investors with a detailed understanding of the nature of our customers and the industries that drive our results of operations.

Please refer to "*Summary—Summary Financial Information and Other Financial Data*," "*Business—Our Business—Industry Verticals*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for a presentation of our Revenue (Products and Services), First Margin and First Margin as a Percentage of Revenues (Products and Services) (each as defined herein) by business lines and industry vertical for each of the years ended December 31, 2018, 2019 and 2020. Our presentation of Revenue (Products and Services), First Margin and First Margin as a Percentage of Revenues (Products and Services) by industry verticals and customers is based on categorization of our final customers among industry verticals and does not take into account any intermediate sell-through customer.

The financial data presented for each of our businesses lines and industry verticals does not represent accounting segments under Italian GAAP or other generally accepted accounting principles and has been prepared solely for purposes of this Offering Memorandum, is for illustrative purposes only and is not necessarily indicative of our results of operations for any future period or our financial condition at any future date. Despite these limitations, we believe such information is a helpful tool to present and discuss our results of operations and strategic focus. The financial information relating to our businesses lines and industry verticals set forth in this Offering Memorandum has not been audited or reviewed by our independent auditors, is based on our management accounts and relies on management judgment.

### 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 of the Group as at and for the year ended December 31, 2020. See "*Summary Financial Information and Other Financial Data—Other Financial Information and As Adjusted 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 January 1, 2020 or what our actual cash position or indebtedness would have been had the Transactions occurred on December 31, 2020, 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 U.S. 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.

### Non-GAAP Measures

In this Offering Memorandum, we present certain financial measures that are not recognized by Italian GAAP or any other generally accepted accounting principles. We refer to these measures as "non-GAAP measures" as they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with Italian GAAP, or are calculated using financial measures that are not calculated in accordance with Italian GAAP. In particular, we present certain financial measures of the Lutech Group and ratios related thereto in this Offering Memorandum, including: Revenues (Products and Services); EBITDA; Adjusted EBITDA; Adjusted EBITDA (including synergies); EBITDA Margin; Adjusted EBITDA Margin; Adjusted EBITDA (including synergies) Margin; First Margin; First Margin as a Percentage of Revenues (Products and Services); Net Capital Expenditure; Trade Working Capital; Net Working Capital; Free Operating Cash Flow; Cash Conversion; DSO and other measures and ratios that are not recognized by, or presented in accordance with Italian GAAP (collectively, the "**Non-GAAP Measures**"). We use such measures to assess the financial performance and liquidity of our business. We believe that these and similar measures are used widely by the investment community, securities analysts and other interested parties, as supplemental measures of performance and liquidity and are intended to assist in the analysis of our results of operations, profitability and ability to service debt.

Non-GAAP Measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Lutech Group's financial condition or operating results as reported under Italian GAAP.

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

Our primary Non-GAAP Measures are defined as follows:

- "**Revenues (Products and Services)**" is defined as total production revenues *less* change in work in progress, semi-finished products and finished goods, internal work capitalized and other revenues and income;
- "**First Margin**" is defined as Adjusted EBITDA, adjusted for certain indirect costs such as overheads, sales and marketing costs and costs relating to certain internal projects and certain add-backs relating to depreciation and amortization and cost of goods sold. We present First Margin for certain periods because we believe it is a useful metric for investors to understand our gross results of operations before the effects of other income and costs, adjustments to financial assets and liabilities and income taxes and because management uses this to assess the financial performance of our business, including our business lines and industry verticals;
- "**First Margin as a Percentage of Revenues (Products and Services)**" is defined as First Margin *divided* by Revenues (Products and Services), expressed as a percentage;
- "**EBITDA**" is defined as net profit/(loss) for the year before income taxes, current and deferred, financial income and charges, amortization of intangible fixed assets and depreciation of tangible fixed assets. We present EBITDA because it is widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), and the cost and age of tangible assets (affecting relative depreciation expense), the extent to which intangible assets are identifiable (affecting relative amortization expense);
- "**Adjusted EBITDA**" is defined as EBITDA before adjustments to financial assets and liabilities, other write down of fixed assets, as further adjusted for certain events and transactions that management considers to be non-recurring items, such as discontinued activities, merger and post-merger integration costs, certain one-off revenues and costs, lay off costs, transaction costs and abandoned deals costs, non-operating income, moving costs, overlapping costs related to service desk (discontinued) and adjustment for a deferred R&D grant. We present Adjusted EBITDA because we believe Adjusted EBITDA is a useful metric for investors to understand our results of operations and profitability because it permits investors to evaluate our recurring profitability from underlying operating activities. Additionally, we believe that Adjusted EBITDA provides investors with a tool to compare the historical performance of our business across different periods as our adjustments to net profit/(loss) for the year and the exclusion of certain costs and expenses include items not considered by management to be attributable to the day-to-day operation of our business;
- "**Adjusted EBITDA (including synergies)**" is defined as Adjusted EBITDA after giving effect to the synergies that have been implemented and have been partially or fully realized in the periods under review. For further details on our use of synergies, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Conditions—Our Production Cost Structure, Cost-Saving Initiatives and Synergies;*"

- "**EBITDA Margin**" is defined as EBITDA *divided by* Revenues (Products and Services), expressed as a percentage;
- "**Adjusted EBITDA Margin**" is defined as Adjusted EBITDA *divided by* Revenues (Products and Services), expressed as a percentage;
- "**Adjusted EBITDA (including synergies) Margin**" is defined as Adjusted EBITDA (including synergies) *divided by* Revenues (Products and Services), expressed as a percentage;
- "**Net Capital Expenditure**" is defined as investments in tangible fixed assets and investments in intangible fixed assets net of disinvestments in tangible fixed assets. Net Capital Expenditure excludes the consideration paid by us for the acquisition of other businesses;
- "**Trade Working Capital**" is defined as inventory, trade receivables and trade payables;
- "**Net Working Capital**" is defined as inventory, trade receivables and other assets *less* payments on account, trade payables and other liabilities;
- "**Free Operating Cash Flow**" is defined as Adjusted EBITDA *less* Net Capital Expenditure *less* change in Net Working Capital;
- "**Cash Conversion**" is defined as (x) Adjusted EBITDA *less* Net Capital Expenditure *divided by* (y) Adjusted EBITDA, expressed as a percentage; and
- "**DSO**" is defined as the average number of days it takes to collect our outstanding receivables.

The Non-GAAP Measures and ratios are not measurements of our performance or liquidity under Italian GAAP or any other generally accepted accounting principles and should not be considered as alternatives to performance or liquidity measures derived in accordance with Italian GAAP or any other generally accepted accounting principles. An explanation of the relevance of each of the Non-GAP Measures, a reconciliation of the Non-GAAP Measures to the most directly comparable measures calculated and presented in accordance with Italian GAAP and a discussion of their limitations is set out in this Offering Memorandum under "*Summary Financial Information and Other Financial Data*."

The Non-GAAP Measures are not measures of financial performance recognized under Italian GAAP or any other generally accepted accounting principles and they should not be considered as alternatives to net profit/(loss) for the year as measures of operating performance, operating cash flows, the basis for dividend distribution or as measures of liquidity. Consequently, the methodology used for their calculation may not be consistent with that adopted by other companies and, therefore, the Non-GAAP Measures we present herein may not be comparable with those of others. Some of the limitations of Non-GAAP Measures are that:

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

Because of these limitations, the Non-GAAP Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations or as measures of performance in order to assist in the analysis of our operating results, profitability. You should read our Financial Statements and notes thereto included elsewhere in this Offering Memorandum and use these Non-GAAP Measures only as a supplement to evaluate our performance. Please see "*Summary Financial Information and Other Financial Data*," "*Selected Historical Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements (including the related notes), included elsewhere in this Offering Memorandum.

Certain key performance indicators and other non-financial operating data included in this Offering Memorandum are derived from management estimates, are not part of our Financial Statements or our accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of these measures may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these measures should not be considered in isolation or as an alternative measure of performance under Italian GAAP or any other generally accepted accounting principles.

**Rounding**

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

### Exchange Rate Information

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate (New York) expressed as U.S. dollar per €1.00. We have provided this exchange rate information solely for your convenience. We do not make any representation that any amount of currencies specified in the table below has been, or could be, converted into the applicable currency at the rates indicated or any other rate.

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 rates may differ from the actual rates used in the preparation of the Historical Consolidated Financial Information and other financial information appearing in this Offering Memorandum. Neither we nor the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other rate.

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. Certain monetary amounts, percentages and other figures included in the table set forth below have been subject to rounding adjustments.

| | U.S. dollar per €1.00 | | | |
|---|---|---|---|---|
| **Year** | **Average** | **High** | **Low** | **Period End** |
| 2016 | 1.1066 | 1.1569 | 1.0364 | 1.0541 |
| 2017 | 1.1297 | 1.2093 | 1.0492 | 1.2022 |
| 2018 | 1.1782 | 1.2510 | 1.1218 | 1.1467 |
| 2019 | 1.1194 | 1.1572 | 1.0879 | 1.1214 |
| 2020 | 1.1419 | 1.2298 | 1.0691 | 1.2217 |
| 2021 (through May 14, 2021) | 1.2036 | 1.2327 | 1.1717 | 1.2141 |

| | U.S. dollar per €1.00 | | | |
|---|---|---|---|---|
| **Month** | **Average** | **High** | **Low** | **Period End** |
| November 2020 | 1.1837 | 1.963 | 1.641 | 1.1927 |
| December 2020 | 1.2173 | 1.2298 | 1.2071 | 1.2217 |
| January 2021 | 1.2174 | 1.2327 | 1.2077 | 1.2136 |
| February 2021 | 1.2095 | 1.2175 | 1.1964 | 1.2075 |
| March 2021 | 1.1900 | 1.2091 | 1.1717 | 1.1730 |
| April 2021 | 1.1971 | 1.2126 | 1.1759 | 1.2020 |
| May 2021 (through May 14, 2021) | 1.1776 | 1.2327 | 1.0795 | 1.2141 |

(1) "Average" means the average of the exchange rates on the last business day of each month for annual averages and the average of the exchange rates on each business day during the relevant period for monthly averages.

## Summary

*The following summary contains basic information about us and this Offering and is qualified by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Memorandum. This summary is not complete and does not contain all the information that you should consider before investing in the Notes. For a more complete understanding of this Offering, we encourage you to read this entire Offering Memorandum carefully, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and our Financial Statements and the notes to those Financial Statements contained elsewhere in this Offering Memorandum.*

*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 and Market Overview." This summary includes certain technical terms that are commonly used in our industry. See "Glossary of Selected Terms" for a detailed explanation of these terms.*

*In this section, unless the context otherwise requires, the term "Group," "we," "us" and "our" refers to the Target and its consolidated subsidiaries (including the Lutech Group).*

*For full context on the information provided by Gartner in this section, please refer to the chart titled Italy historical / forecasted overall Reference Market demand (2017A–2025E /€ billion) in "Industry—The Italian IT Market—Overall Reference Market."*

### Overview

We are a leading Italian provider of IT services and solutions, designing and enabling digital transformation and innovative technologies for enterprise customers. We are able to deliver a wide range of solutions and services including next generation IT infrastructure, managed services, digital strategy definition and implementation, proprietary software and system integration. We serve more than 3,000 enterprise customers, supporting them in their digital evolution through our integrated end-to-end offering. We are recognized for our capabilities in, among others, the following domains: digital customer engagement, next generation IT infrastructure, cloud-based services, financial services solutions, cybersecurity, Internet of Things ("**IoT**"), Big Data, artificial intelligence ("**AI**"), managed services, application development and maintenance, smart manufacturing and eHealth. For the year ended December 31, 2020, we generated total production revenues of €440.4 million and Revenues (Products and Services) of €432.8 million. In addition, during this period, we generated net loss of €(11.4) million, First Margin of €121.2 million and Adjusted EBITDA (including synergies) of approximately €58.1 million.

We operate in the attractive and growing Italian IT market, which comprises IT services, software and hardware. According to Gartner, our Reference Market was valued at approximately €22.1 billion in 2019, having grown at a CAGR of approximately 8.9% between 2017 and 2019 and being resilient across 2020, notwithstanding the COVID-19 pandemic. Our Reference Market benefits from strong ongoing digitalization across the public and private sectors and increasing spending in transformation projects, from traditional IT to new digital enabling technologies. Our broad offering across the digital ecosystem, coupled with our deep local and regional market knowledge and long-lasting relationships with our customers and partners, uniquely position us to capitalize on the strong growth in demand for IT transformation services envisaged in Italy. According to Gartner, our Reference Market is expected to rebound in 2021 at an annual growth rate of approximately 9.2% and then grow at a CAGR of approximately 6.5% between 2021 and 2025. In addition, our Reference Market is highly fragmented and offers many opportunities for expansion through bolt-on acquisitions.

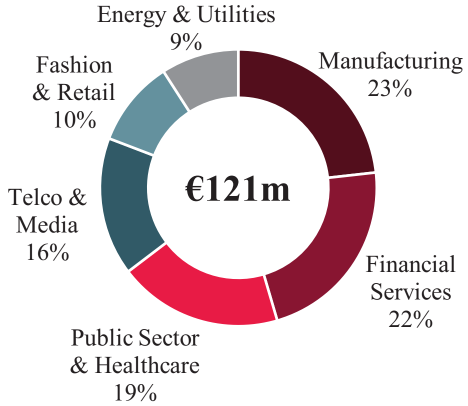
We offer our solutions to our customers across three business lines: (i) End-to-End Technology Enabling, (ii) Digital Services and (iii) Proprietary Software Solutions.

- **End-to-End Technology Enabling:** Our End-to-End Technology Enabling business line comprises the design, provision, operation and security of next generation infrastructures through innovative IT solutions, as well as the services we manage through our security, network and cloud operation centers, making this business line a clear differentiating factor that distinguishes us as a market operator. We have strong relationships with major top-tier market players across IT infrastructure enablers (such as Cisco, Dell EMC, VMware, Fortinet, Google, AWS, Microsoft, Checkpoint, Symantec and NetApp). We generated 54% of our Revenues (Products and Services) and 40% of our First Margin in the year ended December 31, 2020 from our End-to-End Technology Enabling business line. Approximately 64% of the Revenues (Products and Services) generated by our End-to-End Technology Enabling business line was derived from next generation infrastructure services, approximately 15% from security services and approximately 21% from cloud-based and managed services.

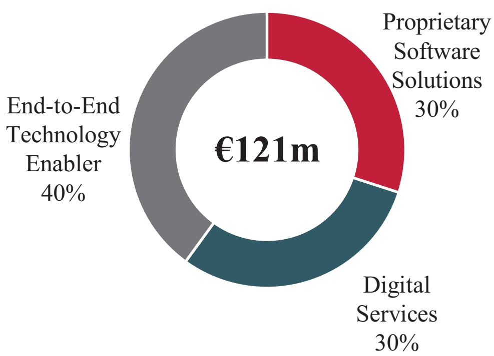
- **Digital Services:** We develop, integrate and customize state-of-the-art IT services, software and digital solutions for customer relationship management ("**CRM**"), AI, Big Data, digital commerce, enterprise resource planning ("**ERP**") and product lifecycle management. We are a leading service provider and system integrator in Italy, customizing and developing digital-enabled IT solutions leveraging on our deep knowledge and partnership with third-party software providers like Microsoft, Oracle, Infor, PTC and Salesforce.com, and advanced digital enabling capabilities. We generated 26% of our Revenues (Products and Services) and 30% of our First Margin in the year ended December 31, 2020 from our Digital Services business line.
- **Proprietary Software Solutions**: Our Proprietary Software Solutions business line relates to 10 software suites, all developed in-house and owned by us and comprise highly sought-after niche products for selected industries for the purpose of facilitating and digitalizing core business processes, with a particular focus on Fintech, IoT, eHealth, energy suppliers and cyber intelligence. In particular, we estimate that, in 2020, we were one of the leading providers for credit management solutions (including factoring, leasing and financial services compliance), intelligence solutions for Italian law enforcement and prosecutors, eHealth for healthcare providers. In the year ended December 31, 2020, we generated 19% of our Revenues (Products and Services) and 30% of our First Margin from our Proprietary Software Solutions business line, and approximately 47.5% of the Revenues (Products and Services) generated by our Proprietary Software Solutions business line was derived from Fintech solutions.

We operate across several sectors of the economy. We primarily operate across six industry verticals with industry-specific knowledge supported by technologies and competencies. Our six industry verticals are Manufacturing, Financial Services, Public Sector & Healthcare, Telecommunications & Media, Fashion & Retail and Energy & Utilities. Within the Public Sector & Healthcare vertical, only approximately 46% of the Revenues (Products and Services) generated in the year ended December 31, 2020 was related to public administration organizations, such as municipalities, central and local public administration and public healthcare organizations while the remaining part was related to private healthcare organizations and state-controlled companies.

**First margin split by industry vertical[1]**




**First margin split by business line[1]**




(1) 2020 data

Our customers include more than 3,000 private and blue chip companies and public sector bodies, among which are manufacturing companies, some of the largest Italian and European banks (including Intesa Sanpaolo, UniCredit, Banco BPM, Barclays and Rabobank), private healthcare organizations (including GVM Care & Research), public administration organizations (including the Ministry of Justice, *Aria*, *Regione Toscana* and the Italian Prosecution Offices), state-controlled companies (including *Poste Italiane* and Leonardo), transportation and infrastructure companies, major telecommunication companies (including Sky, Vodafone, Fastweb and Telecom Italia ("**TIM**")), fashion and retail companies (including Luxottica and Salvatore Ferragamo) and utilities companies (including Enel and Eni). We seek to create long-term, strategic relationships with our customers, and aim to be viewed as an integral part of their business. We have historically been able to achieve long-lasting customer relationships by providing a broad range of services covering their needs, including significantly customized and highly specialized products and services, as well as delivering a consistent high-quality service. In the year ended December 31, 2020 for 18 out of our 20 largest customers, we had a relationship tenure of more than 10 years. Our business benefits from low customer concentration and significant customer diversification across all of our industry verticals, with no customer accounting for more than 4.8% of our Revenues (Products and Services) and no industry vertical accounting for more than 24% of our Revenues (Products and Services) in the year ended December 31, 2020. In the same period, our top 10 customers generated 29.1% of our Revenues (Products and Services) and our top 20 customers generated 38.4% of our Revenues (Products and Services).

Since 2017, we have completed 15 acquisitions, centralizing common activities and enhancing cross-selling through the roll-out of single CRM and ERP systems across our business. This expansion strategy has allowed us to enhance our market platform, add new digital capabilities and cross-sell products and services to a wider customer base.

We also maintain a strong focus on research and development (R&D). Our R&D activities rely on a dedicated team of developers, researchers and data scientists. We are involved in several development projects within the following key areas, spanning across all our industry verticals: Fintech, eHealth, e-government digital industry, digital security, smart city, energy, digital media, cloud, Big Data, block-chain and AI. Our employees hold best-in-class certifications issued by our partners and we have a highly sophisticated team that specializes in software development, software modernization, software architecture and technology architecture and infrastructure. In particular, we have a technological platform where our employees are dedicated to a wide application of innovative development methodologies and specialization based on technologies and competencies. Our employees base holds approximately 2,400 certifications in aggregate including Salesforce.com, Cloudera, Docker, ServiceNow, AWS, UIPath, Google, MS Azure, PTC, CISCO, NetApp, Checkpoint, VMware, Dell EMC, Apache Kafka, Apache Spark and Apache Hadoop, allowing us to deliver innovative solutions including in high growth areas of digital, cloud and cybersecurity.

We believe our business model has allowed us to quickly respond to customer needs and to continue to efficiently operate our business during the COVID-19 pandemic. In particular, during the periods of lockdown in Italy in 2020 and 2021, we were able to ensure business continuity and serve 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 COVID-19 pandemic, including in connection with digital transformation projects, digital workplace solutions, cybersecurity, cloud-based solutions and business continuity solutions, which have all seen increased demand as a result of the COVID-19 pandemic, which we expect will continue. The COVID-19 pandemic had limited disruption on our business performance. For the year ended December 31, 2020, we generated total production revenues of €440.4 million, compared to €435.4 million for the year ended December 31, 2019, representing a 1.1% increase. In addition, for the year ended December 31, 2020, we generated Revenues (Products and Services) of €432.8 million, compared to €424.0 million for the year ended December 31, 2019, representing a 2.0% increase in Revenues (Products and Services). See "*Industry—The Italian IT Market*" and "*Risk Factors—Risks Related to our Business and Industry—The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity*."

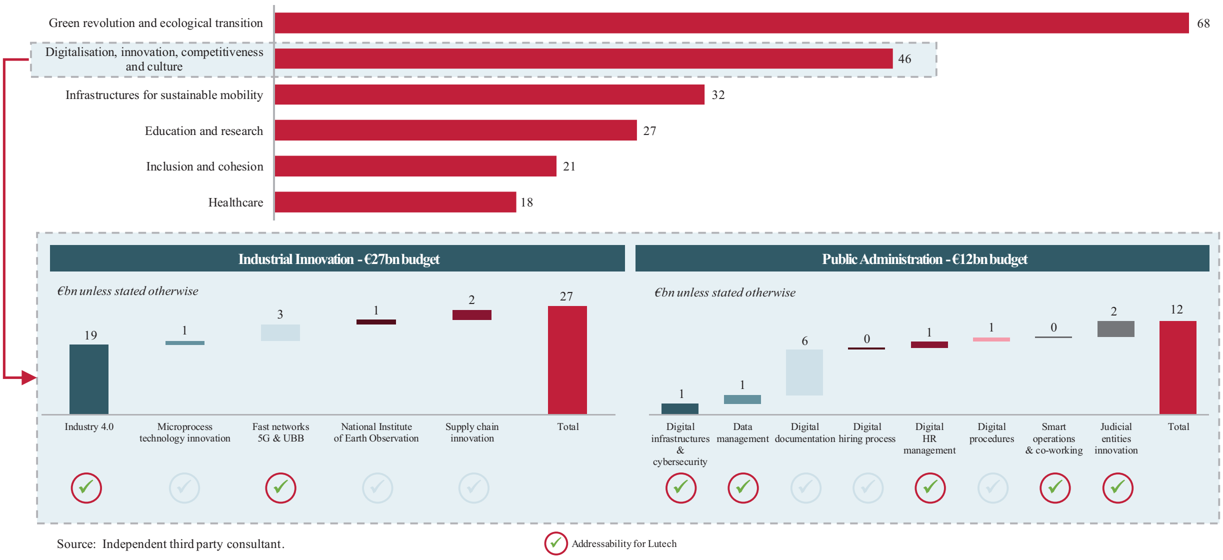
## Our Strengths

***Attractive Italian IT market with strong growth driven by a secular trend towards digital transformation and favoring Italian players***

Our Reference Market grew at a CAGR of approximately 8.9% between 2017 and 2019, significantly outperforming overall Italian GDP growth, which grew at a CAGR of approximately 1% over the same period. According to Gartner, our Reference Market was valued at approximately €22.1 billion in 2019. Our Reference Market has consistently outperformed the Italian GDP over the last decade, displaying a resilience to recessions. During the COVID-19 pandemic-affected year of 2020, our Reference Market contracted by approximately 6.3%, outperforming Italian GDP, which contracted by 8.9% over the same period. In 2021, our Reference Market is expected to grow by approximately 9.2%. Our Reference Market is forecasted to grow at a CAGR of approximately 6.5% from 2021 until 2025 mainly driven by (i) an increasing penetration of the IT services in the Italian market, (ii) a digitalization across private and public clients and an increase of spending in transformation projects, from traditional IT to new digital enabling technologies and (iii) an increasingly mission-critical nature of IT services spending.

Our Reference Market has historically been, and remains, underpenetrated compared to equivalent markets in other European countries. In the year ended December 31, 2019, IT services spend in Italy as a percentage of GDP amounted to 0.6%, compared to the European average of approximately 1.0%. The increasing penetration of IT services in Italy is expected to accelerate as Italian companies increase their spending on IT services to improve their competitive advantage and keep pace with the global trend towards digitalization. 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, under the recent EU Recovery and Resilience Facility (the “**RRF**”), approximately €46 billion will be allocated to digitalization, innovation and culture, out of which approximately €27 billion is expected to be allocated to industrial innovation and approximately €12 billion is to be allocated to public administration digitalization. We believe that a part of the budget allocated to industrial innovation (€22 billion out of €27 billion) and public administration digitalization (€5 billion out of €12 billion) will be spent by corporates and public administration organizations in areas that are addressable by us, providing us with a further opportunity for growth.

**Italy RRF 2021P-2027P (€bn)**




Source: Independent third party consultant.

We believe that the growth of our Reference Market is mainly driven by strong ongoing digitalization across the Italian public and private sector institutions, with increased IT services spend on, and diversified growth of, new digital enabling technologies such as (i) IoT (which is expected to grow by approximately 12% between 2020 and 2024), (ii) cloud and IaaS services (which are expected to grow by approximately 17% between 2020 and 2024), (iii) Big Data and AI cognitive (which are expected to grow by approximately 11% and 24% respectively, between 2020 and 2024), (iv) cybersecurity (which is expected to grow by approximately 9% between 2020 and 2024), and (v) customer engagement (which is expected to grow by approximately 11% between 2020 and 2024). See "*Industry.*"

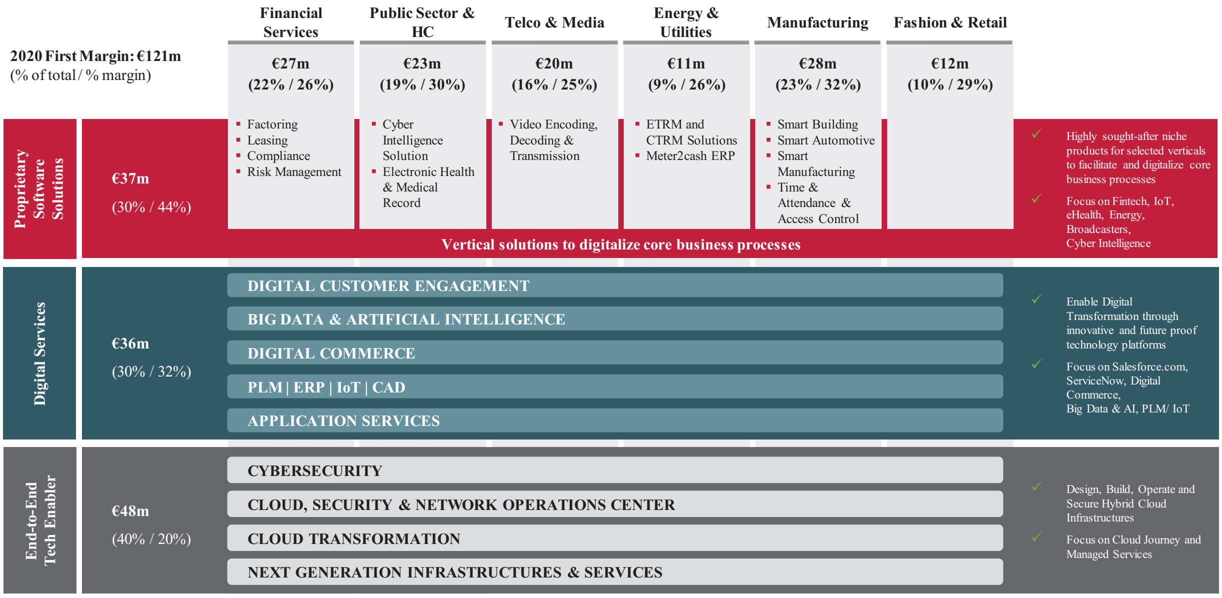
Growth in IT services spend is also driven by the increasingly mission-critical nature of IT services in business operations which we expect to result in IT services spend in Italy becoming more recurring and resilient in the face of future market downturns and less correlated to macroeconomic trends, as demonstrated by the increasing gap between the growth of our Reference Market and Italian GDP, which, according to an independent third party consultant, was approximately 2.6% in 2020. Additionally, we are experiencing an increasing focus on cost efficiency and specialization of IT services, which is leading companies to rely on external providers rather than developing in-house IT capabilities. The COVID-19 pandemic has further accelerated this trend as both the private and public sectors are adapting to the changing nature of working, the need to ensure business continuity and an increase of focus on customer engagement.

We believe that our broad offering across the digital ecosystem, expertise in complex proprietary software solutions and IT services and wide sector coverage positions us well to benefit from these trends.

Further, our Reference Market is characterized by a relatively high market share captured by local players, mainly due to cultural and local commercial complexities, such as language, local regulatory constraints in most industries including banking, energy and healthcare, the importance of local relationships and proximity to customers. We believe that these factors favor Italian players like us, allowing us to capitalize on our positioning in the Italian market for both traditional technologies and digital enabling technologies, given our deep knowledge of the domestic market and long-lasting relationships with a wide cross-section of Italian customers and partners.

***One-stop-shop player with diversified offering across the digital ecosystem, supporting the digital evolution of enterprise customers with consistent high quality of delivery***

We position ourselves as an end-to-end solution provider for our customers, offering a comprehensive value proposition across three business lines: (i) our End-to-End Technology Enabling business line (which contributed 40% of our total First Margin for the year ended December 31, 2020) designing, providing, operating and securing value-added services related to hybrid cloud infrastructures focusing on cloud journey, managed services and cybersecurity; (ii) our Digital Services business line (which contributed 30% of our total First Margin for the year ended December 31, 2020) enabling customers' digital transformation through innovative and future proof technology platforms and (iii) Proprietary Software Solutions business line (which contributed 30% of our total First Margin for the year ended December 31, 2020) aimed at facilitating and digitalizing customers' core business processes and with what we believe is a leading position in credit management solutions (such as factoring and leasing). Through these three business lines, we are able to provide most IT services our customers may need to support their digital journey, from advisory, application design, development, maintenance and operations, technology infrastructure provision, design, build and operations. We believe that the breadth of our IT services offering is distinctive in our Reference Market, positioning ourselves as the one-stop-shop for customers' IT needs.




We have a balanced exposure to six industry verticals: (i) Manufacturing (which contributed approximately 23% of our total First Margin for the year ended December 31, 2020); (ii) Financial Services (which contributed approximately 22% of our total First Margin for the year ended December 31, 2020); (iii) Public Sector & Healthcare (which contributed approximately 19% of our total First Margin for the year ended December 31, 2020); (iv) Telecommunication & Media (which contributed approximately 16% of our total First Margin for the year ended December 31, 2020); (v) Fashion & Retail (which contributed approximately 10% of our total First Margin for the year ended December 31, 2020); and (vi) Energy & Utilities (which contributed approximately 9% of our total First Margin for the year ended December 31, 2020).

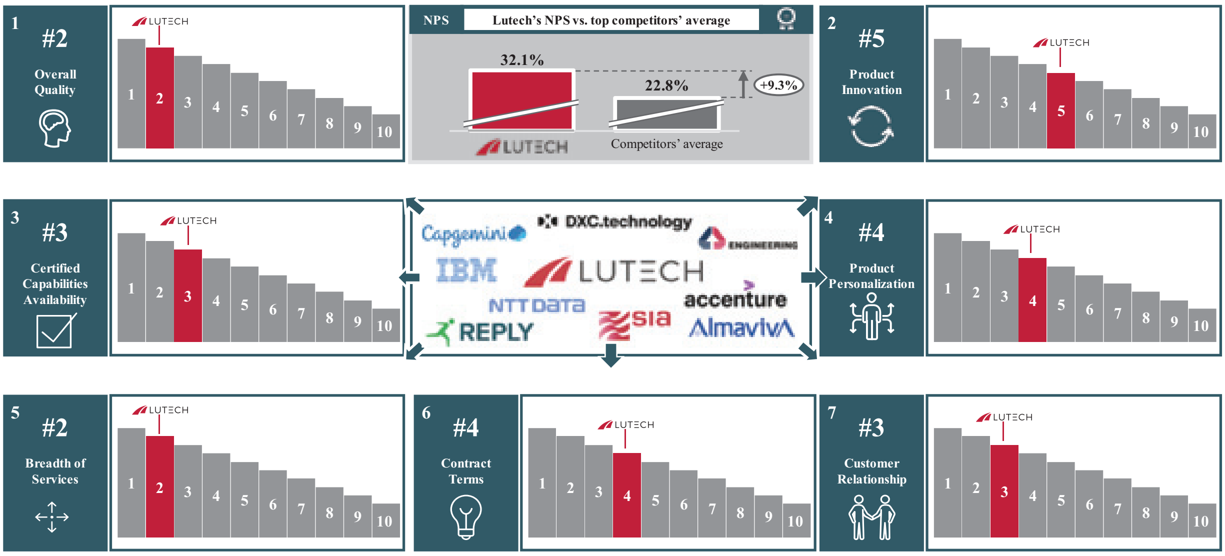
Over recent years, we have deployed significant investments and have developed specific expertise in leading technologies and solutions. As such, we believe that we are fully equipped for our customers' technical demands in the coming years to support their transition from traditional to digital platforms. In particular, we have developed a deep knowledge and advanced digital enabling capabilities in various areas, across all of our three business lines, including cybersecurity, cloud-based services, Big Data, AI, IoT, customer engagement, Fintech and smart manufacturing.

Our Proprietary Software Solutions comprise highly sought-after niche products for selected industries for the purpose of facilitating and digitalizing core business processes, with a particular focus on Fintech, IoT, eHealth, energy suppliers and cyber intelligence. We believe that our large portfolio of vertical proprietary solutions and services supports our strong reputation as the leading Italian specialist provider of IT services, software and digital solutions and acts as a catalyst for our broad service offerings across our industry verticals. In particular, we estimate that, in 2020, we were one of the leading providers for credit management solutions (including factoring, leasing and financial services compliance), intelligence solutions for Italian law enforcement and prosecutors, eHealth for healthcare providers.

Longstanding partnerships with top tier market players across IT Infrastructure enablers and leading digital platforms' providers represent a key asset and competitive advantage for us. We enjoy a top-tier partnership status with many players across (i) Next Gen IT Infrastructure and Services (including Dell EMC, Cisco, IBM, CheckPoint, Symantec), (ii) cloud-based services (including Google, Microsoft and Amazon Web Services) and (iii) Digital Services (including Salesforce.com, Service Now, Genesys, Cloudera, Informatica, PTC, Infor, Microsoft, UIPath and Oracle). We combine our top-tier partnership status with technological expertise supported by approximately 2,627 talented employees, a significant majority of which are dedicated to delivery, with a wide application of innovative development methodologies and specialization based on technologies and various competencies. Our employees base holds approximately 2,400 certifications in total including certifications from Salesforce.com, Cloudera, ServiceNow, AWS, Google, MS Azure, PTC, CISCO, NetApp, Checkpoint and Dell EMC, which allows us to deliver innovative solutions to our customers in high growth areas of digital, cloud and cybersecurity. In addition, we are the leading 100% Italian Salesforce.com partner and we are the only authorized and certified Salesforce.com training center in Italy.

We also deploy a significant amount of resources to attract, maintain and train our employees, project managers and digital and technology specialists. We generally have a low turn-over among our employees. Our employee count has been steadily growing despite the accelerating talent shortage in the IT industry, which represents the key challenge in the IT sector. We believe that our strong commitment to training, together with our reputation as of one of the leading independent players, will allow us to continue to attract and retain skilled employees.

Our positioning is underpinned by our strong and consistent quality of service to our customers. Based on customer surveys conducted by independent third parties, we are ranked among the top five leading IT services companies measured by NPS and KPCs. We score approximately a 32% NPS on both traditional and digital services, which is above the average NPS scored by the top 10 players in the Italian market of approximately 23%. We are ranked second in most important KPC, "Overall Quality of Service." We are ranked second in "Breadth of Services" and third in "Customer Relationship" and "Certified Capabilities Availability" KPCs.



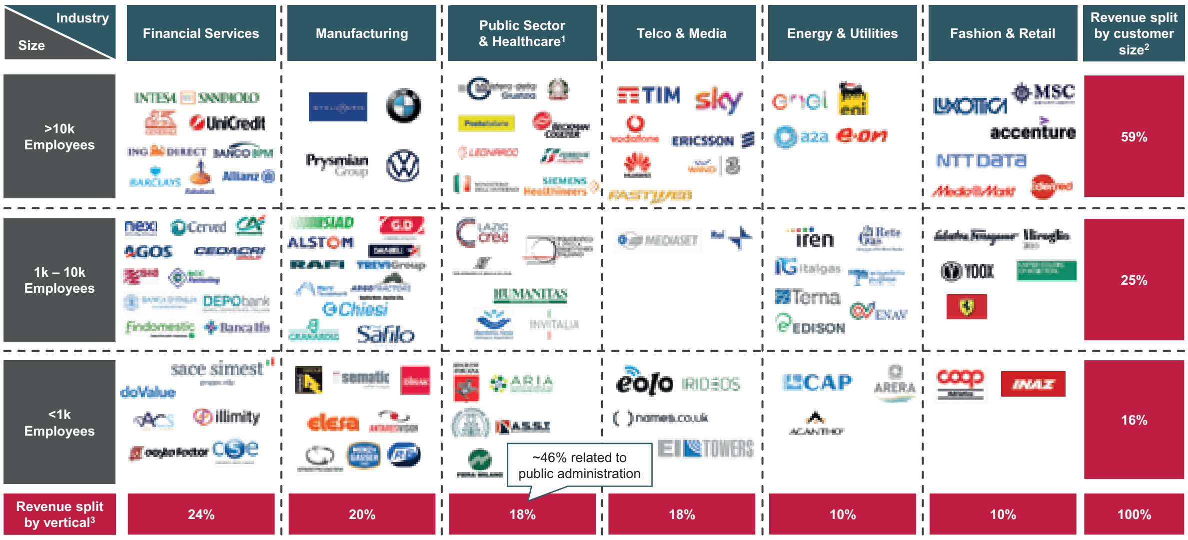

Source: Independent third party consultant. Survey participants have been asked to rank the top 10 IT Services companies shown above and name oth er IT Services companies, if applicable.

***Large, diversified and loyal customer base featuring long-established relationships with key clients and highly recurring revenues backed by long term contracts***

We operate across several sectors of the economy, including manufacturing, financial services, public administration, healthcare, telecommunications, fashion and retail and utilities. Our customers base is very broad and includes more than 3,000 private and blue chip companies and public sector bodies, encompassing manufacturing companies, some of the largest Italian and European banks (including Intesa Sanpaolo, UniCredit, Banco BPM, Barclays and Rabobank), private healthcare organizations (including GVM Care & Research), public administration organizations (including the Ministry of Justice, *Aria*, *Regione Toscana* and the Italian Prosecution Offices), state-controlled companies (including *Poste Italiane* and Leonardo), transportation and infrastructure companies, major telecommunications companies (including Sky, Vodafone, Fastweb and TIM), fashion and retail companies (including Luxottica and Salvatore Ferragamo) and utilities companies (including Enel and Eni). In particular, compared to major local competitors, we can count on a lower exposure to public administration and state-controlled companies.

Additionally, we benefit from a high level of exposure to large multinational customers with a sizeable budget for IT spend and we estimate that approximately 85% of our Revenues (Products and Services) in the year ended December 31, 2019 was generated from medium to large enterprises (which we classify as enterprises with over 1,000 employees). Furthermore, we have had a relationship with 18 of our top 20 customers (measured by Revenues (Products and Services) in the year ended December 31, 2020) for over 10 years.

Our business benefits from low customer concentration and significant customer diversification across all of our six industry verticals, with no customer accounting for more than 4.8% of our Revenues (Products and Services) for the year ended December 31, 2020 and no industry vertical accounting for more than 24% of our Revenues (Products and Services) for the same period. In addition, for the year ended December 31, 2020, our top 3 customers generated approximately 13.1% of our Revenues (Products and Services), our top 10 customers generated approximately 29.1% of our Revenues (Products and Services) and our top 20 customers generated approximately 38.4% of our Revenues (Products and Services).




Notes: Analysis only considering customers with revenue in excess of €190k. Analysis based on final customer (i.e. does not take into account the sell through client); (1) Mainly private; (2) 2019 Revenues (Products and Services) for top 100 customers; (3) 2020 Revenues (Products and Services)

Our customers value our consistent quality, the breadth of our IT services offering, our understanding of Italian market characteristics and our certified capabilities, which we believe has contributed to our consistently high customer retention rates and low churn across all of our three business lines. In the year ended December 31, 2019, we achieved a net retention on our customers of 96.4% in our End-to-End Technology Enabling business line, 96.8% in our Digital Services business line and 98.8% in our Proprietary Software Solutions business line. Over the same period, we achieved a churn rate on our customers of 1.3% in End-to-end Technology Enabling business line, 3.1% in Digital Services business line and 0.9% in our Proprietary Software Solutions business line. Moreover, our ability to sell additional services to existing customers allows us to strengthen customer's loyalty as demonstrated by nil churn on customers using all of our three business lines, 0.5% churn on customers using two of our business lines and 3.8% churn on customers using only one of our business lines in the year ended December 31, 2019.

A large share of our revenue is highly recurring across all our business lines and practices, underpinned by our long-lasting relationships with customers, multi-year contracts, software-led products and high switching costs. Approximately 45% of our total Revenues (Products and Services) for the year ended December 31, 2020, were recurring revenues, including revenue from proprietary software, infrastructure maintenance and managed services contracts, 27% were related to project-based revenues, including revenue from proprietary software licenses, software implementation and development and IT consulting, with relatively high revenue visibility and 27% were order-based revenues, including revenue from enabling software and hardware with relatively high repeat-business features.

In particular, the revenues we generate from our Proprietary Software Solutions business line are highly recurring and repetitive and with a high customer legacy, primarily as a result of the highly specialized and customized nature of our Proprietary Software Solutions business line as well as the integration of our products and services in this business line with our end-customers' IT systems, which also limits competition in respect of these customers. Approximately 20% of our Revenues (Products and Services) from our Proprietary Software Solutions business line for the year ended December 31, 2020, were related to maintenance services with the remaining 80% related to project-based revenues, including proprietary software licenses, software implementation and high visibility revenues from development, customization and evolution of installed base of customers.

The revenues we generate from our activities related to End-to-End Technology Enabling business line, relating to the design, provision, operation and security of next-generation infrastructure through innovative IT solutions, as well as the services we manage through our security, network and cloud operation centers also have a large recurring component. For instance, approximately 50% of our Revenues (Products and Services) from our End-to-End Technology Enabling business line for the year ended December 31, 2020, were related to recurring revenues, including revenue from infrastructure maintenance and managed services, with the remaining 50% related to order-based revenues, including revenue from enabling software and hardware with relatively high repeat business features.

In addition, the revenues we generate from our Digital Services business line are related to high levels of contract renewals pursuant to our successful track record of service delivery and our knowledge of complex IT systems. Approximately 55% of our Revenues (Products and Services) from our Digital Services business line for the year ended December 31, 202 were related to recurring revenues, with the remaining 45% related to project-based revenues implementation & development services and IT consulting with high revenues visibility.

The relatively high share of recurring and repetitive contracts with our customers allows us to have strong financial resilience and gives us, together with backlog, good visibility on our top line evolution year on year (for example, we estimate that approximately 65% of our 2021 budgeted Revenues (Products and Services) was already secured as of January 1, 2021).

***Resilient business model with strong track record of profitable growth***

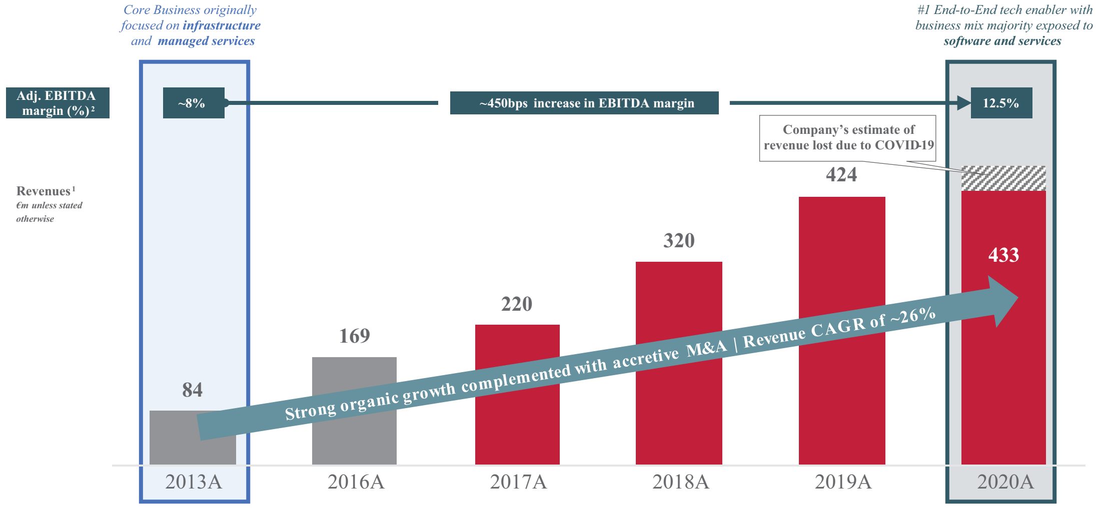
We operate a resilient and flexible business model, allowing us to better tackle potential downturns, leveraging the following pillars: (i) a highly diversified offering and customer base; (ii) presence across six main verticals with balanced exposure to market trends; (iii) exposure towards a-cyclical technologies (including digital transformation projects, digital workplace solutions, cybersecurity, cloud-based solutions and business continuity solutions); (iv) a flexible and scalable organization; (v) a clear governance and monitoring process coupled with solid financial reporting; and (vi) identified cost savings and synergies potential.

Over the past 12 years, our revenue has consistently grown and has remained resilient throughout volatile macroeconomic cycles, reflecting both the resilience of the IT services market in which we operate in and its outperformance of Italian GDP. Our business also has grown both organically and from value-accretive bolt-on acquisitions.

In parallel, combining our organic initiatives with a number of selected acquisitions, we have been able to enhance our business profile and to build a more resilient platform, transforming our business from a company focused on infrastructure and managed services into a fully integrated end-to-end digital enabling technologies provider with a business mix more exposed to software and services and ability to offer a wide spectrum of services to our clients.

This has allowed us to significantly scale up our business, growing our Revenues (Products and Services) at a CAGR of approximately 26% from 2013 to 2020 while concurrently improving our profitability (in terms of Adjusted EBITDA margin) from approximately 8% in 2013 to approximately 12.5% in 2020.

The following chart provides an overview of our business evolution in terms of Revenues (Products and Services) and Adjusted EBITDA margin from 2013 through 2020.




Leveraging our resilient and flexible business model, the COVID-19 pandemic had limited disruptions on our operating performance and our ability to deliver to clients during the government-imposed lockdowns.

For the year ended December 31, 2020, we generated total production revenues of €440.4 million, compared to €435.4 million for the year ended December 31, 2019, representing a 1.1% increase in total productions revenues. For the year ended December 31, 2020, we generated Revenues (Products and Services) of €432.8 million, compared to €424.0 million for the year ended December 31, 2019, representing a 2.0% increase in Revenues (Products and Services). Our business displayed strong resilience over the COVID-19-impacted year of 2020 driven by decisive measures taken by our management, which resulted in no disruption on our ability to deliver services to clients during lockdowns and our ability to offset the negative impact of the deferral of some projects by clients.

Our profitability displayed similar resilience over the COVID-19-impacted year of 2020 driven by our cost-savings actions, operating leverage improvements and active management in optimizing costs related to offices, services and support areas. For the year ended December 31, 2020, our net loss was €(11.4) million, compared to €(6.0) million for the year ended December 31, 2019. For the year ended December 31, 2020, our Adjusted EBITDA was €53.9 million, compared to €48.5 million for the year ended December 31, 2019 and representing a 11.2% annual growth rate. Our Adjusted EBITDA margin improved over the same period from 11.4% to 12.5%. We believe we are well positioned for this trend to continue in 2021.

***Solid financial profile underpinned by strong cash generation***

Our business has delivered consistent cash flow generation in recent years. Our net profit/(loss) for the year was a net profit of €0.3 million, a net loss of €(6.0) million and a net loss of €(11.4) million for the years ended December 31, 2018, 2019 and 2020, respectively. Our First Margin has been relatively stable (with our First Margin as a Percentage of Revenues (Products and Services) being 27.2%, 29.3% and 28.0% for the years ended December 31, 2018, 2019 and 2020, respectively), despite the impact of the COVID-19 pandemic in the year ended December 31, 2020, driven by favorable sales mix. Our Adjusted EBITDA Margin has improved (with the Adjusted EBITDA Margin being 10.3%, 11.4% and 12.5% for the years ended December 31, 2018, 2019 and 2020, respectively) driven by operational improvements and partial realization of certain implemented cost-saving initiatives. We believe that the full realization of our cost-saving initiatives will allow us to further strengthen our profitability in the upcoming years.

The flexibility of our cost structure allows us to rapidly adapt to changes in customer demand and to optimize capacity utilization and protect our profitability. A significant proportion of our cost base is in relation to variable costs, particularly with respect to our personnel cost, such as in relation to hiring of temporary personnel and procuring of services relating to professional resources on a contracting or sub-contracting basis by third-party service providers.

Our business has historically benefitted from high Cash Conversion, with levels of 78.6% and 81.3% in 2019 and 2020 respectively, as a result of our resilient margin profile, and limited Net Capital Expenditure (which averaged 2.2% of our Revenues (Products and Services) annually between 2018 and 2020). In addition, our working capital requirements are also limited (Net Working Capital represented 12.6% of Revenues (Products and Services) as of December 31, 2020). Finally, our DSO in the twelve months ended December 31, 2020 was 138 days, which we believe is lower than our main Italian competitors due to our lower exposure to public administration.

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

We have a strong track record of successfully integrating the entities we acquire in the fragmented Italian IT market, allowing us to expand our product offering, generate significant cross-selling opportunities into our existing customer base and realize sizeable cost and revenue synergies, such as delivery optimization, facilities rationalization and centralization of overheads. Since 2017, we have completed 15 acquisitions with approximately €15 million of average annual revenue of the target companies as of the acquisition date.

Our acquisition strategy has been focused on growing our business into high growth areas, boosting our presence in digital enabling technologies and Proprietary Software Solutions while consolidating our general IT offering and our position across our industry verticals in order to strategically support our organic growth. Our past "bolt-on" acquisitions include: (i) Mediana and Sinergetica, which allowed us to increase our focus on customer engagement, billing and ETRM for Energy & Utilities verticals; (ii) Finance Evolution and CST, which allowed us to broaden our scope in the Financial Services vertical; (iii) TEN and Enigen, which allowed us to increase our Salesforce.com capabilities; (iv) CDM Tecnoconsulting, which allowed us to increase our coverage of product lifecycle management solutions and ERP for the Manufacturing vertical; (v) IC Team, which allowed us to increase our coverage in business intelligence and Big Data solutions across all verticals; (vi) Sinergy, which allowed us to broaden our technology enabling capabilities on Data Center space; (vii) DISC and Telesio, which allowed to increase our focus on applications for the Manufacturing and Financial services market; (viii) Nest2 which brought us Managed Services capabilities (i.e., NOC, SOC); (ix) Tecla which completed our offering in Digital Commerce; (x) Beetobit, which expanded our capabilities on Public Cloud (i.e., AWS, Google); and (xi) DIEM, with a unique offering for video digital broadcasting.

Lutech is experienced in integrating assets and driving cost efficiencies and cross-selling as part of the Lutech group. Alongside our acquisition strategy, we have simultaneously optimised our operational platform, including (i) the successful migration of all different IT systems into a centralized model, (ii) the creation of a new uniformed sales organization and (iii) the consolidation of our production and delivery efforts, to build a solid integrated platform set up for further acquisitions.

***Experienced management team with an extensive track record and effective scalable organization***

Our business is supported by our experienced management team, which is highly recognized in our Reference Market and has grown our business from a small local Italian player to one of the leading independent Italian specialist providers of IT services, digital platforms and proprietary software solutions. Our senior managers include Tullio Pirovano, who has been our CEO since 2013 and has over 37 years of experience in the IT industry, and Luca Donna, who has been our CFO since 2011 and has over 20 years of experience in the IT industry.

We implemented a new organizational structure in December 2019 to drive efficiencies in our operating model and drive revenue growth. In particular, we redefined our commercial structure and centralized sales orchestration to enhance the customer experience, while boosting further cross- and up-sell initiatives within industry verticals and across our three business lines.

Our management team is supported by a highly qualified and experienced workforce of approximately 2,627 employees as at December 31, 2020 with an average age of 40.9 years and an average tenure of 7.5 years.

In addition, we will benefit from the sector expertise, business relationships, knowledge and experience of our sponsor, Apax. Apax is one of the world's most experienced sponsors in technology-enabled services with 17 completed deals and approximately €3.5 billion of invested equity in the space, in addition to 16 deals and approximately €3.7 billion of equity invested in software companies. In particular, Apax's strong track record in Italian IT services through their former investment in Engineering, allows them to understand the unique characteristics of the industry in Italy. Drawing on significant experience in the space, Apax has developed a unique playbook for accelerating organic growth of technology-enabled services companies by enhancing business operations, commercial strategy and investing in capabilities, as well as highly targeted and strategic bolt-on acquisitions

**Our Strategy**

***Continue to grow and gain market share organically by leveraging our historical track record, actions initiated in recent years and enhancing our go to market and commercial effectiveness of our integrated platform***

Since 2013, through a combination of organic growth and acquisitions, under Tullio Pirovano's leadership, Lutech transformed from a small player focused on IT infrastructure services to a leading end-to-end provider with a broad offering across the digital ecosystem, spanning from vertical Proprietary Software Solutions to an integrated offering in Digital Services and End-to-End Technology Enabling services.

We believe we are among the leaders across many verticals and in the last three years we have integrated various entities we have acquired and set the foundations for further growth. Having realized €6.3 million of synergies between 2018 and 2020, we believe we are still in the early stages of fully benefiting from the revenue and cost synergies that we have implemented through the integration of the businesses acquired over the last three years.

At the end of 2019, we transformed our operating model towards a fully integrated platform with centralized sales, production and delivery functions, which gives us the opportunity to fully unlock our cross- and up-sell initiatives, drive efficiencies and align best practices across our Group. We have a strong track record in cross-selling and increasing our share of wallet in existing accounts, as well as high levels of retention. For example, with one of our clients in the Energy & Utilities vertical we have successfully grown the number of services and products we are providing across our three business lines, from only Digital Services in 2015 to a full offering today also including Proprietary Software Solutions and End-to-End Technology Enabling, significantly increasing our share of wallet and revenue as a result.

In addition, we believe we can significantly benefit from the support and expertise of Apax, who have a proven track record in driving organic growth for its portfolio companies in the technology services space. In particular, Apax has significant expertise helping IT portfolio companies enhance their capabilities and go-to-market. GlobalLogic (a leading outsourced software product developer acquired by Apax in 2013) is an example of refocused sales effort and value proposition, along with investment in sales and marketing (which are key areas of the Apax strategy in IT services), resulting in a significant increase in organic growth during Apax's ownership.

***Increase and evolve our offering of Proprietary Software Solutions***

In the year ended December 31, 2020, we generated 30% of our First Margin from our businesses related to Proprietary Software Solutions. We believe our portfolio of leading, specialized vertical solutions supports our strong reputation as a leading end-to-end provider in each of our industry verticals. In particular, we estimate that, in 2020, we were one of the leading providers for credit management solutions (including factoring, leasing and financial services compliance), intelligence solutions for Italian law enforcement and public prosecutors (serving approximately 54% of the public prosecutors in Italy during the year ended December 31, 2020), and eHealth for healthcare providers. During 2020, approximately 50% of the Revenue (Products and Service) generated by our Proprietary Software Solutions business line was derived from the Financial Services industry, approximately 25% from the Public Sector & Healthcare industry and approximately 5% from Energy & Utilities.

We intend to continue to evolve and expand our offering in Proprietary Software Solutions as we believe these activities offers us unique positioning in terms of pervasiveness, intimacy and impact on our customers businesses, as these solutions are focused on customers' core business processes, and have contributed to our strong margin and highly recurring revenue profile.

For this reason, we will continue to leverage our in-house R&D capabilities and evolve our digital enabling Proprietary Software Solutions, in particular focusing on Fintech (enriching our suite, in terms of functionality, and add AI/machine learning and RPA capabilities), Healthcare (enriching our suite in terms of functionality, AI/machine learning capabilities), Broadcasting (extending our current offering leveraging the convergence of video and IT protocols/ technologies) and Energy & Utilities (enriching our suite, in terms of functionality and integration with smart metering and adding AI/machine learning capabilities).

***Innovate, expand and strengthen our offering on leading-edge services and technologies, our industry partnerships and our certified capabilities***

Across our three business lines, we have a strong track record of product and services innovation and strive to continuously develop new and tailored digital offerings to meet our customers' latest digital needs. We have deployed significant investments to build our technological platform and we have developed specific expertise in leading technologies and solutions in various areas, across all our three business lines, including cybersecurity, cloud-based services, Big Data, AI, IoT, customer engagement, and smart manufacturing. In particular, we believe we were among the first IT players in Italy to be able to deploy real implementations based on AI.

We intend to continue investing, innovating and expanding our offering in leading areas (including Cloud, AI, Big Data, RPA, omni-channel, and blockchain), accelerate our digital services proposition with an integrated and distinctive offering addressing customer digital needs as a whole, expand on service operation center capabilities to enable a new generation of managed services offering and setup a specific IT advisory and consulting capability and practice to position Lutech as a trusted advisor to support customers on their digital transformation.

We intend to further capitalize on our strong and longstanding relationships with top-tier market players, who comprise next-generation technology vendors and digital service providers and include worldwide leaders in public cloud and SaaS services, such as Amazon Web Services, Google and Microsoft, Next Gen IT infrastructure and services, such as Dell EMC, Cisco, IBM, CheckPoint, NetApp, as well as a large pool of digital technologies providers, such as Salesforce.com, Service Now, Genesys, Cloudera, Informatica, PTC, Infor, Microsoft, UIPath and Oracle. We believe that our strong relationships with key industry partners will continue to allow us to provide our customers with access to cutting-edge digital platforms and solutions.

We also aim to continue investing in our talented pool of employees, project managers and digital and technology specialists with a wide specialization based on technologies and competencies, to continue delivering innovative solutions to our customers including in high growth areas of digital, cloud and cybersecurity.

***Increase profitability and cash generation***

We intend to continue leveraging our diversified product and service offering and our integrated operating platform while realizing economies of scale to enhance our profitability. We also intend to further improve our revenue mix towards Proprietary Software Solutions (e.g., in Fintech) and Digital Services, which typically generate higher margins, and consolidate our positioning in fast growing offerings (e.g., Big Data, IoT, cloud).

Our business has historically benefitted from high Cash Conversion, with levels of 78.6% and 81.3% in 2019 and 2020 respectively, as a result of limited Net Capital Expenditures (which averaged 2.2% of our Revenues (Products and Services) annually between 2018 and 2020). In addition, our working capital requirements are also limited (benefiting from limited exposure to the public administration). To increase our cash generation, we intend to continue implementing a disciplined approach to capital expenditures and working capital management, also carefully screening new clients' credit standing before on boarding.

To further improve our profitability we have already implemented a number of synergies (including delivery optimization, facilities' closure, centralization of overheads, reorganization of salesforce and consultancy costs rationalization) that we believe will increase our Adjusted EBITDA Margin in the next 18 months. In particular, we have achieved approximately €3.6 million of synergies in the year ended December 31, 2020, approximately €1.7 million in the year ended December 31, 2019 and approximately €1.0 million in the year ended December 31, 2018, and expect that we can achieve additional synergies of approximately €4.2 million by the year ending December 31, 2022 on the basis of already implemented actions. Likewise, we have identified (and partially planned) a number of additional cost-saving opportunities, including operational productivity enhancement, nearshoring and offshoring, that we believe will allow us to further strengthen our profitability in the coming years. *See* "*Forward-Looking Statements*."

***Selectively pursue accretive bolt-on acquisitions to expand our offering and technological capabilities as well as grow the business***

Our Reference Market remains highly fragmented and we intend to further strengthen our position and broaden our product portfolio and certified capabilities by continuing to consolidate smaller players.

We have been one of the most active consolidation platforms in the Italian IT market in recent years, successfully integrating 15 targets since 2017. We have developed a disciplined and systematic approach to acquisition activity, targeting best-in-class specialized IT players with a focus on increasing our capabilities in high growth areas and consolidating our positions across our industry verticals. We undertake thorough due diligence to ensure each integration activity is supported by a business case of value creation, ensures business continuity and limits any disruption to profitability. We believe that this continued focus on acquiring and integrating best-in-class providers of IT services will allow us to further cross-sell acquired solutions into our broad customer base, hire talented employees and strengthen our R&D capabilities.

Our future acquisition strategy will focus on attractive and accretive add-ons to complement our envisaged organic growth and it will be based on three fundamental pillars: (i) complementary offerings that widen our proposition and technological capabilities; (ii) attractive valuations; and (iii) significant cost and revenue synergies achievable. As regards our focus on complementary offering, we will continue evaluating opportunities for highly targeted, strategic bolt-on acquisitions of easy to integrate players and with a view to expand our ERP and digital offering, enlarge and complement our innovative software offering and reinforce our technology capabilities in fast growing areas such as cybersecurity, Big Data, Salesforce.com, smart manufacturing (such as PTC and Infor) and cloud-based services.

**Current Trading**

Based on preliminary results for the three months ended March 31, 2021, Lutech Group's (i) Revenues (Products and Services) was €118.9 million, as compared to Revenues (Products and Services) of €107.9 million for the three months ended March 31, 2020, (ii) First Margin was €32.3 million, as compared to a First Margin of €29.7 million for the three months ended March 31, 2020 and (iii) Adjusted EBITDA was €14.2 million, as compared to an Adjusted EBITDA of €12.3 million for the three months ended March 31, 2020. Our revenue growth in the three months ended March 31, 2021 was driven by all three business lines. In our End-to-End Technology Enabling business line, growth was driven primarily by our cloud-based services and managed services. In our Digital Services business line, growth was driven primarily by digital customer engagement and Big Data. In our Proprietary Software Solutions business line, growth was strong across all sectors, in particular Financial Services and Energy. While First Margin increased, First Margin as a Percentage of Revenues slightly declined due to changes in mix. The increase in Adjusted EBITDA was primarily due to our higher First Margin, operating leverage and synergies. Lutech Group's preliminary results for the three months ended March 31, 2020 described above, have been obtained by adding the Revenues (Products and Services), First Margin and Adjusted EBITDA of Beetobit S.r.l. for the three months ended March 31, 2020. Beetobit S.r.l. was acquired by the Lutech Group in September 2020.

This information is based solely on preliminary internal information used by our management and is based on assumptions that are subject to inherent uncertainties. Our actual financial results may differ from our preliminary results for the three months ended March 31, 2021 set forth above and remain subject to our normal quarterly review process. As part of our quarterly review process, we could identify items that would require us to make adjustments that could affect the results discussed above. Such procedures have not been completed. Accordingly, these results may change and those changes may be material. We caution you that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by us or any other person regarding our financial performance for the three months ended March 31, 2021 or for the year ending December 31, 2021. See "*Forward-looking statements*," "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for a discussion of certain of the factors that could affect our performance and results of operations.

**The Transactions**

The Transactions consist of the following (collectively, the "**Transactions**"):

- an equity contribution for an expected amount of €225 million from the funds advised by Apax to finance the acquisition of the Target on or about the Completion Date;
- the issuance by the Issuer of the Notes offered hereby and the use of their proceeds;
- the execution, delivery and performance of the Revolving Credit Facility Agreement and the use of proceeds from any borrowing thereunder;
- the Lutech Acquisition and the consummation of the transactions contemplated by the Main Acquisition Agreement (including the payment of consideration thereof using the equity contribution and Tranche A under the Notes, and any earn-out provision);
- the Minority Acquisition and the consummation of any related transactions;
- the consummation of the Post-Completion Mergers;
- the refinancing and cancellation of Existing Lutech Indebtedness with Tranche B (as defined under "*Use of Proceeds*");

- the payment of fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering by using Tranche A under the Notes; and
- any other transactions in connection with any of the above or incidental thereto.

For a description of the anticipated indebtedness of the Group following the Transactions, see "*Capitalization*" and "*Description of Certain Financing Arrangements*."

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 Lutech Acquisition and the refinancing of Existing Lutech Indebtedness, respectively, and will not entail issuing separate identifiers (CUSIPs, ISINs or common codes) for each such tranche. See "*Use of Proceeds*," "*Capitalization"* and "*Description of Notes.*"

Concurrently with the closing of the Offering on the Issue Date, the Issuer will deposit the gross proceeds of the Offering into the Deposit Account, to hold such amount pending the completion of the Lutech Acquisition. On or about the Issue Date, the Issuer will assign as security its rights, title and interest in the credit balance of the Deposit Account to the Trustee. The release of the funds credited to the Deposit Account and the completion of the Lutech Acquisition will be subject to the good-faith determination by the Issuer of the satisfaction of certain conditions, and such release will occur as soon as reasonably practicable following the Release Date. In the event that, (i) the Completion Date does not take place on or prior to the Longstop Date, (ii) in the good-faith judgment of the Issuer, the Lutech Acquisition will not be consummated on or prior to the Longstop Date, (iii) the Main Acquisition Agreement, terminates at any time on or prior to the Longstop Date, or (iv) certain other events occur, the Issuer will redeem the Notes at a price equal to 100% of the initial issue price of such Notes, plus accrued but unpaid interest and additional amounts, if any, from the Issue Date to (but not including) the Special Mandatory 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). See "*Risk Factors—Risks Relating to the Transactions—The Lutech Acquisition is subject to significant uncertainties and risks and, if it is not completed on or prior to the Longstop Date, the Issuer will be required to redeem the Notes at 100% of the initial issue price of the Notes, plus accrued and unpaid interest and additional amounts, if any*" and "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption*."

***The Lutech Acquisition***

On March 14, 2021, the Company entered into the Main Acquisition Agreement with, OEP 14 LP, pursuant to which the Company, or its designated acquirer, will acquire 100% of the shares of Target. Under the Main Acquisition Agreement, the aggregate consideration payable by the Company at Completion Date, consists of €300.0 million plus (if applicable) €112,556 per calendar day from June 1, 2021 until the Completion Date, to compensate the sellers under the Main Acquisition Agreement (the "**Sellers**") for additional cash generation in the Group during this time period. The purchase price will be adjusted to the extent there is or has been any leakage of value, for example, by way of a distribution, to any of the Seller or certain affiliates parties from September 30, 2020 until the Completion Date (together, the "**Leakage**"). In addition, under the Main Acquisition Agreement, an amount of €20.0 million is payable to, among others, the Sellers and certain identified members of the management of the Group in 2022 upon the achievement by the Lutech Group of certain financial performance targets for 2021. The earn-out is payable if the first margin or adjusted EBITDA (both calculated in accordance with the Main Acquisition Agreement and not directly comparable to the corresponding measures presented in this Offering Memorandum) achieved by the Lutech Group for the year ending December 31, 2021, is equal to or exceeds €128 million and €58 million, respectively. It is intended that Bidco, as the designated acquirer under the Main Acquisition Agreement, will acquire 100% of the shares of the Target.

The Lutech Acquisition is subject to customary closing conditions. Depending on the timing of the satisfaction of these closing conditions (including clearance from antitrust and other regulatory authorities, including an approval under the Italian Golden Power Legislation), we expect to complete the Lutech Acquisition in or around June 2021. Under the Main Acquisition Agreement, (i) in the event that the Completion Date does not take place by September 14, 2021, OEP 14 LP (as seller under the Main Acquisition Agreement) will have the right to terminate the Main Acquisition Agreement and (ii) in the event that the Completion Date does not take place by November 14, 2021, the Company (as purchaser) will have the right to terminate the Main Acquisition Agreement.

The total Lutech Acquisition consideration due on the Completion Date, will be financed on such date using:

- equity contribution from funds advised by Apax of €225 million; and
- Tranche A under the Notes (as defined under "*Use of Proceeds*"), which will be contributed by the Issuer as equity in Bidco.

Prior to the Completion Date, the Issuer will not have control over the Target Group. In addition, prior to the completion of the Lutech Acquisition, the Target Group will not be subject to the covenants described in "*Description of the Notes*." See "*Risk Factors—Risks Relating to the Transactions—The Issuer does not currently control the Target Group and will not control the Target Group until the Completion Date.*"

***The Minority Acquisition***

On March 6, 2021, Lutech entered into the Minority Acquisition Agreement with certain minority shareholders of Kronotech S.r.l. ("**Kronotech**"), a subsidiary of Lutech in which Lutech holds 53% of the share capital, to acquire the stake held by the minority shareholders (the "**Minority Acquisition**"). Following the completion of the Minority Acquisition, Lutech will hold the entire share capital of Kronotech. The aggregate purchase price payable under the Minority Acquisition Agreement is €4.5 million. The completion of the Minority Acquisition Agreement is subject to the completion of the Lutech Acquisition.

***Sources and Uses***

The following table sets forth the estimated sources and uses of funds in connection with the Lutech Acquisition and the other Transactions. Actual amounts will vary from estimated amounts depending on several factors, including the exact Completion Date and any Leakage, as further described under "*Summary—The Transactions—The Lutech Acquisition*" and the difference between estimated and actual fees and expenses. This table should be read in conjunction with "*Use of Proceeds*" and "*Capitalization.*"

| Sources of Funds | | Uses of Funds | |
|---|---|---|---|
| **(€ millions)** | | | |
| Notes offered hereby(1) | 275.0 | Acquisition consideration(4) | 304.5 |
| Equity contribution(2) | 225.0 | Refinance Existing Lutech Indebtedness(5) | 180.8 |
| Cash on balance sheet(3) | 50.2 | Estimated fees and expenses(6) | 25.8 |
| | | Cash on balance sheet | 39.1 |
| **Total sources** | **550.2** | **Total uses(7)** | **550.2** |

(1) Represents the gross proceeds of the Notes expected to be issued pursuant to the Offering on the Issue Date.

(2) Represents the indirect equity contribution from funds advised by Apax and from certain members of Lutech's management.

(3) Represents liquid funds of Lutech Group as of December 31, 2020. Lutech Group's liquid funds as of March 31, 2021, were approximately €52.2. million.

(4) Represents (i) €300.0 million of consideration payable to the Sellers under the Main Acquisition Agreement and (ii) €4.5 million of consideration payable for the Minority Acquisition. These amounts are subject to adjustments. See "*—The Lutech Acquisition*" and "*—The Minority Acquisition*." The Lutech Acquisition consideration, which is payable on the Completion Date, is subject to adjustments in respect of the actual cash available at Lutech on the Completion Date and any

Leakage, as further described under "*—The Transactions—The Lutech Acquisition*." The amount excludes any consideration that is payable in respect of the Lutech Acquisition at a daily rate of €112,556 from June 1, 2021 until the Completion Date to compensate the Sellers for additional cash generation in the Target Group during this period, and excludes the earn-out amount of €20.0 million that may become payable by us in 2022 if certain thresholds are met. The earn-out is payable if the first margin or adjusted EBITDA (both calculated in accordance with the Main Acquisition Agreement and not directly comparable to the corresponding measures presented in this Offering Memorandum) achieved by the Lutech Group for the year ending December 31, 2021, is equal to or exceeds €128 million and €58 million, respectively.

(5) Represents (i) €165.8 million aggregate principal amount outstanding under the Existing Lutech Senior Facilities and (ii) €15.0 million aggregate principal amount outstanding under the Existing Lutech Other Facilities, consisting of €8.9 million short-term credit facilities, and €6.1 million of short-term bank debt (which we expect to repay in the near term but no later than the end of 2021), that will be refinanced by using Tranche B of the Notes. Amounts shown do not include accrued but unpaid interest in relation to the Existing Lutech Indebtedness.

(6) Reflects our estimate of fees and expenses associated with the Transactions, including estimated underwriting, financial advisory, legal, accounting, ratings advisory, certain fees and expenses of the seller in the Lutech Acquisition and other transaction costs and professional fees, including certain sell-side expenses payable by the Company. Estimated fees and expenses also include accrued and unpaid interest and estimated break costs, which we expect to incur in connection with the refinancing of the Existing Lutech Indebtedness (assuming a repayment date of May 31, 2021). Estimated fees and expenses exclude any applicable VAT.

(7) Proceeds from a portion of the Notes designated as Tranche A (as defined below), equal to an aggregate principal amount of €89.1 million, will be used to: (i) fund payment of the Lutech Acquisition consideration and consideration for the Minority Acquisition and (ii) finance costs, fees and expenses incurred in connection with such acquisitions and the other transactions as described above, including legal, accounting, ratings advisory and other transaction costs and professional fees (together with (i) above, "**Tranche A**"), and proceeds from a separate portion of the Notes designated as Tranche B (as defined below), equal to an aggregate principal amount of €185.9 million, will be used to: (a) refinance the Existing Lutech Indebtedness as per footnote (5) above and (b) pay the costs, fees and expenses incurred in connection with the refinancing (together with (a) above ("**Tranche B**")). 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 acquisitions and the refinancing of the Existing Lutech Indebtedness, respectively, and will not entail issuing separate identifiers (CUSIPs, ISINs or common codes) for each such tranche.

## The Issuer

The Issuer is a joint stock company (*società per azioni*), organized under the laws of Italy on March 29, 2021 and established by the Company for the purpose of facilitating the Transactions. The Issuer is recorded in the Companies' Register of Milan, Monza Brianza and Lodi under number, tax code and VAT number 11693200963 and has its registered office (*sede legale*) at Via Alessandro Manzoni 38, 20121, Milan, Italy. Following the completion of the Lutech Acquisition, and within approximately 18 months of the Completion Date, along with certain other Post-Completion Mergers (as defined herein), we intend to merge the Issuer with Lutech, with Lutech being the surviving entity. Pursuant to the completion of the Post-Completion Mergers, Lutech will be substituted as the issuer of the Notes.

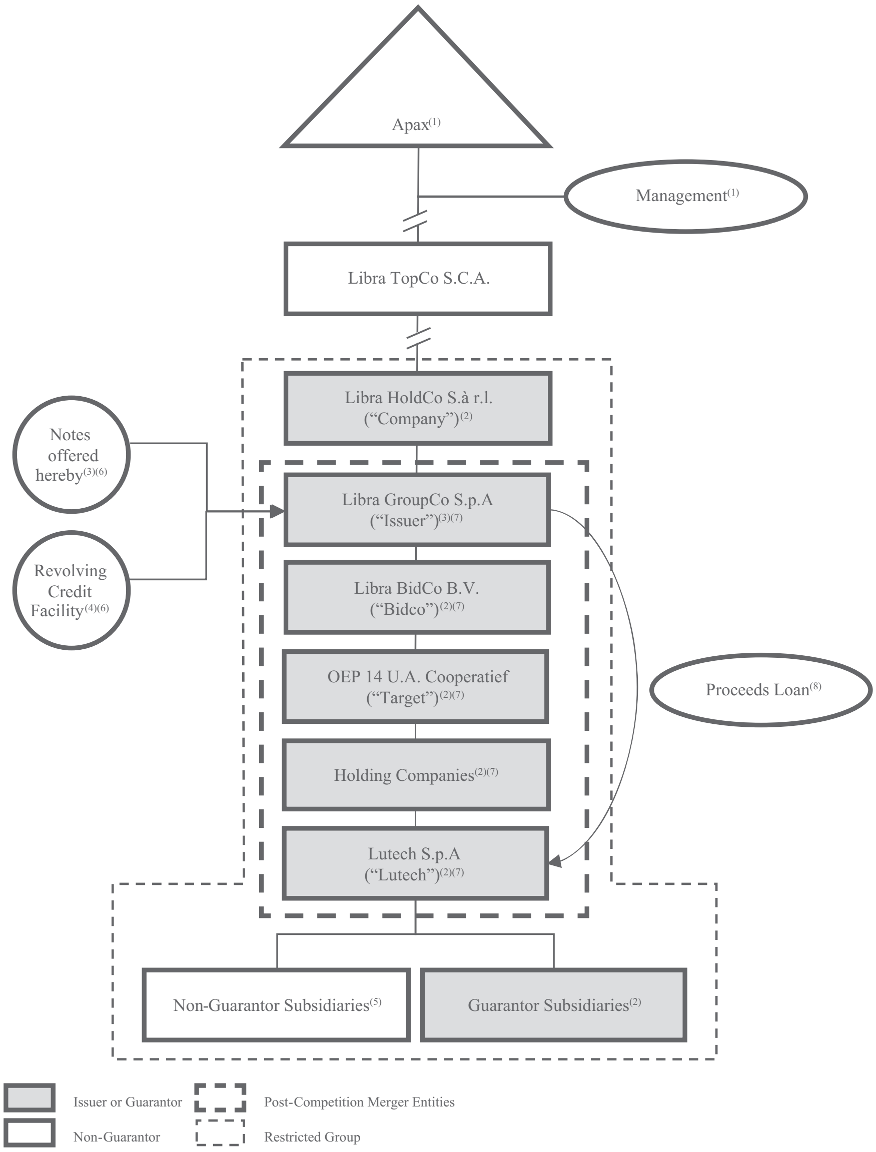
## Principal Shareholder

The Issuer is a wholly owned subsidiary of the Company. As of the date of this Offering Memorandum, Apax indirectly holds 100% of the shareholding of the Company and controls the Company. Following the Lutech Acquisition, it is expected that Apax will beneficially own approximately 85% of the shareholding of the Company, with the remaining approximately 15% beneficially owned by the senior management of the Group pursuant to management co-invest and a management equity program instituted at the level of an indirect holding company of the Company. Pursuant to the management equity program, certain preference shares and ordinary shares in Libra TopCo S.C.A., an indirect parent of the Company, will be held, either directly or indirectly through a pooling entity, by certain members of the Group's management team. See "*Management—Management Equity Program*."

Apax is a leading global private equity advisory firm. Over its 50-year history, Apax has raised and advised funds with aggregate commitments of over $60 billion. Apax invests in companies across four global sectors of Healthcare, Technology, Services and Internet/Consumer. These funds provide long-term equity financing to build and strengthen world-class companies through leveraging its deep sector and sub-sector experience, operating capabilities, and global platform. Some of Apax's recent investments in the technology-enabled services sector include the acquisition of Engineering (a leading Italian IT services company) in 2015, ThoughtWorks (a global leader in high-end digital transformation services) in 2017, Solita (a leading Finnish digital transformation company) in 2018, Fractal (a leading pure play data analytics provider) in 2019, Coalfire (a U.S.-based provider of cybersecurity advisory and assessment services) in 2020, and Herjavec (one of the largest independent managed security service providers) in 2021.

### Corporate and Financing Structure

The following chart shows a simplified summary of our corporate and financing structure on the Issue Date, unless otherwise indicated, adjusted to give effect to the Transactions including the use of proceeds of the Notes. This chart does not include all of our subsidiaries and all or our debt obligations. See "*—The Transactions*," "*Description of the Notes*," "*Description of Certain Financing Arrangements*," "*Use of Proceeds*" and "*Capitalization*."




(1) The Issuer is a wholly owned subsidiary of the Company. As of the date of this Offering Memorandum, Apax indirectly holds 100% of the shareholding of the Company and controls the Company. Following the Lutech Acquisition, it is expected that Apax will beneficially own approximately 85% of the shareholding of the Company, with the remaining 15% beneficially owned by the senior management of the Group pursuant to management co-invest and a management equity program instituted at the level of an indirect holding company of the Company (see "*Management—Management Equity Program*").

(2) The Notes will be guaranteed on a senior secured basis, assuming the Completion Date occurs on or prior to the Longstop Date (i) on the Release Date, by the Initial Guarantors, and (ii) subject to the Agreed Security Principles, pursuant to applicable laws, as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date, by the Target Guarantors. Subject to the Agreed Security Principles, the Guarantors will also guarantee on a senior secured basis the Revolving Credit Facility and certain hedging obligations, if any. However, pursuant to the Intercreditor Agreement, lenders under the Revolving Credit Facility Agreement and counterparties to certain hedging obligations, if any, will receive proceeds from the enforcement of security over the Collateral prior to the holders of the Notes. As of and for the year ended December 31, 2020, the Target Guarantors represented 81.7% of the total production revenues, 73.8% of the Adjusted EBITDA and 82.2% of the total assets (on an unconsolidated basis but excluding goodwill, investments and intragroup eliminations), in each case of the Lutech Group (which excludes the holding companies of Lutech). As of December 31, 2020, as adjusted to give effect to the Transactions, the Issuer and the Guarantors would have had total indebtedness in the aggregate amount of €283.1 million. The obligations of each Guarantor under its Guarantee will be contractually limited under the applicable Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, financial assistance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For instance, the Guarantee and security interests to be granted by Lutech and each other Italian Target Guarantors will only guarantee and secure the Issuer's obligations under Tranche B (as defined in "*Use of Proceeds*") of the Notes. For a description of such limitations, see "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

(3) The Issuer is offering €275.0 million in aggregate principal amount of its 5.00% senior secured notes due 2027. The Notes will be senior obligations of the Issuer and will rank *pari passu* in right of payment with all of the Issuer's existing and future debt that is not subordinated in right of payment to the Notes, including the Issuer's obligations under the Revolving Credit Facility and certain hedging obligations, if any. However, pursuant to the Intercreditor Agreement, lenders under the Revolving Credit Facility Agreement and counterparties to certain hedging obligations, if any, will receive proceeds from the enforcement of security over the Collateral prior to the holders of the Notes. The proceeds of the Offering will be used by the Issuer together with certain other funding, (i) to finance the Lutech Acquisition and to finance the Minority Acquisition, (ii) to refinance and cancel the Existing Lutech Indebtedness, (iii) to pay certain fees and expenses associated with the Transactions and (iv) for general corporate purposes, including acquisitions. See "*Use of Proceeds*." Concurrently with the closing of the Offering on the Issue Date, the Issuer will deposit the gross proceeds of the Offering into the Deposit Account, which is segregated and controlled by the Issuer to hold such amount pending the completion of the Lutech Acquisition. On or about the Issue Date, the Issuer will assign as security its rights, title and interest in the credit balance in the Deposit Account to the Trustee. See "*Risk Factors—Risks Relating to the Transactions—The Lutech Acquisition is subject to significant uncertainties and risks and, if it is not completed on or prior to the Longstop Date, the Issuer will be required to redeem the Notes at 100% of the initial issue price of the Notes, plus accrued and unpaid interest and additional amounts, if any" and "Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption*."

(4) The Issuer has entered into the Revolving Credit Facility Agreement on April 20, 2021. The Revolving Credit Facility is to be available for an amount of €45.0 million and may be used for general corporate purposes, including acquisitions and working capital. The Revolving Credit Facility will mature on the date falling 66 months after the Release Date. Assuming the Completion Date occurs on or prior to the Longstop Date (i) on the Release Date, the Revolving Credit Facility will be guaranteed by the Initial Guarantors and, subject to the Agreed Security Principles, will be secured on a first-priority basis by security interests over the Initial Collateral, (ii) as soon as reasonably practicable after the Completion Date and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Revolving Credit Facility will be secured on a first-priority basis by Dutch law pledges over the shares held by Bidco in the Target and the structural loan receivables owed to the Issuer by Bidco, if applicable and (iii) as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date, subject to the Agreed Security Principles the Revolving Credit Facility will be guaranteed by the Target Guarantors and, will be secured on a first-priority basis by security interests over the remaining Target Collateral. Pursuant to the Intercreditor Agreement, lenders under the Revolving Credit Facility Agreement and counterparties to certain hedging obligations, if any, will receive proceeds from the enforcement of security over the Collateral prior to the holders of the Notes. We expect the Revolving Credit Facility to remain undrawn on the Completion Date. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."

(5) Not all of the subsidiaries of the Target will guarantee the Notes and the Revolving Credit Facility. As of December 31, 2020, as adjusted to give effect to the Transactions, the subsidiaries of the Target that are not expected to guarantee the Notes would have had €1.5 million of third party debt outstanding. See "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Company that do not guarantee the Notes.*"

(6) The Notes will be a senior secured obligation of the Issuer and, on the Issue Date, will be secured by the Deposit Account Charge. On or about the Release Date, and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Initial Guarantees will be secured on a first-priority basis by security interests in the Initial Collateral. In addition, assuming the Completion Date occurs on or prior to the Longstop Date and subject to the Agreed Security Principles, (i) as soon as reasonably practicable after the Completion Date, the Notes will be secured on a first-priority basis by Dutch law pledges over shares held by Bidco in the Target and the structural loan receivables owed to the Issuer by Bidco, if applicable and (ii) as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date, the Notes and the Target Guarantees will be secured on a first-priority basis by the remaining Target Collateral. The Collateral will also secure borrowings under the Revolving Credit Facility and certain hedging obligations, if any. Under the terms of the Intercreditor Agreement, in the event of enforcement

of the security over the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility and certain hedging obligations, if any, have been repaid in full.

(7) Following the Completion Date, and within approximately 18 months of the Completion Date, we expect to undertake the following: (i) the merger of the Target with Bidco and the merger of the OEP Italy Solutions S.r.l, the Italian holding company of Lutech and an indirect subsidiary of the Target, with Lutech; (ii) the merger of certain Dutch holding companies of Lutech, which are subsidiaries of the Target, with Bidco; (iii) the merger of Bidco with the Issuer and pursuant to Article 2501-*bis* of the Italian Civil Code, the merger of the Issuer with Lutech, with Lutech being the surviving entity pursuant to these mergers; and (iv) the merger of certain Italian subsidiaries of Lutech, with Lutech (together, the "**Post-Completion Mergers**"). Pursuant to the completion of the Post-Completion Mergers, Lutech will be substituted as the issuer of the Notes. We currently expect to complete these steps within a period of approximately 18 months from the Completion Date. While we intend to use commercially reasonable efforts to complete the Post-Completion Mergers, however, the Post-Completions Mergers are subject to certain conditions and may not be completed within the currently envisaged time frame or at all. See "*Risk Factors—Risks Relating to the Transactions—We may be unable to complete the Post-Completion Mergers within the anticipated time frame, or at all.*" Following the Post-Completion Mergers, and to the extent applicable, certain security interests in the Collateral may be released, including the Italian law share pledge over the shares in the Issuer, the Dutch law share pledge over the shares in Bidco, a Dutch law bank account pledge over the material operating bank accounts of Bidco and the Italian law assignment of receivables by way of security over the credit rights or the payables owed to the Issuer by Lutech under the Proceeds Loan. See "*Risk Factors—Risks Relating to the Transactions—Our right to receive payments under any Proceeds Loan or other shareholders loan may be subordinated by law to the obligations of other creditors.*" In addition, certain other security interests in the Collateral may be confirmed, extended and/or granted (as applicable) in accordance with the covenants described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest.*"

(8) Upon the release of the proceeds of the Offering from the Deposit Account and until the completion of the Post-Completion Mergers, the Issuer will loan a portion of such proceeds to Lutech pursuant to the Proceeds Loan.

## The Offering

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

| | |
|---|---|
| **Issuer** . . . . . . . . . . . . . . . . . . . . . . . . . | Libra GroupCo S.p.A., a *società per azioni* incorporated under the laws of Italy. Following completion of the Post-Completion Mergers, Lutech will be substituted as the issuer of the Notes. |
| **Notes Offered** . . . . . . . . . . . . . . . . . . | €275,000,000 million aggregate principal amount of 5.00% senior secured notes due 2027 (the "**Notes**"). |
| **Maturity Date** . . . . . . . . . . . . . . . . . . | May 15, 2027. |
| **Issue Date** . . . . . . . . . . . . . . . . . . . . . | On or about May 24, 2021. |
| **Issue Price** . . . . . . . . . . . . . . . . . . . . | 100.00% plus accrued interest, if any, from the Issue Date. |
| **Interest Payment Dates** . . . . . . . . . . | Semi-annually in arrear on each May 15 and November 15, commencing on November 15, 2021. Interest will accrue from the Issue Date. |
| **Denominations** . . . . . . . . . . . . . . . . . | The Notes will be in denominations of €100,000 and any integral multiples of €1,000 in excess of €100,000. Notes in denominations of less than €100,000 will not be available. |
| **Ranking of the Notes** . . . . . . . . . . . | The Notes will:<br>• be senior secured obligations of the Issuer;<br>• be secured by first-ranking pledges over the Collateral, as set forth under "—*Collateral*" and, pursuant to the Intercreditor Agreement, will receive proceeds from enforcement of security over the Collateral only after certain obligations (including those owed to lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, (if any)) have been paid in full;<br>• rank *pari passu* in right of payment with all of the Issuer's existing and future debt that is not subordinated in right of payment to the Notes, including the Issuer's obligations under the Revolving Credit Facility and certain hedging obligations, if any;<br>• rank senior in right of payment to any existing or future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;<br>• be effectively subordinated to any existing and future indebtedness or obligation of the Issuer (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligation or indebtedness; and<br>• be structurally subordinated to any future indebtedness of subsidiaries of the Company (including obligations to trade creditors), other than the Issuer, that do not guarantee the Notes. |

| | |
|---|---|
| **Guarantees** .................... | Assuming the Completion Date occurs on or prior to the Longstop Date, the Notes will be guaranteed on a senior secured basis (i) on the Release Date, by the Initial Guarantors and (ii) subject to the Agreed Security Principles, as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date, by the Target Guarantors.<br><br>As of and for the year ended December 31, 2020, the Target Guarantors represented 81.7% of the total production revenues, 73.8% of the Adjusted EBITDA and 82.2% of the total assets (on an unconsolidated basis but excluding goodwill, investments and intragroup eliminations), in each case of the Lutech Group (which excludes the holding companies of Lutech). As of December 31, 2020, as adjusted to give effect to the Transactions, the Issuer and the Guarantors would have had total indebtedness in the aggregate amount of €283.1 million.<br><br>The obligations of each Guarantor under its Guarantee will be contractually limited under the applicable Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, financial assistance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For instance, the Guarantee and security interests to be granted by Lutech and each other Italian Target Guarantor will only guarantee and secure the Issuer's obligations under Tranche B (as defined in "*Use of Proceeds*") of the Notes. For a description of such limitations, see "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."<br><br>Not all of the subsidiaries of the Target will guarantee the Notes. As of December 31, 2020, as adjusted to give effect to the Transactions, the subsidiaries of the Target that are not expected to guarantee the Notes would have had €1.5 million of third party debt outstanding. See "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Company that do not guarantee the Notes.*" |
| **Ranking of the Guarantee** ........ | Each Guarantee will:<br><br>• be a senior secured obligation of the relevant Guarantor;<br><br>• be secured by first-ranking pledges over the Collateral, as set forth under "—*Collateral*," and, pursuant to the Intercreditor Agreement, will receive proceeds from enforcement of security over the Collateral only after certain obligations (including those owed to lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, if any) have been paid in full;<br><br>• rank *pari passu* in right of payment with all of that Guarantor's existing and future indebtedness that is not |

subordinated in right of payment to its Guarantee, including the obligations in respect of the Revolving Credit Facility and certain hedging obligations, if any;

- rank senior in right of payment to any existing or future indebtedness of the relevant Guarantor that is expressly subordinated in right of payment to its Guarantee;
- rank effectively senior to any existing and future unsecured indebtedness of that Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under Guarantees; and
- be effectively subordinated to any existing and future indebtedness of that Guarantor (including obligations to trade creditors) that is secured by property or assets that do not secure its Guarantee, to the extent of the value of the property and assets securing such obligations or indebtedness.

**Collateral** ...................... Concurrently with the closing of the Offering on the Issue Date, the Issuer will deposit the gross proceeds from the Offering into the Deposit Account, and such amounts shall be segregated and controlled by the Issuer and held pending the completion of the Lutech Acquisition. On or about the Issue Date, the Issuer will assign as security its rights, title and interest in the credit balance in the Deposit Account to the Trustee (the "**Deposit Account Charge**"). See "*Risk Factors—Risks Relating to the Transactions—The Lutech Acquisition is subject to significant uncertainties and risks and, if it is not completed on or prior to the Longstop Date, the Issuer will be required to redeem the Notes at 100% of the initial issue price of the Notes, plus accrued and unpaid interest and additional amounts, if any.*"

On or about the Release Date, and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Guarantees will be secured on a first-priority basis by:

- an Italian law share pledge over the shares in the Issuer;
- a Dutch law share pledge over the shares in Bidco; and
- a Dutch law bank account pledge over the material operating bank accounts of Bidco, if applicable,

(collectively, the "**Initial Collateral**").

In addition, subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, assuming the Completion Date occurs on or prior to the Longstop Date:

- as soon as reasonably practicable after the Completion Date, the Notes and the Guarantees will be secured on a first-priority basis: (i) by Dutch law pledges over any shares held by Bidco in the Target; and (ii) a Dutch law pledge over structural loan receivables owed to the Issuer by Bidco, (if applicable); and

- as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date, the Notes and the Guarantees will be secured on a first-priority basis by security over:
- in the case of each Guarantor incorporated in Luxembourg, Italy or the Netherlands, security over any shares held by it in a Guarantor, any material operating bank accounts held by it and any material structural intercompany loans made by it to a Guarantor (*provided* that certain Guarantors may cease to exist in connection with the Post-Completion Mergers); and
- in the case of each other Guarantor, security over any shares held by it in a Guarantor,

(collectively, the "**Target Collateral**" and together with the Initial Collateral, the "**Collateral**").

Following the Post-Completion Mergers, and to the extent applicable, certain security interests in the Collateral may be released, including the Italian law share pledge over the shares in the Issuer, the Dutch law share pledge over the shares in Bidco, a Dutch law bank account pledge over the material operating bank accounts of Bidco and the Italian law assignment of receivables by way of security over the credit rights or the payables owed to the Issuer by Lutech under the Proceeds Loan. In addition, subject to and on terms consistent with the Agreed Security Principles, certain other security interests in the Collateral may be confirmed, extended and/or granted (as applicable) in accordance with the covenants described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*."

The Collateral will also secure borrowings under the Revolving Credit Facility and certain hedging obligations, if any and certain other future indebtedness permitted to be incurred and secured. Under the terms of the Intercreditor Agreement, in the event of enforcement of the security over the Collateral, the holders of the Notes will receive proceeds from the Collateral only after certain obligations (including those owed to lenders under the Revolving Credit Facility and certain hedging obligations, if any), have been repaid in full.

The security over the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. In addition, the security interests in the Collateral may be released under certain circumstances. Subject to the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. For more information on the security interests granted, see "*Description of the Notes—Security*" and, for more information on potential limitation on the security interests, see "*Certain Insolvency Law Considerations*

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| | *and Limitations on the Validity and Enforceability of the Guarantees and Security Interests*" and "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral*." |
| **Intercreditor Agreement** . . . . . . . . . | The Notes, the Guarantees and the Collateral will be subject to the terms of the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." |
| **Use of Proceeds** . . . . . . . . . . . . . . . . | The gross proceeds of the Notes, together with an equity contribution from the funds advised by Apax and from certain members of Lutech's management, as well as cash on balance sheet at Lutech will be used (i) to finance the Lutech Acquisition and the Minority Acquisition, (ii) to refinance and cancel the Existing Lutech Indebtedness, (iii) to pay certain fees and expenses associated with the Transactions and (iv) for general corporate purposes, including acquisitions. See "*Use of Proceeds*." |
| **Change of Control** . . . . . . . . . . . . . . | Upon the occurrence of certain events defined as constituting a change of control triggering event, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. A change of control triggering event, however, will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event. |
| **Deposit of Proceeds; Special Mandatory Redemption** . . . . . . . . | Concurrently with the closing of the Offering on the Issue Date, the Issuer will deposit the gross proceeds of the Offering into the Deposit Account, to hold such amount pending the completion of the Lutech Acquisition. On or about the Issue Date, the Issuer will assign as security its rights, title and interest in the credit balance of the Deposit Account to the Trustee. The release of the funds credited to the Deposit Account and the completion of the Lutech Acquisition will be subject to the good-faith determination by the Issuer of the satisfaction of certain conditions, and such release will occur as soon as reasonably practicable following the Release Date. In the event that, (i) the Completion Date does not take place on or prior to the Longstop Date, (ii) in the good-faith judgment of the Issuer, the Lutech Acquisition will not be consummated on or prior to the Longstop Date, (iii) the Main Acquisition Agreement, terminates at any time on or prior to the Longstop Date, or (iv) certain other events occur, the Issuer will redeem the Notes at a price equal to 100% of the initial issue price of such Notes, plus accrued but unpaid interest and additional amounts, if any, from the Issue Date to (but not including) the Special Mandatory 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).<br><br>On or prior to the closing of the Offering on the Issue Date, certain affiliates of the Issuer will enter into a commitment to fund the accrued and unpaid interest and additional amounts, if any, owing to the holders of the Notes in the event of a Special |

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| | Mandatory Redemption Price (as defined herein) exceeds the amount of funds in the Deposit Account. |
| | See "*Risk Factors—Risks Relating to the Transactions—The Lutech Acquisition is subject to significant uncertainties and risks and, if it is not completed on or prior to the Longstop Date, the Issuer will be required to redeem the Notes at 100% of the initial issue price of the Notes, plus accrued and unpaid interest and additional amounts, if any,*" "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption,*" "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption.*" |
| | On or about the Release Date, the deposited funds may be released to the Issuer and utilized as described in "*Use of Proceeds*" and "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption*" and the Deposit Account Charges will be released. |
| **Optional Redemption** ............ | On or after May 15, 2023 the Issuer will be entitled at its option to redeem all or a portion of the Notes at the applicable redemption prices set forth under the caption "*Description of the Notes—Optional Redemption—Optional Redemption of the Notes*" plus accrued and unpaid interest and additional amounts, if any, to the redemption date. |
| | Prior to May 15, 2023, the Issuer will be entitled at its option to redeem all or portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to the redemption date. |
| | Prior to May 15, 2023, the Issuer may redeem up to 10% of the aggregate principal amount of the Notes originally issued (including the aggregate principal amount of any additional Notes issued) in each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any. |
| | Prior to May 15, 2023, the Issuer will be entitled at its option on one or more occasions to redeem the Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Notes (including the aggregate principal amount of any additional Notes issued) with the net cash proceeds from certain equity offerings at a redemption price equal to 105.00% of the principal amount of Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, so long as at least 50% of the original principal amount of the Notes (including any additional Notes) issued under the Indenture remain outstanding. |
| **Redemption for Taxation Reasons** ..................... | In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at any |

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| | time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*." |
| **Additional Amounts** . . . . . . . . . . . . . | Any payments made by or on behalf of the Issuer or any Guarantor with respect to the Notes or with respect to any Guarantee will be made without withholding or deduction for taxes unless required by law. If the Issuer or any Guarantor is required by law to withhold or deduct for such taxes in any relevant taxing jurisdiction with respect to a payment to the holders of Notes, such Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes*" and "*Risk Factors — Risk Factors relating to the Notes — Holders of the Notes are unlikely to be entitled to a gross-up for any Italian withholding taxes, unless such Italian withholding tax is caused by our failure to comply with certain procedures.*" |
| **Certain Covenants** . . . . . . . . . . . . . | The Indenture will limit, among others, the ability of the Company and its subsidiaries to:<br>• incur or guarantee additional indebtedness and issue certain preferred stock;<br>• pay dividends on, redeem or repurchase its capital stock;<br>• make certain restricted payments;<br>• make certain investments;<br>• create or permit to exist certain liens;<br>• impose restrictions on the ability of its subsidiaries to pay dividends or make other payments to the Company;<br>• merge or consolidate with other entities, or make certain asset sales;<br>• enter into certain transactions with affiliates;<br>• impair the security interests for the benefit of the holders of the Notes; and<br>• guarantee certain indebtedness.<br><br>Each of the covenants in the Indenture will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."<br><br>Certain of the covenants and events of default will be suspended if and for as long as, and the security interests in respect of the Collateral will be released if, we achieve investment grade ratings. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*." |
| **Transfer Restrictions** . . . . . . . . . . . | The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws |

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| | of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in the United States in compliance with Rule 144A and outside the United States to non-U.S. Persons in reliance on Regulation S or in transactions that are exempt from or are not subject to the registration requirements of the U.S. Securities Act. See "*Transfer Restrictions*" and "*Plan of Distribution*." |
| **Listing and Trading** . . . . . . . . . . . . | The Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof. There can be no assurance, however, that such listing will be maintained. |
| **No Prior Market** . . . . . . . . . . . . . . . . | The Notes will be new securities for which there is no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that an active trading market for the Notes will develop or be maintained. |
| **Additional Notes** . . . . . . . . . . . . . . . | Subject to compliance with the covenants, the Issuer will be permitted to issue additional Notes ("**Additional Notes**"), without notice to or the consent of holders of Notes, which shall have terms substantially identical to the Notes except in respect of specified terms. Such Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. For all purposes other than U.S. federal income tax purposes, Additional Notes shall be deemed to form one series with any Notes previously issued if they have terms substantially identical in all material respects to such other Notes. Additional Notes sold pursuant to Regulation S from time to time may at the option of the Issuer be issued with the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued without being fungible with such series of initial Notes for U.S. federal income tax purposes. If you are a U.S. holder (as defined in "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*") considering the purchase of Notes sold pursuant to Regulation S as part of this offering of Notes or in the secondary market, you should consult your tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of such Notes, including with respect to the potential issuance of Additional Notes that are not fungible with the applicable series of initial Notes for U.S. federal income tax purposes, but which nevertheless are not capable of being separately identified. In the event Additional Notes are issued pursuant to Regulation S that bear the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued, without being fungible with such series of initial Notes for U.S. federal income tax purposes, Book-Entry Interests in the Regulation S Global Notes that form part of that series, including in respect of |

investors that hold Book-Entry Interests in the Regulation S Global Notes on or prior to the date of issuance of such Additional Notes, will not be eligible for transfer to Book-Entry Interests in a Rule 144A Global Note (if any) representing Notes of that same series. Such a restriction could adversely impact the liquidity of sales of Book-Entry Interests in the Regulation S Global Notes. See "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—Additional Notes sold pursuant to Regulation S may not be fungible with existing Notes for U.S. federal income tax purposes*," "*Book-Entry, Delivery and Form—Transfers*" and "*Description of the Notes—Additional Notes.*"

**Security Agent** .................. BNP Paribas, Italian branch, in its capacity 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.

**Trustee** ........................ GLAS Trust Company LLC.

**Paying Agent, Transfer Agent and Registrar** ..................... GLAS Trust Company LLC.

**Governing Law** ................. The Notes and the Indenture will be governed by the laws of the State of New York. The Intercreditor Agreement is governed by English law, and the Security Documents will be governed by the law of the jurisdictions under which the relevant security interests will be created. Paragraphs "*Amendments and Waivers*," "*Meeting of Holders*" and "*Security Representative and Noteholders' Representative*" under the section "*Description of the Notes*" and the provisions of the Indenture concerning the meetings of the holders of the Notes and the appointment of a Noteholders' Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

**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 in this Offering Memorandum before making a decision whether to invest in the Notes.

**Taxation** ....................... For a description of certain tax consequences of an investment in the Notes, see "*Certain Tax Considerations*."

## Summary Financial Information and Other Data

*The following tables set forth summaries of our consolidated financial information and other data for the years ended and as of the dates indicated below. Our historical summary consolidated financial information set forth below as of and for the years ended December 31, 2018, 2019 and 2020 has been derived from our Financial Statements, which are included elsewhere in this Offering Memorandum. Some of the performance indicators and ratios shown below were taken from the accounting records used by management and are not included in the Financial Statements and have not been audited or reviewed by our auditors.*

*As of the date of this Offering Memorandum, each of the Issuer, Bidco, the Target and certain of its subsidiaries that are parent companies of Lutech are holding companies with no revenue-generating activities of their own, and no business operations, material assets, other than direct or indirect shareholding in subsidiary companies, or material liabilities, other than as disclosed herein. Accordingly, all historical financial information presented in this Offering Memorandum is that of Lutech and its consolidated subsidiaries and, unless otherwise stated, all references to "we," "us," "our" or the "Lutech Group" in respect of historical financial information in this Offering Memorandum are to Lutech and its subsidiaries on a consolidated basis.*

*We have also presented summary unaudited as adjusted consolidated financial and other data prepared to give effect to the Transactions as if they had occurred on January 1, 2020, in the case of summary unaudited as adjusted consolidated income statement information, and December 31, 2020, in the case of summary unaudited as adjusted consolidated balance sheet information. The summary unaudited as adjusted consolidated financial and other data is presented for informational purposes only and does not purport to represent what our actual interest expense actually would have been if the Transactions had occurred on January 1, 2020, or what our actual net debt position would have been had the Transactions occurred on December 31, 2020, or on any other date, and such data does not purport to project our financial results for any future period.*

*The summary consolidated financial information below includes certain Non-GAAP Measures that we use to evaluate our economic and financial performance. These measures are not identified as accounting measures under Italian GAAP or any other generally accepted accounting principles and therefore should not be considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with Italian GAAP or any other generally accepted accounting principles or those calculated using financial measures that are prepared in accordance with Italian GAAP or any other generally accepted accounting principles. See "Presentation of Financial and Other Information—Non-GAAP Measures."*

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

**Summary Consolidated Profit and Loss Account Data**

| (€ million) | Year Ended December 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| **A) Production revenues** | | | |
| Turnover from sales and services | 317.4 | 421.9 | 423.0 |
| Change in work in progress, semi-finished products and finished goods | (0.0) | 0.0 | (0.1) |
| Change in contract work in progress | 2.6 | 2.1 | 9.9 |
| Internal work capitalized | 2.6 | 5.6 | 5.3 |
| Other revenues and income with separate presentation of capital grants | 10.1 | 5.8 | 2.3 |
| **Total production revenues** | **332.7** | **435.4** | **440.4** |
| **B) Production cost** | | | |
| Raw materials, consumables, supplies and goods | 97.0 | 107.7 | 121.6 |
| Services | 91.5 | 124.5 | 112.8 |
| Use of third party assets | 7.5 | 9.7 | 10.5 |
| Personnel expenses | 101.5 | 148.5 | 151.4 |
| Amortization, depreciation and write-downs | 20.5 | 32.0 | 36.5 |
| Change in raw materials, consumables, supplies and goods | (0.5) | (0.9) | (0.0) |
| Provisions for risks | 1.5 | — | 0.2 |
| Other operating costs | 3.1 | 4.4 | 5.5 |
| **Total production cost** | **322.1** | **425.9** | **438.4** |
| **Operating profit (A-B)** | **10.6** | **9.5** | **2.0** |
| **C) Financial income/(charges)** | **(5.5)** | **(7.7)** | **(8.0)** |
| **D) Adjustments to financial assets and liabilities** | **0.5** | **0.3** | **0.1** |
| **Pre-tax profit (A-B+C+D)** | **5.6** | **2.1** | **(5.8)** |
| **Income taxes, current and deferred** | **(5.3)** | **(8.2)** | **(5.6)** |
| **Net profit/(loss) for the year** | **0.3** | **(6.0)** | **(11.4)** |
| Net loss for the year attributable to the group | (0.2) | (7.2) | (11.9) |
| Net profit for the year attributable to minority interests | 0.6 | 1.2 | 0.5 |

**Summary Consolidated Balance Sheet Data**

| (€ million) | As of December 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| Total fixed assets | 216.1 | 237.4 | 216.0 |
| Total current assets, prepayments and accrued income | 278.2 | 281.8 | 316.5 |
| **Total assets** | **494.3** | **519.2** | **532.5** |
| Total non-current payables due after one year, provisions for risks and charges and employees' leaving entitlement | 141.2 | 162.9 | 151.8 |
| Total current payables due within one year, accrued expenses and deferred income | 220.1 | 226.3 | 263.6 |
| **Total liabilities** | **361.3** | **389.2** | **415.4** |
| **Total net shareholders' equity** | **133.0** | **130.0** | **117.1** |
| **Total liabilities and net shareholders' equity** | **494.3** | **519.2** | **532.5** |

## Summary Consolidated Cash Flow Statement Data

| (€ million) | As of and for the Year Ended December 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| Total cash flow from / (used in) operating activities | 5.1 | 16.6 | 27.8 |
| Total cash flow from / (used in) investing activities | (111.4) | (49.5) | (15.7) |
| Total cash flow from / (used in) financing activities | 97.0 | 35.1 | 7.9 |
| **Change in liquid funds** | **(9.2)** | **2.2** | **20.0** |
| Liquid funds at beginning of the period | 37.1 | 27.9 | 30.1 |
| **Liquid funds at end of the period** | **27.9** | **30.1** | **50.2** |

## Certain Key Performance Measures

### *EBITDA-related Metrics*

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| Net profit/(loss) for the year | 0.3 | (6.0) | (11.4) |
| EBITDA(1) | 31.5 | 41.5 | 36.8 |
| Adjusted EBITDA(1) | 32.8 | 48.5 | 53.9 |
| Adjusted EBITDA (including synergies)(1) | | | 58.1 |
| EBITDA Margin(2) | 9.9% | 9.8% | 8.5% |
| Adjusted EBITDA Margin(3) | 10.3% | 11.4% | 12.5% |
| Adjusted EBITDA (including synergies) Margin(4) | | | 13.4% |

(1) We define EBITDA as net profit/(loss) for the year before income taxes, current and deferred, financial income and charges, amortization of intangible fixed assets and depreciation of tangible fixed assets. We define Adjusted EBITDA as EBITDA before adjustments to financial assets and liabilities, other write down of fixed assets, as further adjusted for certain events and transactions that management considers to be non-recurring items, such as discontinued activities, merger and post-merger integration costs, certain one-off revenues and costs, lay off costs, transaction costs and abandoned deals costs, non-operating income, moving costs, overlapping costs related to service desk (discontinued) and adjustment for a deferred R&D grant. We define Adjusted EBITDA (including synergies) as Adjusted EBITDA after giving effect to the synergies that have been implemented and have been partially or fully realized in the periods under review.

Our presentation of EBITDA, Adjusted EBITDA and Adjusted EBITDA (including synergies) may be different from the presentation used by other companies and therefore comparability may be limited. EBITDA, Adjusted EBITDA and Adjusted EBITDA (including synergies) are Non-GAAP Measures and the terms EBITDA, Adjusted EBITDA and Adjusted EBITDA (including synergies) are not defined under Italian GAAP or any other generally accepted accounting principles. Consequently, the use of EBITDA, Adjusted EBITDA and Adjusted EBITDA (including synergies) has certain limitations. EBITDA, Adjusted EBITDA and Adjusted EBITDA (including synergies) are not measures of net income, operating income, operating performance or liquidity presented in accordance with Italian GAAP or any other generally accepted accounting principles. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance or liquidity measure that is calculated in accordance with Italian GAAP or any other generally accepted accounting principles. For a more detailed description of the limitations of EBITDA, Adjusted EBITDA and Adjusted EBITDA (including synergies) as analytical tools, see "*Presentation of Financial and Other Information—Non-GAAP Measures*."

The following table reconciles our net profit/(loss) for the year, our most directly comparable measure under Italian GAAP to EBITDA, Adjusted EBITDA and Adjusted EBITDA (including synergies) for each of the periods indicated:

| | Year Ended December 31, | | |
|---|---|---|---|
| (€ million) | 2018 | 2019 | 2020 |
| **Net profit/(loss) for the year** | **0.3** | **(6.0)** | **(11.4)** |
| Income taxes, current and deferred | 5.3 | 8.2 | 5.6 |
| Financial income/(charges) | 5.5 | 7.7 | 8.0 |
| Amortization of intangible fixed assets | 18.4 | 28.9 | 31.7 |
| Depreciation of fixed tangible assets | 2.0 | 2.8 | 3.0 |
| **EBITDA** | **31.5** | **41.5** | **36.8** |
| Adjustments to financial assets and liabilities | (0.5) | (0.3) | (0.1) |
| Other write-down of fixed assets | — | 0.0 | 1.4 |
| Non-recurring items[(a)] | 1.8 | 7.2 | 15.4 |
| Deferred R&D grant[(b)] | — | — | 0.4 |
| **Adjusted EBITDA** | **32.8** | **48.5** | **53.9** |
| Synergies[(c)] | | | 4.2 |
| **Adjusted EBITDA (including synergies)** | | | **58.1** |

(a) Primarily represents figures connected to past M&A activity, certain discontinued activities and certain one off costs and revenues, including (i) merger and post-merger integration costs in the amount of €2.3 million in 2018, €2.9 million in 2019 and €2.2 million in 2020, (ii) certain one-off revenues and costs in the amount of €(2.1) million in 2018, €0.3 million in 2019 and €2.4 million in 2020, (iii) lay off costs in the amount of €2.6 million in 2018, €1.8 million in 2019 and €3.4 million in 2020, (iv) transaction costs and abandoned deals costs in the amount of €0.4 million in 2018, €1.1 million in 2019 and €4.7 million in 2020 (with respect to 2020, primarily costs from sale process related to acquisition of Lutech and one other specific M&A project) (v) costs or negative EBITDA contribution associated with certain discontinued activities in the amount of €0.7 million in 2018, €1.1 million in 2019 and €2.6 million in 2020, including in respect of the Mainframe Service branch acquired from Hewlett Packard in 2014 (to be discontinued) and the French branch which was opened in 2018 and shut down in 2020 as it was deemed unsuccessful, (vi) non-operating income and costs in the amount of €(3.0) million in 2018 in relation to the Mainframe Service branch, (vii) moving costs in the amount of €0.2 million in 2018, (viii) overlapping costs related to service desk (discontinued) in the amount of €0.2 million in 2018 and (ix) other adjustments in the amount of €0.4 million in 2018 relating to certain one-off costs.

(b) Represents a deferred R&D grant relating to the year ended December 31, 2020, receipt of which was delayed due to the time and attention required in respect of Transaction, but which we expect to receive in 2021. R&D grants have been received in respect of prior years and are reflected in the historical results.

(c) Represents initiatives that have been implemented and have been partially or fully realized in the periods under review. These include synergies from salesforce effectiveness, external cost base, staff department, Lutech Group facilities and operational productivity. We have identified total run-rate implemented synergies of €7.8 million for the period 2020 to 2022, mainly related to (i) staff reduction (salesforce, back office function and delivery FTE employees), (ii) external costs reduction and (iii) facilities rationalization. Of these, synergies of €3.6 million have already been achieved during the year ended December 31, 2020, with the remaining €4.2 million expected to be achieved during the years 2021 and 2022. To achieve these synergies we expect to incur non-recurring cost and capital expenditure of €2.8 million. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Our Results of Operations and Financial Conditions—Our Production Cost Structure, Cost-Saving Initiatives and Synergies*." and *"Forward Looking Statements*."

(2) EBITDA Margin is defined as EBITDA *divided by* Revenues (Products and Services), expressed as a percentage.

(3) Adjusted EBITDA Margin is defined as Adjusted EBITDA *divided* by Revenues (Products and Services), expressed as a percentage.

(4) Adjusted EBITDA (including synergies) Margin is defined as Adjusted EBITDA (including synergies) *divided by* Revenues (Products and Services), expressed as a percentage.

## Certain Other Key Performance Measures

We present in this Offering Memorandum Revenues (Products and Services), First Margin and First Margin as a Percentage of Revenues (Products and Services) by business line and industry verticals for the years ended December 31, 2018, 2019 and 2020.

The following table includes a reconciliation of our Revenues (Products and Services) and First Margin by business line to our Adjusted EBITDA, EBITDA and net profit/(loss), for the years ended December 31, 2018, 2019 and 2020:

| (€ million) | Year Ended December 31, | | |
|---|---|---|---|
| | 2018[1] | 2019[1] | 2020[1] |
| **Revenues (Products and Services)[2]** | **320.0** | **424.0** | **432.8** |
| *End-to-End Technology Enabling* | *203.9* | *226.4* | *235.7* |
| *Digital Services* | *52.0* | *118.8* | *113.1* |
| *Proprietary Software Solutions* | *64.2* | *78.7* | *84.0* |
| **Direct Costs[3]** | **(233.1)** | **(299.9)** | **(311.7)** |
| *End-to-End Technology Enabling* | *(163.3)* | *(177.1)* | *(187.5)* |
| *Digital Services* | *(34.5)* | *(78.6)* | *(77.1)* |
| *Proprietary Software Solutions* | *(35.2)* | *(44.2)* | *(47.1)* |
| **First Margin[4]** | **86.9** | **124.0** | **121.2** |
| *End-to-End Technology Enabling* | *40.6* | *49.3* | *48.2* |
| *Digital Services* | *17.4* | *40.2* | *36.0* |
| *Proprietary Software Solutions* | *29.0* | *34.5* | *36.9* |
| Indirect costs[5] | (54.1) | (75.6) | (67.3) |
| **Adjusted EBITDA** | **32.8** | **48.5** | **53.9** |
| Deferred R&D grant | — | — | (0.4) |
| Non-recurring items | (1.8) | (7.2) | (15.4) |
| Other write-down of fixed assets | — | (0.0) | (1.4) |
| Adjustments to financial assets and liabilities | 0.5 | 0.3 | 0.1 |
| **EBITDA** | **31.5** | **41.5** | **36.8** |
| Depreciation of fixed tangible assets | (2.0) | (2.8) | (3.0) |
| Amortization of intangible fixed assets | (18.4) | (28.9) | (31.7) |
| Financial income/(charges) | (5.5) | (7.7) | (8.0) |
| Income taxes, current and deferred | (5.3) | (8.2) | (5.6) |
| **Net profit/(loss) for the year** | **0.3** | **(6.0)** | **(11.4)** |

(1) Our presentation of Revenues (Products and Services), direct costs and First Margin by business line for the years ended December 31, 2020, 2019 and 2018 has not been audited or reviewed. See "*Presentation of Financial and Other Information—Our Businesses Lines and Industry Verticals.*"

(2) We define Revenues (Products and Services) as total production revenues *less* change in work in progress, semi-finished products and finished goods, internal work capitalized and other revenues and income. The following table reconciles our total production revenues (our most directly comparable measure under Italian GAAP) to Revenues (Products and Services) for the years ended December 31, 2018, 2019 and 2020:

| (€ million) | Year Ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| **Total production revenues** | **332.7** | **435.4** | **440.4** |
| Change in work in progress, semi-finished products and finished goods | 0.0 | (0.0) | 0.1 |
| Internal work capitalized | (2.6) | (5.6) | (5.3) |
| Other revenues and income | (10.1) | (5.8) | (2.3) |
| **Revenues (Products and Services)** | **320.0** | **424.0** | **432.8** |

(3) Represents our cost of goods sold consisting of costs relating to raw materials, consumables, supplies and goods, services, personnel expenses, use of third parties assets and depreciation of tangible assets directly related to the revenues.

(4) We define First Margin as Adjusted EBITDA adjusted for certain indirect costs as specified in footnote (5) below.

(5) Represents adjustments relating to certain (i) sales and marketing costs, (ii) costs relating to unallocated employees, (iii) costs relating to internal projects, (iv) costs relating to overheads and (v) addbacks relating to certain depreciation and amortization included within the cost of goods sold.

The following table specifies our First Margin as a Percentage of Revenues (Products and Services) and includes the percentage contribution towards our First Margin by business line for the years ended December 31, 2018, 2019 and 2020:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2018[1] | 2019[1] | 2020[1] |
| **First Margin as a Percentage of Revenues (Products and Services)[2]** | **27.2%** | **29.3%** | **28.0%** |
| *End-to-End Technology Enabling* | 19.9% | 21.8% | 20.5% |
| *Digital Services* | 33.5% | 33.8% | 31.9% |
| *Proprietary Software Solutions* | 45.1% | 43.8% | 43.9% |

(1) Our presentation of First Margin as a Percentage of Revenues (Products and Services) and the percentage contribution towards our first margin by business line for the years ended December 31, 2020, 2019 and 2018 has not been audited or reviewed. See "*Presentation of Financial and Other Information—Our Businesses Lines and Industry Verticals*."

(2) We define First Margin as a Percentage of Revenues (Products and Services) as First Margin divided by Revenues (Products and Services), expressed as a percentage.

The following table includes a reconciliation of our Revenues (Products and Services) and First Margin by industry vertical to our Adjusted EBITDA, EBITDA and net profit/(loss), for the years ended December 31, 2018, 2019 and 2020:

| (€ million) | Year Ended December 31, | | |
|---|---|---|---|
| | 2018[1] | 2019[1] | 2020[1] |
| **Revenues (Products and Services)** | **320.0** | **424.0** | **432.8** |
| *Financial Services* | *79.6* | *90.1* | *104.0* |
| *Public Sector & Healthcare* | *72.3* | *83.1* | *78.1* |
| *Energy & Utilities* | *24.2* | *37.7* | *42.5* |
| *Telecommunications & Media* | *65.3* | *70.8* | *78.5* |
| *Manufacturing* | *54.0* | *95.8* | *87.4* |
| *Fashion & Retail* | *24.7* | *46.5* | *42.3* |
| **Direct Costs** | **(233.1)** | **(299.9)** | **(311.7)** |
| *Financial Services* | *(59.7)* | *(64.9)* | *(77.4)* |
| *Public Sector & Healthcare* | *(48.9)* | *(56.4)* | *(54.9)* |
| *Energy & Utilities* | *(19.1)* | *(28.4)* | *(31.5)* |
| *Telecommunications & Media* | *(51.2)* | *(53.1)* | *(58.8)* |
| *Manufacturing* | *(36.0)* | *(64.7)* | *(59.2)* |
| *Fashion & Retail* | *(18.1)* | *(32.5)* | *(29.9)* |
| **First Margin** | **86.9** | **124.0** | **121.2** |
| *Financial Services* | *19.9* | *25.2* | *26.6* |
| *Public Sector & Healthcare* | *23.3* | *26.7* | *23.2* |
| *Energy & Utilities* | *5.1* | *9.3* | *11.1* |
| *Telecommunications & Media* | *14.1* | *17.7* | *19.7* |
| *Manufacturing* | *18.0* | *31.1* | *28.2* |
| *Fashion & Retail* | *6.6* | *14.0* | *12.4* |
| Indirect costs | (54.1) | (75.6) | (67.3) |
| **Adjusted EBITDA** | **32.8** | **48.5** | **53.9** |
| Deferred R&D grant | — | — | (0.4) |
| Non-recurring items | (1.8) | (7.2) | (15.4) |
| Other write-down of fixed assets | — | (0.0) | (1.4) |
| Adjustments to financial assets and liabilities | 0.5 | 0.3 | 0.1 |
| **EBITDA** | **31.5** | **41.5** | **36.8** |
| Depreciation of fixed tangible assets | (2.0) | (2.8) | (3.0) |
| Amortization of intangible fixed assets | (18.4) | (28.9) | (31.7) |

| (€ million) | Year Ended December 31, | | |
|---|---|---|---|
| | 2018[1] | 2019[1] | 2020[1] |
| Financial income/(charges) | (5.5) | (7.7) | (8.0) |
| Income taxes, current and deferred | (5.3) | (8.2) | (5.6) |
| **Net profit/(loss) for the year** | **0.3** | **(6.0)** | **(11.4)** |

(1) Our presentation of Revenues (Products and Services), direct costs and First Margin by industry verticals for the years ended December 31, 2020, 2019 and 2018 has not been audited or reviewed. See "*Presentation of Financial and Other Information—Our Businesses Lines and Industry Verticals*."

The following table specifies our First Margin as a Percentage of Revenues (Products and Services) and includes the percentage contribution towards our First Margin by industry vertical for the years ended December 31, 2018, 2019 and 2020:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2018[1] | 2019[1] | 2020[1] |
| **First Margin as a Percentage of Revenues (Products and Services)[2]** | **27.2%** | **29.3%** | **28.0%** |
| *Financial Services* | 25.0% | 28.0% | 25.6% |
| *Public Sector & Healthcare* | 32.3% | 32.2% | 29.7% |
| *Energy & Utilities* | 21.1% | 24.6% | 26.0% |
| *Telecommunications & Media* | 21.5% | 25.0% | 25.0% |
| *Manufacturing* | 33.3% | 32.5% | 32.3% |
| *Fashion & Retail* | 26.6% | 30.1% | 29.3% |

(1) Our presentation of First Margin as a Percentage of Revenues (Products and Services) and the percentage contribution towards our first margin by industry verticals for the years ended December 31, 2020, 2019 and 2018 has not been audited or reviewed. See "*Presentation of Financial and Other Information—Our Businesses Lines and Industry Verticals*."

(2) We define First Margin as a Percentage of Revenues (Products and Services) as First Margin *divided by* Revenues (Products and Services), expressed as a percentage.

See "*Presentation of Financial and Other Information—Our Business Lines and Industry Verticals*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Business Lines and Industry Verticals*.

**Other Financial Information and As Adjusted Data**

| (in € million, unless otherwise stated) | As of and for the Year Ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| Net Capital Expenditure[1] | 5.9 | 10.4 | 10.1 |
| Cash Conversion[2] | 82.0% | 78.6% | 81.3% |
| Net Working Capital[3] | 57.2 | 57.8 | 54.5 |
| Free Operating Cash Flow[4] | N/A | 37.5 | 47.2 |
| Adjusted EBITDA | 32.8 | 48.5 | 53.9 |
| Adjusted EBITDA (including synergies)[5] | | | 58.1 |
| As adjusted cash and cash equivalents[6] | | | 39.1 |
| As adjusted net debt[7] | | | 245.5 |
| As adjusted net financial debt[8] | | | 240.4 |
| As adjusted cash interest expense[9] | | | 13.8 |
| Ratio of as adjusted net debt[7] to Adjusted EBITDA (including synergies)[5] | | | 4.2x |
| Ratio of as adjusted net financial debt[8] to Adjusted EBITDA (including synergies)[5] | | | 4.1x |
| Ratio of Adjusted EBITDA (including synergies)[5] to as adjusted cash interest expense[9] | | | 4.2x |

(1) We define Net Capital Expenditure as investments in tangible fixed assets and investments in intangible fixed assets, net of disinvestments in tangible fixed assets. Net Capital Expenditure excludes the consideration paid by us for the acquisition of other businesses. Net Capital Expenditure is not a measure recognized by Italian GAAP or any other generally accepted accounting principles. For further information, see "*Management's Discussion and Analysis of Financial Condition of Operations—Net Capital Expenditures*."

The following table sets forth a reconciliation of Net Capital Expenditure to investments in tangible fixed assets and investments in intangible fixed assets, which are our most directly comparable measures under Italian GAAP, as at the dates indicated:

| (€ million) | Year Ended December 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| Investments in tangible fixed assets | 3.6 | 3.1 | 2.9 |
| Investments in intangible fixed assets | 4.2 | 7.4 | 7.6 |
| Disinvestments in tangible fixed assets | (1.8) | (0.1) | (0.4) |
| **Net Capital Expenditure** | **5.9** | **10.4** | **10.1** |
| Revenues (Products and Services) | 320.0 | 424.0 | 432.8 |
| **Net Capital Expenditure as a percentage of Revenues (Products and Services)** | **1.8%** | **2.5%** | **2.4%** |

(2) We define Cash Conversion as (x) Adjusted EBITDA *less* Net Capital Expenditure *divided by* (y) Adjusted EBITDA, expressed as a percentage. Cash Conversion is not a measure of net income, operating income, operating performance or liquidity presented in accordance with Italian GAAP or any other generally accepted accounting principles. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance or liquidity measure that is calculated in accordance with Italian GAAP or any other generally accepted accounting principles. See "*Presentation of Financial and Other Information—Non-GAAP Measures*."

(3) We define Net Working Capital as inventory, trade receivables and other assets *less* payments on account, trade payables and other liabilities. Net Working Capital is not a measure of net income, operating income, operating performance or liquidity presented in accordance with Italian GAAP or any other generally accepted accounting principles. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance or liquidity measure that is calculated in accordance with Italian GAAP or any other generally accepted accounting principles. See "*Presentation of Financial and Other Information—Non-GAAP Measures*."

The following table sets forth a reconciliation of Net Working Capital to our most directly comparable measures under Italian GAAP, as at the dates indicated:

| (€ million) | As of December 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| Goodwill | 189.3 | 206.5 | 185.0 |
| Intangible Fixed Assets | 14.0 | 16.0 | 17.1 |
| Tangible Fixed Assets | 10.9 | 13.1 | 12.7 |
| Financial Fixed Assets | 1.9 | 1.8 | 1.2 |
| **Fixed Assets** | **216.1** | **237.4** | **216.0** |
| Inventory | 31.2 | 34.3 | 44.1 |
| Trade Receivables | 173.3 | 179.2 | 183.2 |
| Payments on Account | (17.9) | (20.4) | (29.3) |
| Trade Payables | (97.4) | (94.8) | (109.2) |
| **Trade Working Capital** | **89.2** | **98.4** | **88.8** |
| Other Assets | 45.7 | 38.1 | 39.0 |
| Other Liabilities | (77.8) | (78.7) | (73.4) |
| **Net Working Capital** | **57.2** | **57.8** | **54.5** |
| Change in Net Working Capital[(a)] | N/A | 0.6 | (3.4) |
| Revenues (Products and Services) | | | 432.8 |
| Trade Working Capital as a percentage of Revenues (Products and Services) | | | 20.5% |
| **Net Working Capital as a percentage of Revenues (Products and Services)** | | | **12.6%** |

(a) Change in Net Working Capital represents the difference in Net Working Capital as of the specified date compared to Net Working Capital as of the comparable prior date.

(4) We define Free Operating Cash Flow as Adjusted EBITDA *less* Net Capital Expenditure *less* Change in Net Working Capital. Free Operating Cash Flow is not a measure of net income, operating income, operating performance or liquidity presented in accordance with Italian GAAP or any other generally accepted accounting principles. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance or liquidity measure that is calculated in accordance with Italian GAAP or any other generally accepted accounting principles. See "*Presentation of Financial and Other Information—Non-GAAP Measures*."

The following table shows a reconciliation of Free Operating Cash Flow to Adjusted EBITDA for the periods presented:

| | As of and for the Year Ended December 31, | | |
|---|---|---|---|
| **(€ million)** | **2018** | **2019** | **2020** |
| **Adjusted EBITDA[a]** | **32.8** | **48.5** | **53.9** |
| Net Capital Expenditure | (5.9) | (10.4) | (10.1) |
| Change in Net Working Capital | — | (0.6) | 3.4 |
| **Free Operating Cash Flow** | **—** | **37.5** | **47.2** |

(a) For a reconciliation of Adjusted EBITDA to net profit/(loss) for the year, our most directly comparable measure under Italian GAAP, for each of the periods indicated, please see footnote (1) above.

(5) For a reconciliation of Adjusted EBITDA (including synergies) to net profit/(loss) for the year, our most directly comparable measure under Italian GAAP, see "*—Certain Key Performance Measures—EBITDA-related Metrics*" above.

(6) As adjusted cash and cash equivalents reflects the cash and cash equivalents as of December 31, 2020 adjusted to give effect to the Transactions, including the Offering and the use of proceeds therefrom, in each case, as if they had occurred on December 31, 2020. For further information, see "*Use of Proceeds*" and "*Capitalization*."

(7) As adjusted net debt represents our consolidated total indebtedness, as adjusted to give effect to the Transactions less as adjusted cash and cash equivalents and assumes that the Revolving Credit Facility will be undrawn on the Completion Date. See "*Capitalization*."

(8) As adjusted net financial debt represents our consolidated total financial indebtedness, as adjusted to give effect to the Transactions comprising the Notes, €1.5 million of loans secured by a mortgage and €3.0 million of unsecured bank loans less as adjusted cash and cash equivalents and assumes that the Revolving Credit Facility will be undrawn on the Completion Date. See "*Capitalization*."

(9) As adjusted cash interest expense reflects the as adjusted interest expense for the year ended December 31, 2020, as if the Notes had been issued on January 1, 2020 and the proceeds therefrom had been used as set forth under "*Use of Proceeds*." As adjusted cash interest expense for the year ended December 31, 2020 excludes interest and commitment fees payable in respect of our Revolving Credit Facility, which we expect to be undrawn on the Completion Date. As adjusted cash interest expense is being 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.

## 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 Relating to our Business and Industry

***The markets in which we operate are highly competitive***

We operate in the Italian IT market, offering our solutions to customers across three business lines: End-to-End Technology Enabling, Digital Services and Proprietary Software Solutions. The Italian IT market represents our core business and accounted for the vast majority of our revenue for the year ended December 31, 2020. We also provide IT services, software and digital solutions in Germany, the Netherlands, Romania, Switzerland, Spain and China. The markets in which we operate are highly competitive and subject to rapid change. We believe that the principal competitive factors in these markets are service quality, technical and industry expertise, price, innovation, established relationships with key customers, often on a local level, knowledge of the regulatory framework, rapidity in providing services requested by the customers and the ability to add value to a customer's business. We compete for business with a variety of players, including large multinational firms and local players that provide consulting, technology and/or business process services, in-house potential customer engagement services, software services companies that also provide business process services and accounting firms that also provide IT consulting services. As a part of our End-to-End Technology Enabling business line, we also offer value-added services in security, cloud computing, managed services, and enterprise IT transformation along with a broad suite of hardware and software offerings. Especially in relation these services, our competition includes large system integrators and resellers, other value-added resellers, manufacturers who sell directly to end users and boutique solutions providers. In addition, the trend toward international expansion by IT service providers and continued technological changes may result in new and different competitors entering our markets. These competitors may include entrants from other industries, such as the communications, software and data networking industries or entrants from geographical locations with lower labor and production costs than in Italy. Our main competitors include Italian and European players, such as Almaviva, Capgemini, Engineering, Reply, Maticmind and Digital Value, and large and global multinational companies such as Accenture, DXC Technology, IBM, SIA Solutions and NTT Data.

Some of our competitors may benefit from greater economies of scale, have greater financial, marketing, technological or other resources, larger customer bases and better-established reputations and customer relationships in our markets than we do. As a result, some of these 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 customer requirements;
- bundle services with other services they provide at reduced prices;

- adopt more aggressive pricing policies, offer more favorable terms and devote greater resources to the promotion, marketing and sales of their products or services, which could cause us to have to lower prices for certain products or services to remain competitive in the market;
- devote greater resources to the research and development of their services and solutions; and
- better withstand adverse market conditions.

Although the Italian IT industry is still relatively fragmented, consolidation is increasing. For example, Google and Telecom Italia (TIM) have recently partnered to provide cloud-based services in Italy, Amazon Web Services has recently expanded its global cloud-based services into Italy, and Microsoft and Poste Italiane have partnered to provide cloud and other services to Italian companies and public-sector entities. This trend could create opportunities for large enterprise software and hardware companies, including our partners, to increase their market share including through the acquisition of companies that are strong in certain lucrative market niches or that have broad installed customer bases. In doing so, these competitors may be able to reduce prices on products or software that compete with our solutions, which may result in a decrease of the demand for our products and, in turn, could have a material adverse effect on our business, results of operations, financial condition and prospects.

Increased competition may also result in lower prices and volumes, higher costs for resources, especially personnel, higher costs for research and development programs and, as a result, lower profitability. As a result, we may not be able to supply customers with services that they deem superior at competitive prices, may be unable to continue to attract new customers and 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.

***Our business and access to financing may be affected by political and economic uncertainty in Italy.***

The vast majority of our revenue is derived from customers located in Italy. As a result, macroeconomic conditions, market trends and customer demand in Italy impact our results of operations. Since 2018, economic growth in Italy has been slower than the rest of the European Union. For further information see "*Industry.*" Further, in April 2020, Fitch Ratings downgraded Italy's sovereign credit rating to BBB- from BBB while indicating a stable outlook, and affirmed such rating and outlook on July 10, 2020. Since the beginning of the COVID-19 pandemic, Moody's Investors Service has not changed Italy's sovereign credit rating which remains at Baa3 with a stable outlook. In October 2020, S&P Global Ratings set Italy's sovereign credit rating at BBB indicating a stable outlook. Most of our customers use our products and services as part of their business operations, which often times are affected by the state of the economy and continuing economic stagnation or renewed deterioration of the Italian economy, including as a result of the impact of the COVID-19 pandemic, which could result in reduced capacity for investments in IT products and services, reducing in turn demand for our products and services. In addition, in a strong recessionary environment our access to financing could deteriorate and we might be unable to obtain additional financing on favorable terms or at all. Any of the foregoing, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations, cash flows and prospects as well as our ability to perform our obligations under the Notes.

In addition, business confidence in Italy may be negatively affected by continued political uncertainty. In September 2019, a coalition government composed of the center-left Democratic Party and the anti-establishment Five Star Movement was sworn in. Such coalition government was formed on the back of the 2018 general election, in which no party won an outright majority, resulting in a hung parliament and leading to protracted negotiations to form a new government. These negotiations were concluded with the formation of a coalition government, composed of the anti-establishment League and Five Star Movement parties, which then collapsed in August 2019. Following the recent Italian government crisis, a new technocratic government was formed in February 2021. It is unclear how long the current government will remain in office and whether it will be able to adequately address impediments to the country's growth, including as a result of the COVID-19 pandemic, such as the ratio of sovereign debt to GDP, the write-down of non-performing loans and the increase of unemployment in Italy. In addition, the government may take positions that further exacerbate economic uncertainty in Italy which, in turn, may give rise to a decrease in prices and profitability levels and have other material impacts on the IT market. In addition, should the Italian government decide to discontinue any programs aimed at encouraging IT spend, including the "*Transizione 4.0*" digitalization plan, any such decision could reduce our customers' IT spend, which in turn may give rise to a decrease in prices for our products and, as a result, reduce our profitability. Any of these events, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations and prospects as well as our ability to perform our obligations under the Notes.

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

In December 2019, a novel strain of coronavirus surfaced and, since then, has spread around the globe, including in Italy. The resulting disease, COVID-19, has been declared a pandemic by the World Health Organization. In response to the COVID-19 pandemic, on March 9, 2020, the Italian government imposed a nationwide quarantine together with several other measures. As a result of these restrictive measures, we closed substantially all of our facilities and transitioned all of our employees to remote working. Additionally, even though the nationwide quarantine was lifted on May 4, 2020, significant restrictions and social distancing measures remain in place, which continue to adversely affect the overall Italian economy and, in turn, our operations and our customers' operations. In particular, as the number of infections in Italy significantly increased in the fall of 2020, new drastic measures were taken, including a nationwide evening curfew and certain more stringent ad hoc measures for regions with higher infection rates. Between the end of 2020 and early 2021, restrictive measures continued to be implemented, in many instances with the imposition of localized lockdowns across Italy. Additional quarantine measures implemented since March 2021 have further restricted interregional travel across the country, causing further disruption to business activities.

As a result of the financial and social difficulties generated by the COVID-19 pandemic, we could lose customers as a result of bankruptcy or other financial difficulties, or customers could otherwise become insolvent and be unable to continue to pay for our products and services, which could harm our liquidity, or could decide to postpone, cancel or reduce their investment in software solutions, which could, among others, adversely affect our growth. These risks are generally exacerbated in respect of customers in our Digital Services business line, as several digital transformation projects were postponed due to the COVID-19 pandemic. Furthermore, the activities of our sales representatives are and may continue to be limited by the restrictions imposed by the Italian government or other authorities to address the risk of transmission of COVID-19, which may result in the loss of existing or potential customers and the slowdown of our future growth rates compared to the past.

In addition, political repercussions of responses to the COVID-19 outbreak by European Union institutions as well as by other countries in the European Union could have complex and hard-to-predict consequences for the future, including a destabilization of the European Union or its institutions or a slow-down or reversal of European integration. It is unclear whether measures taken by European Union institutions, the Italian government and governments of other Member States of the European Union to contain the COVID-19 outbreak are adequate and will be effective in achieving their goals. It is unclear when, if at all, the COVID-19 outbreak will be contained. We cannot guarantee that COVID-19 or any future outbreak of another virus or other contagious disease will not have a material adverse effect on our business and results of operations. The extent to which the COVID-19 pandemic negatively affects our business, results of operations and financial condition depends on several factors, including the duration and severity of the COVID-19 pandemic, any additional periods of lockdown in Italy and/or the countries in which our customers are located, and the pace at which demand, pricing and, in general, economic and operating conditions will stabilize and recover in the countries where we operate, including Italy. Any future developments are highly uncertain and cannot be predicted, including the scope and duration of the COVID-19 pandemic and actions taken by governmental authorities and other third parties in response to the COVID-19 pandemic. To the extent the COVID-19 pandemic adversely affects our business, results of operations, financial condition and prospects, as well as our ability to perform our obligations under the Notes, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section.

In addition, certain agreements with certain of our customers include customary provisions relating to *force majeure* events, pursuant to which no party shall be liable for any failure or delay in performance of its obligations under the relevant agreement and related orders due to any cause beyond its reasonable control, including, without limitation, acts of war, earthquakes, floods, strikes, an act of authority. If such event continues for an extended period of time, the counterparty might be entitled to terminate the relevant agreement. We cannot rule out that the COVID-19 pandemic could be qualified and interpreted as a *force majeure* event pursuant to such agreements.

***Our cost-saving measures may prove to be ineffective.***

In order to support our business model and increase our margins, we launched a number of cost-saving initiatives starting from 2018 in order to streamline our operations and achieve annual run-rate cost savings, including operational productivity enhancement, near-shoring and offshoring. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Production Cost Structure, Cost-Saving Initiatives and Synergies."* Going forward, we plan to continue focusing on such cost-savings initiatives, in particular to increase our profitability and cash generation. The achievement of these cost savings and synergies partly depends on factors that are outside of our control, including the renegotiation of certain contract terms with our vendors, suppliers and business partners, and we may therefore be unable to implement some or all of such initiatives and/or generate the expected benefits therefrom. Furthermore, the costs we incur in trying to realize these cost-saving initiatives, synergies and other benefits described herein may be substantially higher than our current estimates, including due to the COVID-19 pandemic, and may outweigh any benefit. As a result we may not be able to achieve some or all of our targeted cost savings or synergies or incur additional unexpected costs, which could materially and adversely affect our business, financial condition and results of operations.

***We have made and may make acquisitions or enter into transactions that may present risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction and, additionally, there are risks associated with the integration of any acquisitions.***

Pursuing strategic and opportunistic acquisitions of product and service providers, as well as entering into joint ventures and other business combinations, is a key component of our business strategy. Since 2017, we have completed 15 acquisitions. Some of these acquisitions were significant, including the acquisitions of Sinergy S.p.A. in 2017, ICTeam S.p.A., NEST2 S.p.A. and CDM Tecnoconsulting S.p.A. in 2018 and DISC S.p.A in 2019. Despite our successful track-record of acquisition and integration of new businesses into our operations, there can be no guarantee that we will continue to be able to successfully identify suitable acquisitions, generate expected margins or cash flows or realize the anticipated benefits of such acquisitions or complete any particular acquisition, combination or other transaction on acceptable terms, which could prevent us from achieving our strategic goals. Our ability to acquire new businesses may be limited by many factors, including availability of financing or its conditions, debt covenants, complex ownership structures among potential targets and government regulation and competition from other potential acquirers. There can be no assurance that our assessments and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. In addition, our debt burden may increase if we borrow funds to finance any future acquisitions, which could have a negative impact on our cash flows and our ability to finance our overall operations and pay interest on our indebtedness, including the Notes.

Any integration process may require significant time and resources, which may disrupt our day-to-day business and divert management's attention, and we may not be able to manage the integration process successfully. Even if we are successful in acquiring new businesses, the integration of such businesses may prove to be more difficult than we initially anticipated and could create unforeseen operating difficulties and expenditures, including as a result of the economic impact of the COVID-19 pandemic and the measures adopted in response of such pandemic. Integrations can be difficult and unpredictable also as a result of the complexity of software and due to the fact that acquired technologies are typically developed independently and may not have been designed to integrate with our products. Such difficulties are compounded when the products involved are well-established, as compatibility with the existing base of installed products must be preserved, and/or when the size of the acquired business is significant as compared to our size. Successful integration also requires coordination of different development and engineering teams, which could be difficult and unpredictable due to cultural conflicts and different opinions on technical decisions and product roadmaps. Acquisitions also pose certain other risks, for example, difficulties or delays in consolidating operations and achieving anticipated synergies, cost savings, revenue and cash flow enhancements, growth, operational efficiencies and other benefits, diversion of managerial resources away from our day-to-day business operations, overpayment for the acquired business, potentially dilutive issuances of equity securities to the extent that we issue new shares to fund an acquisition and the assumption of unexpected liabilities and undisclosed risks.

Certain contracts of the businesses acquired by us contain “change of control” provisions that require the acquired company to notify the counterparty of a potential change of control, or contain language that could be interpreted as allowing, subject to certain conditions, the counterparty to terminate the contract. Although the agreements governing certain of our acquisitions require the target to use commercially reasonable endeavors to obtain consents or waivers relating to such “change of control” provisions prior to closing of the acquisitions, such consents and waivers are generally not a condition to closing. If a substantial number of these contracts have been, are or will be terminated as a result of our acquisition, we may be forced to enter into new contracts on less favorable terms, or we may be unable to secure replacements. While we strive to mitigate unexpected liabilities and risks through contractual protections in our acquisition documentation, we cannot ensure that such protections will be effective. In addition, if we enter into an acquisition agreement but the acquisition is not consummated, we may be liable for break-up fees or other payments, which may, in some cases, be material and could, in turn, have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Finally, we may enter into joint ventures, business alliances or collaboration agreements, which could involve the same or similar risks and uncertainties as are involved in acquisitions. Joint ventures, for example, generally involve a lesser degree of control over business operations, which may in the future present financial, legal, operational and/or compliance risks. We may invest substantial amounts in these joint ventures and cannot provide assurance that they will produce expected returns. Any inability to achieve projected synergies or properly address operational risks, with regard to joint ventures or acquisitions, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

***If we are unable to anticipate and develop new services and products, enhance existing services and products and keep pace with rapid changes in the technology services and products industries, our business could be materially and adversely affected.***

The IT market is characterized by rapid technological changes, evolving industry standards, increasing regulatory impact, changing customer preferences and the constant development and introduction of new products and services. Areas of significant change include mobility, cloud-based computing, AI, digitalization and the processing and analysis of large and unstructured data (so-called “big data” analytics). Our future success will depend on our ability to anticipate these advances develop our strategic and technical expertise, influence and respond in a timely manner to emerging industry standards and trends and develop tailored new product and service offerings to meet our customers’ evolving needs. For instance, in relation to our value-added services offerings, demand for products and services we sell to our customers could decrease if we are unable to adapt in emerging areas like cloud technology. In particular, cloud offerings may influence our customers to move workloads to cloud providers, which may reduce the procurement of products and solutions from us.

In order for our business to remain competitive and grow in this rapidly evolving market, we must continually adapt, enhance and expand our existing technological and service offerings, as well as develop new products and services to keep pace with technological, regulatory and market developments, by, among others, dedicating significant efforts and resources to our R&D activities. We invest in R&D and innovation to support the ongoing improvement of our organization, increase our competitive capacity and fulfill the needs of a fluid, rapidly changing market. However, there is no guarantee that our R&D efforts will be successful and result in significant design or performance improvements or marketable products or features. Even if successful, such efforts may require us to incur substantial costs and may result in products and services that are more expensive than anticipated, as a result of which we may lose all or a portion of our investment. If we are unable to successfully anticipate technological developments, we may be forced to implement these new technologies at a substantial cost in order to match technological developments by our competitors. Further, the success of new software in our industry also often depends on the ability to be the first player to launch such new software in the market, and our failure to do so in respect of any particular product or service could limit our ability to recover the R&D expenses associated with such product or service. Any such failure to anticipate market trends and customer preferences could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Some of the industries in which our customers operate are subject to extensive governmental regulation, and changes in these regulations, or the failure by us or any of our third-party suppliers to comply with these regulations, could harm our business.***

Some of the industries in which our customers operate, including the banking, government, healthcare and telecommunications industries, are subject to extensive, complex, costly and evolving laws and regulations. These regulations govern, among others, the provisions of some of our services as well as the development of some of our products, including our Proprietary Software Solutions business line, in particular software and digital solutions, and their utilization by our customers. In addition, in providing software, digital solutions and IT services to our customers, we often process, collect and store sensitive personal data of customers, 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 the GDPR). Such laws and regulations restrict our ability to collect, process and use personal data relating to customers, potential customers, 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 requires 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 to, for example, (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 and (iv) the rights of data subjects, such as, among others, transparency, a right of access, the right to rectification and the right to erasure. The GDPR requires 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 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 is 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. Finally, the European Commission has proposed to replace Directive 2002/58/EC on Privacy and Electronic Communications (the "**E-Privacy Directive**") with a new regulation primarily aimed at aligning certain provisions of the E-Privacy Directive to the GDPR. The Proposal for a Regulation on Privacy and Electronic Communications (the "**E-Privacy Regulation**") was published by the European Commission on January 10, 2017 and is currently under analysis before the European Parliament and the European Council. The draft E-Privacy Regulation proposes heightened regulatory requirements in connection with unsolicited communications, the use of cookies, security of personally identifiable information, confidentiality of communications, consent, data security and data integrity. In line with the GDPR, breaches of the E-Privacy Regulation may result in maximum fines equal to the greater of 4% of the annual global turnover of the sanctioned company and €20 million.

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 17, 2018. Since we provide, among others, cyber intelligence solutions through our Proprietary Software Solutions business line, as well as certain technical services used in the surveillance and/or investigation activities of public administration organizations (including wiretapping services to the Italian Prosecution Offices (*Procure della Repubblica*)), we may also be subject to additional Italian cybersecurity regulations, pursuant to Law Decree No. 161 of December 30, 2019.

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 of 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 and an increased amount of employee health data being processed, our exposure to this risk is temporarily heightened.

Any changes in these laws and regulations or procedural rules, such as those governing public procurement and tender processes, could reduce the profitability of our products and services and, in exceptional cases, could render the market introduction of a new product or service unprofitable. Any failure to comply with the applicable regulations, including by third-party licensees, partners and customers, could result in fines, enforcement actions by governments or competent authorities, injunctions or other measures which could result in reputational harm, reduced sales and market share and, in turn, could have a material adverse effect on our business, financial condition and results of operations.

### *We face risks related to the services we provide to government and other public entities*

In the year ended December 31, 2020, we generated 18% of our Revenues (Products and Services) through our Public Sector & Healthcare industry vertical, which primarily includes the sale of products and services to central and local public administration customers, listed state-controlled companies as well as public and private entities operating in the healthcare sector. Approximately 46% of our Revenues (Products and Services) from our Public Sector & Healthcare industry vertical for the year ended December 31, 2020, were generated from public administration organizations. Projects involving governments or governmental agencies carry various risks inherent in the government 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, at their convenience, or in case of any change in the applicable law. 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;
- 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 that 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;
- 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 customers 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.

In addition to the above, certain agreements with the Italian Prosecution Offices relating to the provision of wiretapping services by Lutech provide that the agreements can be terminated *ipso jure* in the event that the Ministry of Justice proceeds, during the term of the agreements, with a single national tender for the services in question. Similar steps to centralize contracts awarded by the Italian Prosecution Offices, could lead to an increase in pricing regulation and a consequent reduction in our pricing margins from such contracts. 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 are subject to risks associated with operating in several different jurisdictions.***

Outside of Italy, we operate in Germany, the Netherlands, Romania, Switzerland, Spain and China. Our operations in these countries are subject to the local legal, political and economic environments. Our operations are subject to local regulations including, among others, employment, tax, reporting and trade regulations. We may not be in compliance with all regulations in the countries in which we operate and may be subject to penalties and/or fines as a result. Additionally, political deadlock, economic crises and sovereign debt crises could affect our countries of operations other than Italy. Each of these factors could, individually or in the aggregate, have a material adverse effect on our business, reputation, financial conditions or results of operations. In addition to the above, we conduct our business in multiple jurisdictions and are exposed to the tax laws of such jurisdictions, including risks in connection with challenges to our tax positions. We are subject to the tax laws and regulations in different jurisdictions, including Italy, Germany, the Netherlands, Romania, Switzerland and Spain. See "—*We are subject to complex tax laws, and changes in tax laws or challenges to our tax position which could adversely affect our results of operations and financial condition.*"

***Any delay or failure in payment for our services by customers who represent a large percentage of our accounts receivable balance could adversely affect our business. Additionally, an increase in our accounts receivable and in our provisions for bad debt, may negatively affect our working capital and lead us to experience liquidity constraints.***

From time to time, we carry significant accounts receivable balances from customers that generate a large portion of our revenue. While we closely monitor timely payment of our accounts receivable, a customer may become unable or unwilling to pay its balance on time due to, among other reasons, an economic weakness in its industry or the financial insolvency of its business. During the year ended December 31, 2020, our top ten customers generated 29.1% of our Revenues (Products and Services). During the year ended December 31, 2020, our DSOs in trade receivables, were 138 days. Any increase in our DSOs due to delays in payments could negatively impact our liquidity. Moreover, should the Italian economy experience economic volatility or tightening credit markets, the risk that we may not be able to collect payments on a timely basis from our customers could increase. Further, a deterioration of economic conditions in Italy, including as a result of the impact of the COVID-19 pandemic, could lead to financial difficulties or even bankruptcy filings by our customers. In addition, we account for possible write-downs of our accounts receivable from customers through the creation of a bad debt provision. For the years ended December 31, 2018, 2019 and 2020, we had bad debt provisions with respect to receivables from customers, of €1.9 million, €2.2 million and €2.4 million, respectively. If our provisions for bad debt increase significantly, including as a result of the impact of the COVID-19 pandemic, this may have a material adverse impact on our operating cash flows. See "*—The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity.*"

Historically, we have engaged in spot sales of trade receivables to manage our working capital in peak periods. Following the completion of the Transactions, we intend to primarily rely on our operating cash flow as well as our Revolving Credit Facility and other long-term bank debt to satisfy our working capital and other liquidity needs. There can be no assurance that our operating cash flow, together with amounts available under our Revolving Credit Facility, other long-term bank debt and the factoring of receivables will be sufficient to satisfy our working capital requirements. In addition, if we decide to engage in sales of our trade receivables in the future, the potentially impaired credit worthiness of our customers in light of the COVID-19 pandemic may make it more difficult or costly for us to do so, which could in turn harm our liquidity position to the extent other credit lines will not be available at that time for any reasons. More generally, delays in payments by our largest customers, requests for modifications to their contractual payment arrangements or defaults on their payment obligations to us could adversely impact our reputation, business, financial condition and results of operations.

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

From time to time, we are involved in litigation including, among others, civil liability claims, labor law related claims, and disputes relating to intellectual property, as well as other legal proceedings with customers, suppliers, distributors, agents, product developers, external workers, advisors and sales employees and others. The outcome of such allegations, complaints, claims, litigation or investigations involving us cannot be predicted in advance. See "*Business—Legal Proceedings*." 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 are also 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. In addition, we are typically required to comply with certain quality standards in connection with the provision of certain services to our customers and, pursuant to some of our contracts, our customers are entitled to certain audit rights in regards to our compliance with such standards. Any finding of our non-compliance resulting from these audits could result in breach of contract claims and negative publicity which, in turn, could have a material adverse impact on our business, financial condition and results of operations.

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. The results of pending or future legal proceedings are inherently difficult to predict and there can be no assurance that our provisions will be sufficient to cover our actual litigation costs. Regardless of its final outcome, litigation may also result in substantial costs and expenses we would have to incur to defend ourselves, divert the attention of our management or cause an interruption of our normal business operations and any failure to prevail in current or future litigation or to accurately predict the amounts at stake in a litigation or the likelihood of prevailing in any such litigation could result in unfavorable outcomes that could have a material adverse effect on our business, financial condition, results of operations and prospects.

***The market for cloud-based applications may develop more slowly than we expect or we may have difficulties in transitioning our traditional customer base to cloud technology.***

We offer a significant portion of our software applications and functionalities within a cloud-based IT environment. We believe that cloud technology is increasingly crucial for growing and sustaining our business, with particular regard to our Digital Services and End-to-End Technology Enabling business lines. See also "*Summary—Our Strategy—Innovate, expand and strengthen our offering on leading-edge services and technologies, our industry partnerships and our certified capabilities.*" Although we currently benefit from the increasing sales of our cloud-based solutions, we cannot guarantee that we will continue to experience similar growth going forward. Our success in growing revenue and market share from our cloud-based offerings will depend on, among others, our ability to maintain our traditional on-premise customer base and to efficiently assist such customers with the transition to cloud technology. Our ability to effect such transition will be limited by the willingness of such customers and the markets that we serve to accept the new Software-as-a-Solution ("**SaaS**") technology and consequently the new delivery model for applications that they see as critical to the success of their business. Many companies have invested substantial efforts and financial resources to integrate traditional enterprise software and IT staffing into their businesses and may therefore be reluctant or unwilling to migrate these applications to cloud platforms. In addition, technical difficulties may occur during the migration process and we might be unable to replicate all the customization and software integration provided to our customers with on-premise solutions, which could potentially result in the relevant customers refusing to migrate to cloud-based solutions or even deciding to terminate their contract with us. Other factors that may affect market acceptance of our cloud-based applications include:

- the security capabilities, reliability and availability of cloud-based services;
- customer concerns with entrusting a third-party to store and manage their data, especially confidential or sensitive data;
- the fact that, in the cloud, our products are dependent upon third-party hardware and cloud hosting vendors, all of which must inter-operate for end users to achieve their computing goals;
- our ability to maintain high levels of customer satisfaction, including with respect to maintaining uptime and system availability standards consistent with market expectations;
- our ability to implement upgrades and other changes to our software without disrupting our service;
- the level of customization and configuration we offer;
- our ability to provide rapid response time during periods of intense activity on customer websites;
- the price, performance and availability of competing products and services; and
- the effectiveness and efficiency of our advertising and marketing programs.

The market for cloud services may develop more slowly than we expect, customers may not be willing to adopt cloud solutions to the extent that we foresee or we be unable to transition our on premise customer base to cloud solutions at the pace that we expect and without impacting customer retention, each of which could harm our business and prevent us from launching new cloud-based products successfully. In addition, international competitors may decide to enter into the Italian market and introduce their own initiatives which may compete with, or not be compatible with, our cloud solutions. Finally, the technology, the market for cloud services and our business model continue to evolve and we may be unable to compete effectively, generate significant revenue or maintain profitability for our cloud-based offerings, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

***Cybersecurity issues could impact our business.***

We operate in the IT industry and, as part of our business, we collect and retain large volumes of data, including financial, personally identifying and other sensitive information, pertaining to us, our customers and personnel and our customers' customers and personnel. Our IT systems record, process, store, summarize and report such data. Our and our customers' collection and use of this data might raise privacy and security concerns and negatively impact our business or the demand for our products and services. We are therefore dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate internally and with our customers, 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, customers, contractors, vendors and other business partners, as well as personal data stored on our products or through our services by our customers, which may result in damage to our reputation and brand and adversely affect our relationships with our customers. 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. There is a growing trend of advanced persistent threats being launched by organized and coordinated groups against corporate networks to breach security for malicious purposes. Computer hackers may also be able to develop and deploy computer viruses, worms, malware and other malicious software programs that could attack our products and services, exploit potential security vulnerabilities of our products and services, create system disruptions and cause shutdowns or denials of service. 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 customers and its customers. Furthermore, these risks will increase as we continue to expand our cloud product offerings and services and store and process increasingly large amounts of our customers' confidential information and data and host or manage parts of our customers' businesses in cloud-based IT environments, especially in customer sectors involving particularly sensitive data. We also have acquired a number of companies, products, services and technologies over the years and, while we make significant efforts to address any IT security issues with respect to such acquisitions, we may still inherit such risks when we integrate these acquisitions within our business.

The risk of cyber-attacks includes breaches and attempted breaches not only of our own products, services and systems, but also of those of our customers, 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 customers 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 customers 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 customers 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 customers, 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 customers 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 operations, financial condition and prospects.

***Damage or disruptions to our technical infrastructure and facilities could adversely affect our customers' businesses and, in turn, could have a material adverse effect on our business and results of operations.***

We rely on IT systems and applications to develop and maintain our software products and run our day-to-day operations and our success largely depends on the continued and uninterrupted performance of our technical infrastructure in order to provide services to our customers. Our contracts for the provision of services often guarantee only minimal downtime of the services that we provide. In particular, we are dependent on the uninterrupted performance of our IT infrastructure, which we rely on for our operations and our ability to offer services to our customers. We also rely on uninterrupted access to the wider power and telecommunications network, and any significant failure, damage or destruction of the basic infrastructure such as power and telecommunications systems in the locations in which we operate, could affect the quality of our services and cause service interruption. Our infrastructure may be damaged in natural disasters such as earthquakes, floods or fires, hurricanes, and other natural disasters due to wars or terrorist attacks, or be subject to damage or compromise from human error, technical disruptions, unauthorized access, sabotage or intentional act of vandalism, power failure, computer glitches and viruses, software defects, telecommunications failures, adverse weather conditions and other unforeseen events. Any of such events may cause disruptions to information systems for sustained periods, result in system interruptions outages or delays in our systems or deterioration in their performance, which could impair our ability to operate our business.

As many of our services play a business-critical role for our customers, any damage to or failure of the infrastructure we rely on (even if temporary), could disrupt our ability to deliver information to and provide services for our customers in a timely manner or to maintain certain customers' service level requirements. Enhancing our IT systems and applications to achieve improved stability and redundancy, as well as putting in place remedies to resolve a disruption or other interruption of our IT services, may be time-consuming and expensive and may require resources and expertise that are difficult to obtain. If we are unable to invest in maintaining and improving our IT systems and applications, the likelihood of the occurrence of system interruptions may increase. While we have developed certain contingency and disaster recovery plans and maintain backup systems to reduce the potentially adverse effect of these types of events, such plans and systems might not be fully redundant or sufficient. Our IT infrastructure redundancy mechanisms could fail, resulting in damages, data loss, service interruptions and other disruptions of our IT systems and applications, any of which could severely affect our ability to operate our business. In addition, our property damage insurance coverage may not be sufficient to cover the costs of repairing the damage caused from such disruptive events or such events may only partially be covered under our policies or not at all. If we are unable to operate our business as a result of any significant or sustained interruption of our technical infrastructure could have a negative effect on our services and result in damages for breach of contract, litigation, reputational damage and could ultimately result in the loss of current and/or potential customers or in reduced business from current customers which, in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, for our cloud-based products, the infrastructure on which such products run is owned and operated by third-party service providers, such as Microsoft Azure, Amazon Web Services and Google Cloud. Any interruptions or other disruptions affecting the systems or servers operated by such providers would adversely affect our cloud business and, consequently, the business of our customers, which could harm our reputation and lead to customer claims and litigation. It may be difficult or impossible for us to obtain contractual damages from or enforce other claims against such providers on the basis of our contracts with them.

***Failure to deliver timely and effective implementation of our services to our customers and maintain sufficient levels of support and maintenance services post-implementation could have a material adverse effect on our business.***

Our services and solutions typically follow a strict timeline for implementation, rely on integration with existing customer systems and, in some cases, require post-deployment maintenance and support services. In general, system implementation, migrations and integrations can be impacted by unforeseen challenges in delivering solutions on time and to budget. Due to the length and complexity of some implementations and the ongoing evolution of product cycles, we may face unforeseen issues with service deliveries that can have an adverse impact on customer satisfaction and profitability. If our customers are dissatisfied with the quality of our services and decide to terminate the integration of our products with their existing systems, we may incur costs that we would not be able to offset with revenue we were expecting to generate from such services.

If we do not provide effective or timely ongoing support, our ability to sell additional services to existing customers or our ability to retain such customers may be adversely affected and our reputation within the market, including with potential customers, could be damaged. In addition, support for the majority of our services and solutions can be provided by third-parties, and our failure to meet our clients' expectations may result in third-parties capturing a portion of revenue streams generated from support operations on our products and services. In addition, to the extent that we are unsuccessful in hiring, training and retaining adequate support resources, our ability to provide adequate and timely support and maintenance services to our customers will be negatively impacted, and our customers' satisfaction with our services may be adversely affected. Our failure to provide and maintain high-quality support and maintenance services could materially adversely affect our business, financial condition, results of operations and prospects.

***Failure to attract and retain skilled technical employees and managers could harm our business.***

We operate in a rapidly changing technological market and our success depends to a significant extent upon our ability to identify, attract, retain and motivate highly skilled and qualified technical personnel and management. Our employees have specialized knowledge that is in high demand, and competition for suitably qualified individuals with the relevant technical expertise in our industry and in the locations in which we operate is intense and may increase as the demand for business process outsourcing services increases. Our research and innovation operations employ a dedicated team of researchers and data scientists who command high salaries and whose skills are in high demand from competitors. In addition, we employ full time employees specialized in cybersecurity, an area which requires high sophistication and specialized training. If we are unable to identify, attract, develop, motivate, adequately compensate and retain well-qualified and engaged personnel, or if existing highly skilled and specialized personnel leave us and successors or adequate replacements are not readily available, we may not be able to manage our operations effectively, which could cause us to suffer delays in new product development, experience difficulty complying with applicable requirements or otherwise fail to satisfy our customers' demands, which would have an adverse effect on our business, financial condition and results of operations. Although we have entered into non-compete agreements with certain of our managers and employees, such agreements may be deemed unenforceable by competent courts and tribunals allowing our competitors to hire and contract with such managers and employees. We believe that certain members of our senior management team are key to our business. We have put policies and remuneration in place designed to retain and incentivize management. However, there can be no guarantee that we will be able to retain and properly incentivize management or to find suitable replacements should any key members of our management leave us. Should members of senior management leave in significant numbers or if a critical member of senior management were to leave unexpectedly, this could have a material adverse effect on our business and prospects. In addition, we bear the risk if our key management and key personnel become infected with COVID-19. Furthermore, the measures adopted in response to the COVID-19 pandemic could make the integration of newly hired personnel more challenging. See "*—The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity*."

***We rely on the reputation of our brand.***

Our business depends in part on a strong brand image and our marketing initiatives, and any negative impact on the reputation of, and value associated with, our brand names could adversely affect our business. Our brand, image and reputation represent an important part of our business and are dependent on our top-of-the-market service offering, our contractual performance, the maintenance of good relationships with our customers, compliance with applicable laws and successful management of disputes that occasionally arise in our day-to-day business activities. Furthermore, we operate and provide services to customers in sensitive environments, such as to our customers in our Public Sector & Healthcare and Energy & Utilities industry verticals, the specificities of which continuously expose us to factors outside of our control that may negatively affect our reputation. Maintaining the reputation of and the value associated with our brand is central to the success of our business and there can be no assurance that we will be able to accomplish this objective. Adverse publicity, legal action or other factors (such as any negative perception as to our product quality and security, price levels, effectiveness and timeliness of our customer service) could lead to substantial erosion in the value of our brand, which could lead to decreased demand and have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows. Successful cyber-attacks or technical issues could also negatively impact the market perception of the effectiveness of our products and harm our ability to keep existing customers and to attract new customers.

***If our advertising and promotional activities are not successful, our ability to market and sell our products or develop new products may be harmed.***

We incur expenses associated with the development and marketing of our new products in advance of our ability to recognize the revenue associated with these offerings. When we develop a new product or acquire a new business and integrate its products in our offer, we usually invest in communication and marketing activities to launch and promote such new products. We must manage our advertising and marketing costs effectively in order to maintain satisfactory operating margins and return on our marketing investment and convert customer awareness into actual product purchases. Our marketing efforts might not generate the expected degree of brand recognition, nor promote growth in the number of customers or expansion of sales volume that we expect, thus resulting in a lower return on our marketing investment, lower sales of our products and services and more limited growth and possibility to invest in new products' development in the future.

***Our profitability may suffer if we are not able to obtain favorable pricing, manage our costs effectively, or if we underestimate the scope of work or the cost of performance of our contracts.***

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;
- customers' perceptions of our ability to add value through our services;
- our customers' 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;
- public appropriations for IT spending; and
- the procurement practices of customers and their use of third-party advisors.

Our ability to improve or maintain our profitability is also dependent on our being able to successfully manage our costs, including personnel expense, which accounted for 34.5% of our total production cost during the year ended December 31, 2020. 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.

Finally, our contract profitability is highly dependent on our forecasts regarding the effort and cost necessary to deliver our services and solutions, 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 contractual commitments and/or completing engagements to a customer's satisfaction, our contracts 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.

***The loss of certain customers or a decrease in business volume from these customers may have negative effects on our business.***

For the year ended December 31, 2020, our top 3 customers generated approximately 13.1% of our Revenues (Products and Services), our top 10 customers generated approximately 29.1% of our Revenues (Products and Services) and our top 20 customers generated approximately 38.4% of our Revenues (Products and Services).

Our customers typically have no obligation to renew their contracts with us upon expiration, and even if they do, they may not renew with a similar contract period or with the same or a greater amount of committed revenue to us. In particular, our customers may decide not to renew their contracts with us if they are dissatisfied with our services, our prices or the actual or perceived quality, durability or security of our software or platforms. In addition, some of our customer contracts can be terminated at the convenience of our customers. Additionally, our success also depends on relationships we develop with our customers that enable us to understand our customers' needs and deliver solutions and services that are tailored to meet those needs. There can be no assurance that we will be successful in maintaining, expanding or developing our relationships with customers, and if we are not successful, we may lose important sales opportunities, customers and market share. Since we usually provide our customers with products and services relating to a combination of our End-to-End Technology Enabling, Proprietary Software Solutions and Digital Services business lines, the loss of a major customer, or a significant reduction in volume of business from an existing major customer, for instance as a result of such customer being dissatisfied with the quality of our work, our failure to meet performance standards under our contracts, or our non-compliance with the provisions of our contractual agreements or applicable regulatory requirements, may result in our inability to sell additional services to such customer, the loss of business volume from such customer or the loss of the customer altogether.

In addition, there are a number of factors beyond our control that could cause a reduction in business volume from a customer or the loss of a customer, including reduced technology spending in response to a challenging economic or competitive environment, consolidation, business or financial deterioration or failure and, in the case of public sector contracts, a decrease in public IT spending appropriations. If any of these events were to materialize, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects as well as on our ability to perform our obligations under the Notes.

***Our operating results may fluctuate from one quarter to the next due to various factors, including revenue generation, cash collection and billing patterns.***

Our operating results may differ significantly from quarter to quarter and our business may be affected by several factors including the timing between the date a new contract is entered into and the beginning of the provision of the services or of the launch of new products and services, the termination of existing contracts, the loss of existing customers, variations in the volume of business from customers resulting from changes in our customers' operations or the onset of certain times of the year, the business decisions of our customers regarding the use of our services, start-up costs, delays or difficulties in expanding our operational facilities and infrastructure, changes to our revenue mix or to our pricing structure or that of our competitors, inaccurate estimates of resources and time required to complete ongoing projects, longer customer payment cycles, currency fluctuation, seasonal changes in the operations of our customers and external circumstances, including pandemics and other catastrophic events.

Typically, while our cash collection is stable during the first two quarters of each year on the back of the ongoing fees we receive by customers under all our ongoing contracts, our cash collection usually peaks during the fourth quarter of each year due to the finalization of accounts and payment of invoices by our customers in anticipation of the end of the financial year. Our cash collection is typically lowest during the third quarter of each year due primarily to extended school holidays in Italy during the month of August. Our billing cycle and the recognition of revenue in our income statement is typically subject to similar seasonal drivers, with a stable level of revenue recorded in the first two quarters of each year, and the highest revenue recorded during the fourth quarter of each year. These drivers cause differences in our revenue among the various quarters of any financial year, which means that the individual quarters of a year may not be directly compared with each other or used to predict annual financial results. If we do not effectively manage our working capital, by ensuring that alternative sources of capital or cash are available to address our working capital needs, especially in the third quarter of each year, our liquidity position, cash flows, business, financial condition and results of operations could be adversely affected.

Typically the receipt of purchase orders from our customers, the date a contract is entered into and the beginning of the provision of services is spread over a period of time. Customers may terminate their contracts prior to execution thereof, in which case the costs we incurred prior to termination might not be entirely recoverable, if at all. Moreover, the internal budget and approval processes of our prospective customers make it difficult to predict the timing of new client engagements. Also, since we recognize revenue only upon actual provision of the contracted services and when the criteria for recognition are achieved in accordance with IFRS, the financial benefit of gaining a new client may not be realized at the intended time due to delays in the implementation of our services or to an increase in the start-up costs required in building our infrastructure. Any of these factors, individually or in the aggregate, may make it difficult for us to prepare accurate internal financial forecasts or replace anticipated revenue that are not realized as a result of these delays, any of which may have a material adverse impact on our business, financial condition, results of operations and cash flows.

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

Our ability to service our customers and deliver and implement solutions depends in part on third-party providers such as subcontractors, equipment components manufacturers, utility providers and network providers meeting their obligations to us and our requirements and expectations 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, including of our partners. Our profitability 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 exclusively liable to our customers 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 customers or may claim that we interfere with their relationship with our customer, as a result of which we could become liable for damages or our relationship with our customer could be negatively impacted. Our services to customers rely on both large third-party providers such as Cisco, Dell EMC, VMware, Fortinet, Google, AWS, Microsoft, Checkpoint, Symantec and NetApp. 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 customer 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 depend on our partner relationships and the availability of their products.***

For our End-to-End Technology Enabling business line, we engage in the resale of products that we purchase from certain partners, which include original equipment manufacturers, software providers and wholesale distributors. Under our agreements with our partners, we are authorized to sell all or some of their products (such as hardware, licensed software, maintenance and repair services, and complementary products and services). Our arrangement with partners has specific terms and conditions with respect to product return privileges, purchase discounts and partner programs and financing programs. We have long-term contracts with our partners and our agreements with key vendors may be terminable upon notice by any party. From time to time, our partners may limit or terminate our right to sell some or all of their products, or change the terms and conditions under which we obtain their products for integration into our solutions.

Some of our hardware and software vendor partners sell and could intensify their efforts to sell their products directly to our customers. For example, ERP solution providers and other major software vendors may sell their procurement and asset management products along with their application suites. Because of their significant installed client base, these ERP solution providers may have the opportunity to offer additional products to existing clients. Any such trend could adversely impact our business, financial condition or results of operations. We also receive payments and credits and other benefits from our partners. Our partners may decide to terminate or reduce the benefits under their incentive programs, or change the conditions under which we may obtain such benefits. Any sizable reduction, termination or significant delay in receiving benefits under these programs could adversely impact our business, financial condition or results of operations. If we are unable to timely react to any changes in our partners' programs, such changes could adversely impact our business, financial condition or results of operations. Similarly, the sale, spin-off or combination of any of our partners and/or of certain of their business units, including a sale or combination with a partner with whom we do not have an existing relationship, could adversely impact our business, financial condition or results of operations.

***We provide services to customers through third-party operators.***

We also provide services, for example through third-party telecom operators, in arrangements that do not involve a direct contractual relationship between the client and us. If we do not effectively manage the relationships with these third-party operators, if these do not perform efficiently or in a timely manner, or if we experience problems with transitioning the work to them, we may experience disruptions in the delivery process, which can negatively impact our business processes and reputation among customers. In addition, reliance on these parties exposes us to certain risks. For example, the third-party providers may try to increase their prices or impose contractual terms to our detriment. Our results of operations and financial condition could be materially adversely affected and we might incur significant additional liabilities if such third-party operators cease or terminate their relationships with us or seek to renegotiate prices or other terms of our contracts with them at more onerous terms for us or choose to replace us with another service provider with which we compete.

***Some of our products and services are developed using third-party open source software components and any failure to comply with the terms of the underlying open source licenses could restrict our ability to sell our products or increase our operating expenses.***

We use a limited amount of software licensed by our authors or other third parties under so-called "open source" licenses. Some open source licenses contain requirements that the licensee make available source code for modifications or derivative works created based upon the type of open source software used. If our proprietary software is combined with open source software, we could be required, in certain circumstances, to release some of our proprietary software to the public, which may result in our proprietary software becoming generally available. In addition, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. Additionally, the terms of many open source licenses have not been interpreted by courts and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions.

If we are held to have breached the terms of an open source software license, we could be required to take remedial actions, including by seeking licenses from third parties, continue offering products on terms that are not commercially viable, re-engineer products or discontinue the licensing of such products if re-engineering cannot be accomplished on a timely basis, or make generally available some of the source code of our proprietary software. The occurrence of any of the foregoing could materially adversely affect our business, financial condition and results of operations.

***We may be unable to adequately protect our intellectual property proprietary rights and prevent others from making unauthorized use of such rights.***

The success of our business depends on our ability to protect and enforce our trade secrets, copyrights, patents, domain names, trademarks and other intellectual property rights including through our ability to enforce contractual arrangements designed to protect such intellectual property rights. Our trademark registrations include, among others, the signs *Lutech*, *Nest* and others. Italian and EU intellectual property law may not provide sufficient protection for our products. We have taken steps to protect our intellectual property under trade secret, copyright, trademark and patent laws, as well as through contractual arrangements, all of which offer protection, provided that all relevant requirements for protection of each intellectual property assets are satisfied. We have filed various applications for the registration of our intellectual property in Italy and in certain other jurisdictions in which we operate. Our applications may not be granted, our existing protections may expire and we may fail to obtain such protections in the future. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

Despite our efforts to protect our intellectual property rights, unauthorized parties may not be deterred from misuse, theft or misappropriation of them, including trade secrets and information that we regard as proprietary. We may need to spend significant resources monitoring or enforcing our intellectual property rights and we may or may not be able to detect infringement by third parties. In addition, our intellectual property may also be infringed by our employees through error or malfeasance. Employees may claim rights over our intellectual property or use our intellectual property to establish competing businesses or may disclose sensitive information regarding our software products or our IT systems. Our competitive position may be harmed if we cannot detect infringement and enforce our intellectual property rights quickly or at all. Moreover, potential actions taken to enforce our intellectual property rights, both in Italy and abroad, may not be effective and, in some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business reasons. In addition, competitors might avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. The occurrence of any of these events could have a material adverse effect on our cash flows, business, prospects, financial condition and results of operations.

Moreover, policing unauthorized use of our intellectual property is difficult, expensive and time-consuming. While we are not currently involved in any intellectual property disputes, attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or take unilateral steps to invalidate our intellectual property rights, which could result in a holding or official action that invalidates or narrows the scope of our rights, in whole or in part. If we are unable to protect our proprietary rights (including copyrights and trade secrets on our software and technologies), we may be at a competitive disadvantage compared to others who have not incurred the additional expense, time and effort which may be required to protect the innovative products that have enabled us to be successful to date. Any of these events could materially adversely affect our financial condition, operating results and prospects.

Our patents and other intellectual property, with particular reference to trade secrets, may not prevent competitors from independently developing products and services similar to or duplicative to ours. Our ability to protect our intellectual property could also be impacted by changes to existing laws, legal principles and regulations governing intellectual property, including the ownership and protection of patents.

***If our applications or services are found to infringe third parties' intellectual property rights or misuse the confidential information of others, we may become liable for damages and face invalidation of our intellectual property rights.***

The technology services industry is characterized by frequent claims and related litigation regarding patents, copyrights and other intellectual property rights. These claims may be asserted by operating companies, as well as companies whose sole purpose is to assert patent rights against third parties in an attempt to collect license fees, our strategic partners or our customers. In this respect, most of our customer contracts typically require us to indemnify customers against claims that our products infringe third parties' intellectual property rights or misuse the confidential information of third parties. Such claims, whether with or without merit, are time-consuming, may result in costly litigation and may not be resolved on terms favorable to us.

Successful claims of infringement, misuse or misappropriation by a third-party against us or a third-party that we indemnify could prevent us from distributing certain products or performing certain services or could otherwise require us to pay substantial damages, an accounting of profits, royalties or other fees. Such claims could also require us to cease making, licensing or using products that allegedly infringe or misappropriate the intellectual property rights or misuse the confidential information of others, to expend additional development resources in an attempt to redesign our products or services or otherwise to develop alternative technology that does not infringe, misuse or misappropriate such intellectual property rights, or to enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, confidential information or intellectual property rights. Defending against claims of infringement or being deemed to be infringing the intellectual property rights or misusing the confidential information of others, or challenges to the validity of our intellectual property rights, could, in each case, impair our ability to innovate, develop, distribute and sell our current and planned products and services, which could materially impact our operations. Moreover, any dispute or litigation regarding trademarks or other intellectual property right could be costly and time-consuming due to the complexity of our technology and the uncertainty of intellectual property litigation. In addition, even claims of infringement, misuse or misappropriation that ultimately are unsuccessful could cause reputational harm, result in litigation costs and divert management and key personnel's time and other resources, any of which could materially adversely affect our business, financial condition and results of operations.

***Our sales efforts require substantial resources.***

Our sales efforts typically involve educating our prospective customers about the uses, benefits and value proposition of the systems and applications that our services and products support. Customers often view these commitments as significant strategic decisions and, as a result, may require time to evaluate, test and qualify our solutions prior to entering into or expanding a relationship with us. Our sales force develops relationships directly with our customers, focusing on account penetration, account coordination, sales and overall market development. We spend substantial time and resources on our sales efforts and there can be no assurance that our efforts will produce a sale. Purchases of digital platforms are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. As a result, it is difficult to predict whether and when a sale will be completed and when revenue from such sale will be recognized. Moreover, during the sales evaluation period, such prospective customers may delay purchases, may decide not to purchase and may scale down proposed orders for reasons that we do not control and cannot predict, including:

- changes in economic conditions (including as a result of the COVID-19 pandemic);
- changes in customer personnel;
- introduction of new products by our competitors;
- lower prices offered by our competitors for similar products;
- changes in the budgets and purchasing priorities of our customers;
- need for education of customer personnel;
- changes in the information systems of our customers; and
- changes in regulation.

In addition, sales to larger customers as opposed to smaller customers may increase the amount of time and resources spent on our sales efforts and we may face competition from companies that may have pre-existing relationships or purchase commitments from such customers, which could decrease our chances of being chosen by such customers. The failure of our efforts to secure sales after investing resources in a sales process could materially and adversely affect our business, financial condition and results of operations.

***If we fail to maintain an effective system of internal controls, we may not be able to prevent fraud.***

Effective internal controls are necessary for us to prevent fraud. The Italian companies of the Group are subject to Italian Legislative Decree No. 231/2001 ("**LD 231/2001**"), which is aimed, among others, at preventing direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, fraud, environmental crimes, health and safety crimes and any other illegal or otherwise unethical conduct. As of the date of this Offering Memorandum, not all the Italian subsidiaries of Target may have adopted the internal control model envisaged by the LD 231/2001 (the "**231 Model**"). Although the adoption of the 231 Model is not compulsory, it may eliminate or in any case reduce the exposure should one of the offences specified in the LD 231/2001 be committed by representatives, executives and directors of any of the Target's Italian subsidiaries. Moreover, pursuant to certain case-law, even though not mandatory, the failure by the directors of a medium/large company to adopt a 231 Model, may be regarded as a violation of their fiduciary duties. Therefore, there is no guarantee that we will be successful in defending against possible proceedings in relation to the administrative liability pursuant to LD 231/2001. Any inability to provide reliable financial reports or prevent fraud could harm our business, including through harm to our reputation. This risk is increased as a result of our frequent acquisitions, as entities that we acquire from to time may not have internal control procedures of an effectiveness equivalent to ours. If we fail to maintain, or fail to cause the companies we acquire to adopt and maintain, adequate internal controls our financial statements may not accurately reflect our financial condition. See also "*—We may incur liabilities for the actions of our directors, employees, agents, representatives, advisors and intermediaries in the jurisdictions in which we operate.*"

***A significant proportion of our revenue comes from contracts awarded through competitive bidding processes, which require substantial time and resource investments and may be challenged by losing bidders.***

Our customers include municipal, local and regional government entities, which often require competitive bidding procedures in order to award contracts. Competitive bidding imposes substantial costs and presents a number of risks, including, the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us, and the need to accurately estimate the resources and costs that will be required to implement and service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design and to consider such estimated resources and costs in the context of a competitive tender process in order to submit a price quote that is competitive but not so low as to be loss-making if we win the bid, and the opportunity cost of not bidding on and winning other contracts that we might otherwise pursue. Over the past few years, and mostly for central government activities, there has been a shift in the manner public administration and healthcare tenders are run, from a fragmented approach, whereby the relevant local public administration or other public entity launches a local tender to satisfy its individual IT services requirements, to a more integrated approach, whereby centralized purchasing agencies consolidate the purchasing function of the individual public administration organizations through the execution of framework agreements. Such agencies, including CONSIP S.p.A. and InnovaPuglia S.p.A., function as a centralized purchasing agency on behalf of many public administration and healthcare customers and manage any relevant public tenders.

In addition, if any bids are unsuccessful, we may from time to time challenge tender procedures or outcomes, which could result in significant litigation costs and management time expended on the litigation. See also "*—We may be unable to obtain the bid bonds, performance bonds, securities or guarantees we need to compete in certain public tenders or to enter into certain contracts with our private customers, and due to our failure to perform our obligations, counterparties may enforce performance bonds we have posted.*"

***We may be unable to obtain the bid bonds, performance bonds, securities or guarantees we need to compete in certain public tenders or to enter into certain contracts with our private customers, and due to our failure to perform our obligations, counterparties may enforce performance bonds we have posted.***

From time to time, in the ordinary course of our business and, in particular, in order to be able to participate in competitive tenders, enter into contracts with certain customers, particularly those in our Public Sector & Healthcare industry vertical, or receive advances on the payments under contracts with them, we are required to provide customers with bank guarantees and/or insurance bonds (including commitments relating our participation in public tenders (so-called "bid bonds"), advance payment, performance or guarantee bonds). Our ability to obtain such bonds and guarantees from lenders such as banks, financial intermediaries and/or insurance companies depends on several factors, including such lenders' assessment of our overall financial condition, and of the financial condition of any of the companies in our Group that are involved, and of the risks of the service to be provided, as well as such company's financial and reputational track record, also in terms of previous enforcement of performance bonds and guarantees. If we are unable to obtain new bonds and guarantees, if we renegotiate existing bonds and guarantees on less favorable economic terms, or if we are required to pay penalties in the event that we default on our obligations, our ability to obtain new commissions or enter into new contracts could be impaired or become significantly more costly, which could all have a material adverse effect on our business, results of operations, financial condition and prospects.

In the ordinary course of our business, we provide certain guarantees with respect to, among others, our participation in tender offers. Such guarantees, including performance bonds and bid bonds, amounted to €33.0 million as of December 31, 2020. Some of these bonds and guarantees include cross-default provisions which could be triggered if we default under other bonds and guarantees, which could amplify the impact of a default under these instruments. If our customers were to enforce the bonds, including as a result of our default or alleged default under any applicable terms and conditions, laws or regulations, we were required to post at the time of the relevant contract or tender, we could be subject to payment obligations, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations and prospects. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Off-Balance Sheet Arrangements*."

***We rely to a significant extent on the banking and financial services industries and are exposed to trends in such industries.***

We rely to a significant extent on customers in the banking and financial services industries, which we serve through our Financial Services industry vertical. During the year ended December 31, 2020, we generated 24% of our Revenues (Products and Services) from the Financial Services industry vertical. Our results of operations rely on our capacity to retain customers in such industries and our capacity to continue to provide them with software, digital solutions and IT services that they require. Any failure to do so could have a material adverse effect on our results of operations. Adverse trends in the banking and financial services industries, such as an economic downturn, consolidation in the sector granting certain of our customers increased bargaining power, or increased regulation of the contracts, software, digital solutions and IT services used in the banking and financial services industry could result in reduced demand for our software, digital solutions and IT services, resulting in a material adverse effect on our business, financial condition and results of operations.

***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, business interruptions, directors' and officers' liability and product liability, at levels we believe are appropriate and consistent with current industry practice. Our contracts 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 customers 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 are currently not insurable at 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 that 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.

***We may face labor disruptions that could interfere with our operations, and we may be unable to efficiently reorganize our workforce in the event of a market downturn.***

As of December 31, 2020, we had 2,627 employees, of which a significant majority were located in Italy. As a result, we are subject to a number of collective bargaining agreements ("**CCNL**") in Italy. In general, the CCNLs include terms that regulate remuneration, minimum salary, salary complements, extra time, benefits, bonuses and partial disability. Our employees in Italy are subject to various CCNLs including, among the others, a CCNL for employees in the trade companies sector, a CCNL for employees in the metalworker industrial sector, a CCNL for employees in the energy sector and a CCNL for employees of the credit sector. Trade unions and/or work councils exist at many of our premises, and many of our employees are enrolled in one or the other. While we believe that we have good relations with unions and employees generally, there can be no assurance that our relations will not deteriorate and that we will not experience labor disputes in the future. Any failure to extend or renegotiate our collective bargaining agreements on terms favorable to us, or at all, could have a material adverse effect on our business. Furthermore, we have been in the past and could in the future be party to, labor disputes with certain of our employees. There can be no assurance that these disputes or future disputes by employees will not have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. In addition, from time to time, we have and may in the future, carry out collective dismissals. Such collective dismissals may result in disputes with or claims by trade unions and our employees and we may be required to pay additional amounts to resolve or settle such disputes or claims. Additionally, the right to go on strike is provided for under Italian law, and we have historically experienced occasional labor action and cannot guarantee that our employees will not go on strike in the future, which if they occurred, could, for example, hinder our ability to provide our ordinary level of customer service, which could in turn have a material adverse effect on our business, financial condition or results of operations.

In addition, certain national collective bargaining agreements applied to the executives employed by us provide for change of control clauses, allowing such executives to resign and entitling them to pay-outs (upon certain conditions) in case of a change of control.

Furthermore, we may experience a significant or otherwise material increase in labor costs as a result of increased workforce activism, salary increases, headcount increases (including due to the conversion of temporary contract workers into full-time employees), government decrees and changes in social and pension contribution rules (provided either by law or collective agreements) implemented to reduce government budget deficits or to increase welfare benefits to employees, as well as deteriorating general health conditions. For example, as a result of the COVID-19 pandemic and in order to comply with the safety and health measures imposed by the Italian government, we incurred certain costs (including for COVID-19 tests). We may not manage to offset the increase in labor costs through productivity gains or other measures and we may not be able to otherwise relocate the costs within our structure with a deterioration in our relationship with our employees. Any such event could result in a material adverse effect on our business, financial condition, results of operations and prospects.

***We may incur liabilities for the actions of our directors, employees, agents, representatives, advisors and intermediaries in the jurisdictions in which we operate***

Our employees carry out services at premises operated by us. As a result, 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 through us. Such claims may be substantial and may result in adverse publicity for us.

Moreover, conducting our business in an ethical manner is important to our reputation, status with regulators and business prospects. Any contact by our directors, employees, agents or partners with third parties, including the public administration (including in the context of participations in auctions, interactions held with the public administration in the process of obtaining or renewing any authorization or license and any possible public contribution) involves risks associated with fraud, bribery, corruption, incorrect use of public contributions and other fraudulent activities committed by our directors, employees and third parties acting on our behalf.

We are also exposed to the risk that our directors, employees or agents commit IT related 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 customers) and damage the 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 through us. Such claims may be substantial and may result in adverse publicity for us. Individual employees may act against our instructions and either inadvertently or deliberately violate laws or internal policies. Our business activities may also involve risks related to possible accidents, which may be due to our employees' activities or mistakes and may consist in crimes, breaches of security measures, damages to third parties or manslaughter. In addition, in 2018, our Chief Operating Officer, Mr. Francesco Gadaleta, was convicted of conspiracy to issue false invoices relating to events in 2010, during his former employment and unrelated to his current employment. He denies any wrongdoing and is appealing his conviction, and the prosecutor has recommended his acquittal. These circumstances do not impact our ability to participate in public tenders or otherwise impact our business. However, a negative result may result in adverse publicity for us.

In particular, we are subject to anti-corruption and anti-bribery laws and regulations in various jurisdictions in which we operate, including the Italian Royal Decree 1398/1930 and Italian Legislative Decree 231/2001 ("**LD 231/2001**"), which is aimed, among others, 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. As of the date of this Offering Memorandum, not all the Italian subsidiaries of Target may have adopted the 231 Model. See "*—If we fail to maintain an effective system of internal controls, we may not be able to prevent fraud.*" Therefore, there is no guarantee that we will be successful in defending against possible proceedings in relation to the administrative liability pursuant to LD 231/2001. We are also subject to anti-corruption and anti-bribery laws and regulations in other territories in which we operate, including the U.S. Foreign Corruption Practices Act of 1977. We have implemented, and will continue to maintain in force, policies, procedures, systems, and controls designed to ensure compliance by our directors, employees, consultants, partners, agents and third-party agents, representatives and intermediaries with applicable anti-bribery and anti-corruption legislation. However, 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 may fail to adequately update and implement such policies, procedures, systems and controls. In addition, our monitoring systems (including, where applicable, 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. Any of the foregoing circumstances (including our failure to adequately implement or implement at all such monitoring systems) may expose us to among others, fines, financial penalties and/or criminal charges, mandatory remediation, restrictions and limitations on our operations (including our participation in public tenders) and/or closure of our businesses or civil lawsuits as a result of any actual or perceived historical or ongoing non-compliance with anticorruption laws and regulations.

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 reasonably not possible 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 authorization, 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. These 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.

***We are subject to certain competition and antitrust laws.***

Our business is subject to applicable competition and antitrust laws, rules and regulations of the EU and Italy. Should competition authorities depart from the current definition of a single market for enterprise software, and define markets narrowly, we may become subject to an investigation into the strength of our market position. In such cases, a potential investigation could give rise to certain obligations or restrictions on our market behavior if we are deemed to have a dominant position. Such obligations could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Additionally, we may become subject to investigations and proceedings by national and supranational competition and antitrust authorities for alleged infringements of antitrust laws, which could result in fines or other forms of liability or otherwise damage our reputation. Such laws and regulations could limit or prevent our ability to grow in certain markets, in particular Italy.

Future acquisition or business combination opportunities and mergers may require approvals from antitrust authorities under antitrust regulations in force at the time. Even if such approvals are obtained, they might require, based on the relevant antitrust authority's evaluation of prevailing market conditions and our position in the market, that we divest certain businesses in order to carry out the transaction. We may otherwise be unable to obtain the required approvals, which would likely result in the relevant transaction being aborted or revised in a way that may be detrimental to us. Furthermore, as a consequence of our investments in businesses operating in the IT sector, as well as our position in certain of our markets, antitrust regulatory authorities may impose limitations on our ability to operate in such markets by adjusting our market behavior or otherwise. Any of these factors could materially adversely affect our business, prospects, financial condition, cash flows and results of operations, and our ability to execute our strategy. See "—*We have made and may make acquisitions or enter into transactions that may present risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction and, additionally, there are risks associated with the integration of any acquisitions*."

***We are subject to complex tax laws, and changes in tax laws or challenges to our tax position which could adversely affect our results of operations and financial condition.***

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

Changes to the corporate tax system in Italy and any country in which we operate, or may operate, may have a material adverse effect on our business, financial condition and results of operations. We often rely on generally available interpretations of applicable tax laws and regulations. We cannot be certain that the relevant tax authorities are in agreement with our interpretation of these laws or the characterization of any of our transactions and we cannot rule out any change in position by the relevant authorities regarding the application, administration or interpretation of certain laws or regulations. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the cost of our services to track and collect such taxes, which could increase our costs of operations or our effective tax rate and have a negative effect on our business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations. In addition, we are from time to time subject to tax and social security audits and investigations by the tax, social security and other public authorities, which may include, without limitation, investigations with respect to the direct tax and indirect tax regime of any of our transactions and value-added tax classification and social security contributions. We may also fail, whether inadvertently or for reasons beyond our control, to comply with tax and social security laws and regulations relating to the treatment of any of our transactions or financing arrangements, which could result in unfavorable tax and social security treatment for such transactions or arrangements, and possibly lead to significant fines or penalties. Whenever a reasonable settlement with the relevant tax and social security authorities cannot be reached, we may have to defend ourselves before the competent courts, which could be costly and distract management from the other affairs of our business. In addition, audits and investigations by the competent authorities may generate negative publicity, which could harm our reputation with customers, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax or social security adjustment in connection with our business would not have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

***A substantial portion of our assets are represented by goodwill, trademarks and other intangible assets, and we may never realize the full value thereof or we may be required to write down the value of our goodwill, trademarks and other intangible assets.***

We have recorded a significant amount of goodwill, trademarks and other intangible assets, which we amortize in accordance with Italian GAAP over a 10-year period. As of December 31, 2020, our total goodwill, which represents the excess of cost over the value of the net assets of the businesses we acquire, was €185.0 million, or 34.7% of our total assets and we incurred limited impairment losses on goodwill, trademark and other intangible assets in the years ended December 31, 2018, 2019 and 2020. If we were to conclude that a future write-down of our goodwill, trademarks or other intangible assets is necessary, we would have to record the appropriate charge, which could result in a material adverse effect on our results of operations. A write-down of our goodwill, trademarks or other intangible assets may result from, among others, deterioration in our performance or a decline in expected future cash flows. We cannot exclude that as a result of the COVID-19 pandemic we will not suffer any material impairment losses on our goodwill, trademarks and other intangibles. In the event we incurred any such losses, there can be no assurance that we would be able to recover part or all of their amount in the future. In particular, certain of our forecasts require the board of directors to exercise its judgment on the applying of accounting policies (such as impairment).

***Undetected defects or delays in the introduction of new software products and product enhancements may harm our reputation, result in increased costs to us and reduce demand for our products and services.***

Our new products and product enhancements are highly complex and often require long development and testing periods. Development work is subject to various risks, including the possible delay of scheduled market launches. For example, the measures adopted as a result of the COVID-19 pandemic, including remote working, may delay the development of new products and therefore the market launch of such products. Additionally, new products may fail to satisfy our quality standards, meet market needs or the expectations of customers, or comply with regulatory requirements. Software products also frequently contain errors or security flaws, especially when first introduced or when new versions are released. If we are not able to rectify such errors or flaws or meet the expectations of our customers, we may experience a material adverse effect on our business, financial condition and results of operations.

Our customers use our software products for critical aspects of their business and any errors, defects or other performance problems with our products may adversely affect our customers' businesses and we might be faced with customer claims for cash refunds, damages, replacement software, or other concessions. Moreover, if our customers experience a defect or a delay in product upgrade, especially if linked to new regulations, they may decide not to renew contractual arrangements relating to our products and services or may delay or withhold payment of software assistance and maintenance fees. Furthermore, defects or bugs might also impact the installation and start-up of new products to our existing customers or new customers, in which case our customers may delay or withhold the payment of licenses and delivery services. Additionally, the detection and correction of software errors and security flaws can be time-consuming and costly and we may be required to divert resources away from development projects to remedy defects in new or already-existing software products. Significant undetected defects or delays in the introduction of new products or product enhancements could affect market acceptance of our software products and harm our competitive advantage, which, in turn, could adversely affect our reputation, business, financial condition and results of operations.

***Changes to our sales organization and other corporate functions can be disruptive and may negatively impact our results of operations.***

From time to time, we make changes in our organizational structure in order to improve the effectiveness and efficiency of our sales organizations, which may disrupt our operations and increase the risk of sales personnel turnover. Although the relationship with our personnel throughout these processes has remained generally positive so far, we cannot assure you that our restructuring and reorganization initiatives, as well as any future initiatives that we might decide to implement to further enhance the efficiency of our sales channel, will not result in strikes, the loss of valuable personnel or adversely affect the productivity of our sales force, which could lead to revenue declines. In addition, turnover within our sales force can cause disruption in sales cycles leading to delay or loss of business. It can also take time to implement new sales management plans and to effectively recruit and train new sales personnel.

***Our customers may choose to implement or use products, IT services and digital solutions developed by our partners rather than products, IT services and digital solutions developed by us.***

If our customers choose to purchase the products, IT services and digital solutions of our partners over our products, our business and results of operations may be adversely affected due to the lower margins that we generate when customers choose to do so.

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

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

The departure or risk of departure from the euro by one or more Eurozone countries or the abandonment of the euro as a currency, or the reintroduction of an individual currency in Italy, could have major negative effects on our existing contractual relations with our customers, and could adversely affect the economy in Italy, where we provide products and services to our customers. In particular, the departure of Italy from the euro would increase our exposure to changes in currency rates. In addition, the departure of Italy from the Eurozone may lead to the imposition of, among others, exchange rate control laws. Any of these developments could affect our ability to refinance our liabilities and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. The potentially severe impact of these events on Europe and the global financial system could also have a negative impact on the value and marketability of the Notes. On June 23, 2016, the United Kingdom held a referendum on the United Kingdom's membership within the EU, the result of which favored the exit of the United Kingdom from the European Union ("**Brexit**"). Following such referendum and the enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union and ratified a trade and cooperation agreement governing its future relationship with the European Union. The agreement, which is being applied provisionally from January 1, 2021 until it is ratified by the European Parliament and the Council of the European Union, addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among others. Because the agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the United Kingdom and the European Union as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal.

These developments, or the perception that any related developments could occur, have had and may continue to have a material adverse effect on global economic conditions and financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Since we rely on access to the financial markets in order to refinance our debt liabilities and gain access to new financing, ongoing political uncertainty and any worsening of the economic environment may reduce our ability to refinance our existing and future liabilities or gain access to new financing, in each case on favorable terms or at all.

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

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

***The preparation of our financial statements involves judgments, estimates and assumptions.***

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

**Risks Relating to the Transactions**

***The Lutech Acquisition is subject to uncertainties and risks and, if it is not completed on or prior to the Longstop Date, the Issuer will be required to redeem the Notes at 100% of the initial issue price of the Notes, plus accrued and unpaid interest and additional amounts, if any.***

The completion of the Lutech Acquisition pursuant to the Main Acquisition Agreement is subject to the receipt of clearance from antitrust and other regulatory authorities, including an approval under the Italian Golden Power Legislation (the "**Regulatory Approvals**"). Even if we receive all clearances to consummate the Lutech Acquisition, any such clearance may be subject to undertakings by us as may be imposed by the relevant authorities or require the implementation of certain remedies. The Main Acquisition Agreement includes customary provisions requiring Bidco to comply with any remedies imposed by an authority and proceed with the Lutech Acquisition. In addition, under the Main Acquisition Agreement, (i) in the event that the Regulatory Approvals are not satisfied prior to September 14, 2021, OEP 14 LP (as seller under the Main Acquisition Agreement) will have the right to terminate the Main Acquisition Agreement and (ii) in the event that the Regulatory Approvals are not satisfied by November 14, 2021, the Company (as purchaser) will have the right to terminate the Main Acquisition Agreement.

Under the Main Acquisition Agreement, the aggregate consideration payable by the Company at Completion Date, consists of €300.0 million and, in addition, €112,556 per calendar day from June 1, 2021 until the Completion Date, to compensate the Sellers for additional cash generation in the Group during this time period, adjusted for the amount of Leakage, if any. As a result, the ultimate consideration under the Main Acquisition Agreement as of completion, will in part be dependent on the timing of the Completion Date. See "*Summary—The Transactions—The Acquisition*."

Pending the completion of the Lutech Acquisition, concurrently with the closing of the Offering, the Issuer will, on the Issue Date, deposit the gross proceeds of the Offering into the Deposit Account. If the Lutech Acquisition is not completed or some of the other release conditions as described in "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption*" are not satisfied on or prior to the Longstop Date, the Notes will be subject to a special mandatory redemption and you may not obtain the return you expect to receive on the Notes. A special mandatory redemption will require the payment of a special mandatory redemption price equal to 100% of the initial issue price of the Notes plus accrued and unpaid interest from the Issue Date to the special mandatory redemption date, and any additional amounts. In the event that a special mandatory redemption of the Notes becomes necessary, and the amounts needed to pay for it exceed the amounts available in the Deposit Account, the Issuer will be required to fund, or procure the funding for, such excess amounts. There can be no assurance that the Issuer or such affiliates will have sufficient funds to make these payments or to procure their funding and, as a result, the Issuer may not have access to the funds necessary to allow it to pay the full amount of the required redemption price in the event of a special mandatory redemption.

The Deposit Account proceeds will be deposited in a segregated account that are controlled by the Issuer. There will be no independent third party such as an escrow agent controlling the use and release of the Deposit Account proceeds, and therefore, despite certain requirements around how and when the funds may be used and released, there can be no guarantee that the same protections of the funds that are expected in a customary escrow arrangement will be realized here. The Trustee will also have no responsibility or obligation to monitor the use and release of the Deposit Account proceeds or ensure compliance with any restrictions or covenants, if any, related to its use and release. See "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption*."

***The Issuer does not currently control the Target Group and will not control the Target Group until the Completion Date.***

The Group is currently not controlled by the Issuer. The Issuer will not obtain control of the Target Group until the Completion Date. The information contained in this Offering Memorandum has been derived from information provided to the Issuer by the Target Group, and the Issuer has relied on such information supplied to it in its preparation. In addition, prior to the completion of the Lutech Acquisition, the Target Group will not be subject to the covenants described in "*Description of the Notes*," which will be included in the Indenture. As such, we cannot assure you that, prior to such date, the Target Group will not take an action that would otherwise have been prohibited by the Indenture had those covenants been applicable.

***Amendments to the Main Acquisition Agreement may have material adverse consequences for holders of the Notes.***

The Lutech Acquisition is expected to be consummated in accordance with the terms of the Main Acquisition Agreement. As a condition for the release of the proceeds of the Offering from the Deposit Account, the Issuer must determine that no material term or condition of the Main Acquisition Agreement has been amended or waived in a manner or to an extent that would be materially adverse to the interests of the holders of the Notes, other than with the consent of a majority of the holders of the outstanding Notes. To the extent that the Main Acquisition Agreement is amended or waived without the consent of the holders of the Notes in a manner or to an extent that would be materially adverse to the interests of the holders of the Notes, the proceeds of the Offering may not be released from the Deposit Account and the Notes would be redeemed as described under "*Description of the Notes—Deposit of Proceeds; Special Mandatory Redemption*."

Holders of the Notes will decide to invest in the Notes at the time of purchase thereof and will not be able to rescind their decision to invest in the Notes, including in the event of changes in the financial condition of the Group, the terms of the Lutech Acquisition or the terms of the approvals or clearances (including regulatory clearances) related to the Lutech Acquisition prior to the release of the gross proceeds of the Notes from the Deposit Accounts upon completion of the Lutech Acquisition.

***The Company may not be able to enforce claims with respect to the representations and warranties that the seller has provided to it under the Main Acquisition Agreement.***

In connection with the Lutech Acquisition, the seller has given certain customary representations and warranties under the Main Acquisition Agreement, among others, in relation to the shares of the Target and the business and operations of the Target Group. These representations and warranties are largely covered under a warranty and indemnity insurance policy. However, there can be no assurance that the Company, or Bidco as the designated acquirer under the Main Acquisition Agreement, will be able to enforce any claims against the seller relating to any breaches of such representations and warranties. The liability of the Seller with respect to breaches of their representations and warranties under the Main Acquisition Agreement is limited and the ability to claim against the insurer is subject to a retention and certain exclusions. Moreover, even if the Company or Bidco ultimately succeed in recovering any amounts from the Seller or their insurance providers, they may be required to temporarily bear these losses, which could have an adverse effect on the financial condition of the Group.

***The Target and its subsidiaries may have liabilities that are not known to Bidco, and the indemnities negotiated in the Main Acquisition Agreement may not adequately protect us.***

The Target Group will be acquired with certain liabilities. There may be liabilities that were not discovered in the course of the due diligence investigations into the Target Group in connection with the Lutech Acquisition. For example, we could become liable for overdue payables of the Target Group to suppliers and employees that are not currently known to us, or we could become subject to tax or pension liabilities in respect of historical periods that we are not currently aware of or the amount of which we underestimated. In addition, our due diligence provided for materiality thresholds, a limited scope and a restricted perimeter. 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 Lutech Acquisition. Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during the due diligence exercise or that such information was accurate and remained accurate through the conclusion of the due diligence exercise. The due diligence process is inherently subjective. If the due diligence investigation failed to identify material information regarding the Lutech Acquisition, we may later be forced to write down or write off certain assets, significantly modify the business plan for the Group or incur impairment or other charges. Similarly, the materialization of certain risks, which may or may not be identified during due diligence, occur, it may lead to a loss of property, loss of value and, potentially, subsequent contractual and statutory liability to various parties. Any such undiscovered liabilities, individually or in the aggregate, could have a material adverse effect on the business, financial condition and results of operations of the Group following the Lutech Acquisition. In addition, such liabilities may not be recoverable, in full or at all, against the representations, warranties and indemnities given by the seller under the Main Acquisition Agreement. Following the completion of the Lutech Acquisition, we may discover additional information about the Target Group that may have adverse effect, such as unknown or contingent liabilities and issues relating to compliance with applicable laws.

***We have made certain assumptions relating to the Lutech Acquisition in forecasts that may prove to be materially inaccurate.***

We have made certain assumptions relating to the forecast level of cost savings, synergies and associated costs of the Lutech Acquisition. These assumptions are based on information made available by the Target Group, which we believe to be reasonable. However, these assumptions and forecasts may prove to be inaccurate, and we may suffer from, among others, a failure to realize the expected benefits of the Lutech Acquisition, higher than expected transaction and integration costs, costs related to unknown liabilities, and a deterioration of our business due to general economic and business conditions. Specifically, Lutech's objective to realize cost savings described under "*Summary—Strategy*" and elsewhere in this Offering Memorandum may differ materially from our actual results and investors should not place undue reliance on this objective. We have not defined, and do not intend to define, "short-term" or "medium term," and these should not be read as indicating that we are targeting such cost savings for any particular fiscal year. This cost-savings objective is based on a number of assumptions which are inherently subject to significant business, operational, economic and other risks, many of which are outside of our control. Accordingly, such assumptions may change or may not materialize at all. In addition, unanticipated events may adversely affect our actual results in future periods whether or not these assumptions otherwise prove to be correct. As a result, our actual cost savings, if any, may vary materially from this objective. Any of the foregoing may adversely affect our business, financial condition and results of operations following the completion of the Lutech Acquisition and could cause our actual results to differ from the assumptions and forecasts set forth in this Offering Memorandum.

***Certain of the Group's contracts contain change of control provisions, which may allow our counterparties to terminate these contracts under circumstances such as the Lutech Acquisition.***

Certain of the Group's contracts, including customer and supplier contracts, contain "change of control" provisions that may require the Group to notify the counterparty of a potential change of control, or contain language that could be interpreted as allowing the counterparty to terminate the contract under certain circumstances. There can be no assurance that any such counterparty will not seek to exercise their termination rights in the future. If a substantial number of these contracts were terminated as a result of the Lutech Acquisition, the Group could be forced to enter into new contracts. The counterparties to such new contracts may have stronger bargaining positions than when the Group's existing contracts were originally negotiated. As a result, the Group may only be able to secure replacement contracts on less favorable terms. In addition, some of our customer and supplier contracts can be terminated at the convenience of our customers and suppliers, and some of our customers could choose to terminate such contracts as a result of the Lutech Acquisition and the consequent change in control of the Group. Any of these events could have a material adverse effect on the Group's business, financial condition and results of operations following the Lutech Acquisition.

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

We intend to complete the Post-Completion Mergers, within a period of approximately 18 months following the Completion Date. The Post-Completion Mergers will be undertaken pursuant to the provisions of, among others, the applicable corporate laws of Italy and the Netherlands. In order to complete the Post-Completion Mergers, there are various steps that we must take, including the filing and/or registration of the relevant merger documents with the requite regulatory authority in Italy and the Netherlands. Our estimation of the time frame required to complete the Post-Completion Mergers is based upon usual market practice. While we intend to use commercially reasonable efforts to achieve the Post-Completion Mergers, however, they are subject to certain conditions that depend on actions of third parties and which are out of our control and may not be completed within the currently envisaged time frame or at all.

In addition, the Post-Completion Mergers involving Lutech and its Italian holding companies and subsidiaries will be undertaken pursuant to and subject to the conditions of Article 2501-*bis* of the Italian Civil Code (the "**LBO Merger**"). Article 2501-*bis* of the Italian Civil Code is the central provision in the Italian legislation regulating merger and debt push-downs (thus its application constitutes a safe-harbor *vis-à-vis* the risk that any such merger can be considered unlawful, from a financial assistance perspective or otherwise). In order to complete the LBO Merger, there are various steps that the Issuer must take including the preparation of a merger plan, a report by the directors of the companies involved in the LBO Merger, approval by the Issuer and Lutech's committee with responsibility for considering and approving certain related party transactions, and a report by an independent expert appointed by the court, assessing the methods used for determining the exchange ratio and the fairness of the ratio as well as stating the reasonableness of the assumptions of the merger plan. As the incorporating company or the company resulting from the LBO Merger will be an Italian joint stock company (*società per azioni*), the independent expert is required to be appointed by the court, which creates an inherent uncertainty as to the length of time in which the LBO Merger can be expected to take place. In addition, there can be no assurance that the independent expert will release its report in a timely manner and/or that the report will approve the reasonableness of the assumptions of the merger plan or that the other steps required for the LBO Merger will be taken in a timely manner, or at all. Subject to certain exceptions, the LBO Merger, if any, can only be implemented following the expiration of 60 days after the latest filing with the competent companies' registry of the resolutions approving the LBO Merger. Within this 60-day deadline, the creditors of the companies involved in the LBO Merger, if any, are entitled to challenge the LBO Merger. In addition, the completion of the LBO Merger is subject to the completion of relevant procedures under the Italian Golden Power Legislation.

In the event we are unable to complete the Post-Completion Mergers, the ability of the Issuer to make payments under the Notes, will depend entirely on the ability of Lutech, the borrower under the Proceeds Loan, to make payments to the Issuer under the Proceeds Loan to the Issuer, the ability of Lutech to, directly or indirectly, make dividends, distributions or advances to the Issuer, and on the ability of the Issuer to borrow from other sources, including under the Revolving Credit Facility. However, any repayment, reduction, cancellation, extinguishment or equitization of such Proceeds Loans will reduce the potential value of such claims available at the time of any enforcement on the security interests over such claims.

Following the Post-Completion Mergers, and to the extent applicable, certain security interests in the Collateral may be released, including the Italian law share pledge over the shares in the Issuer, the Dutch law share pledge over the shares in Bidco, a Dutch law bank account pledge over the material operating bank accounts of Bidco and the Italian law assignment of receivables by way of security over the credit rights or the payables owed to the Issuer by Lutech under the Proceeds Loan. In addition, subject to and on terms consistent with the Agreed Security Principles, certain other security interests in the Collateral may be confirmed, extended and/or granted (as applicable) in accordance with the covenants described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*." In the event we are unable to consummate the Post-Completion Mergers, such collateral will not be confirmed, extended and/or granted for the benefit of the holders of the Notes in connection with Tranche A, and Libra GroupCo S.p.A. will remain as the Issuer and the Notes will benefit from the Guarantees and the Collateral subject to the limitation described under "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*." See also "*—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.*"

***Our right to receive payments under any Proceeds Loan or other shareholders loan may be subordinated by law to the obligations of other creditors.***

Italian corporate law (Articles 2497-*quinquies a*nd 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, (ii) any entity subject to the management and coordination powers of the same person, or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, such loan will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("undercapitalization"). 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. Such provision has been repealed and replaced by the new Insolvency Code (as defined herein), the entry into force of which has been currently postponed to September 1, 2021. Therefore, following the date of entry into force of the new Insolvency Code, such provision under Article 2467 of the Italian Civil Code will cease to apply but a substantially similar provision will be provided in the new Insolvency Code. For a more detailed description of the provisions contained in the new Insolvency Code, see "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral—Italy—Certain Italian Insolvency Law Considerations.*"

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 incorporated as *societa` per azioni*.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, it cannot be excluded that a court may apply such provisions of the Italian Civil Code in respect of any of the funds made available by the Issuer to any of its subsidiaries under the intercompany loans, including the Proceeds Loan. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under intercompany loan, including the Proceeds Loan, are subordinated to all its obligations towards other creditors. Should any obligations of any Italian subsidiary vis-à -vis the Issuer under any intercompany loan, including the Proceeds Loan, 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 such intercompany loan granted to the relevant Italian subsidiary, which could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany, including the Proceeds Loan, loans is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or any guarantees and/or security interest granted by such Italian subsidiaries may be impaired or restricted.

**Risks Related to Our Indebtedness**

***Our substantial leverage and debt service obligations could materially adversely affect our business, financial position and results of operations and preclude us from satisfying our obligations under the Notes and the Guarantee.***

After completion of the Transactions, we will be highly levered and will have substantial debt service obligations. As of December 31, 2020, as adjusted to give effect to the Transactions, we would have had total indebtedness in the aggregate amount of €284.6 million. We anticipate that we will continue to be highly leveraged for the foreseeable future. See "*Capitalization*," "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."

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

- making it more difficult for us to satisfy our obligations with respect to the Notes, the Revolving Credit Facility and other debt and liabilities we may incur;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payments in respect of our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures, product research and development, or other general corporate purposes;
- restricting us from pursuing acquisitions or exploiting business opportunities;
- limiting our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate;
- negatively impacting credit terms with our suppliers and other creditors; and
- limiting our ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our obligations, including under the Notes. Although the terms of the Indenture limit our ability to incur additional indebtedness, such limitations are subject to exceptions and qualifications and the incurrence of additional indebtedness would exacerbate the risks above.

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

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

Despite our substantial leverage, we may incur substantial additional debt in the future. We may borrow up to €45.0 million under the Revolving Credit Facility, which will be secured by the same collateral as the Collateral for the Notes, and the Indenture will also permit the incurrence of additional debt. The Revolving Credit Facility Agreement permits us, and the Indenture will permit us, to incur a substantial amount of indebtedness at subsidiaries that do not guarantee the Notes and to incur indebtedness that shares in the Collateral or that benefits from security interests over assets that do not secure the Notes, and any such indebtedness could mature prior to the Notes. Although the Revolving Credit Facility Agreement contains, and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and the amount of indebtedness that could be incurred in compliance with these restrictions is substantial. If additional debt is incurred, the related risks that we now face would increase. In addition, the Revolving Credit Facility Agreement does not, and the Indenture will not, prevent us from incurring obligations that do not constitute indebtedness under those agreements. Our inability to service our debt could have a material adverse effect on our business, financial position, results of operations and our ability to fulfil our obligations under the Notes.

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

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

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends on, redeem or repurchase its capital stock;
- make certain restricted payments;
- make certain investments;
- create or permit to exist certain liens;
- impose restrictions on the ability of its subsidiaries to pay dividends or make other payments to the Company;
- merge or consolidate with other entities, or make certain asset sales;
- enter into certain transactions with affiliates;
- impair the security interests for the benefit of the holders of the Notes; and
- guarantee certain indebtedness.

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

In addition, the Revolving Credit Facility Agreement requires us to comply with certain affirmative covenants while the Revolving Credit Facility remains outstanding. Furthermore, under certain circumstances, the Revolving Credit Facility Agreement requires us to comply with a financial ratio while amounts exceeding a certain threshold remain outstanding under the Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*." Our ability to meet the financial ratio under the Revolving Credit Facility may be affected by events beyond our control, and we cannot assure you that we will meet such financial ratio. While failure to satisfy the financial ratio shall not directly or indirectly constitute, or result in a default or event of default, it would result in a draw stop for any new utilizations under the Revolving Credit Facility thereby potentially adversely impacting our liquidity. Subject to the foregoing, a breach of any of the covenants or restrictions under the Revolving Credit Facility Agreement could, subject to the applicable cure period, result in an event of default under the Revolving Credit Facility Agreement. Upon the occurrence of an event of default that is continuing under the Revolving Credit Facility Agreement the relevant creditors are entitled to cancel the availability of the Revolving Credit Facility and/or elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, a default, event of default and/or acceleration action under the Revolving Credit Facility could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, including (in the case of acceleration of obligations under the Revolving Credit Facility) the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries that would be due and payable and to make payments to enable us to repay the Notes. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

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

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

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated growth, cost savings or efficiencies will be realized or that future debt financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs including the repayment at maturity of the then outstanding amount under the Revolving Credit Facility. At the maturity of the Revolving Credit Facility (which is 66 months after the RCF Closing Date (as defined below)), the Notes or any other debt that we may incur, we may be required to refinance or restructure our indebtedness if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs.

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

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

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

Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Revolving Credit Facility limit, and the Notes and the Indenture will limit, any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial position and results of operations. There can be no assurances that any assets that we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations, which could cause an event of default under our debt and result in:

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

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

We may enter into interest rate hedging arrangements to hedge our exposure to fluctuations in interest rates, including under the Revolving Credit Facility. We may also enter currency hedging arrangements in respect of our international operations and our indebtedness. Under any such agreements, we would be exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements or other hedging arrangements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate such hedging agreements, we may be required to make termination payments, which may result in a loss.

### Risks Relating to the Notes, the Guarantees and the Collateral

#### *The Issuer is a holding company that has no revenue-generating operations of its own and will be dependent on cash flows from the Proceeds Loan or other payments or distributions from the Target Group to service the Notes.*

The Issuer is a holding company and was formed for the purpose of facilitating the Transactions, including raising financial debt and investing the proceeds from such debt on to Bidco to finance a portion of the amounts required to complete the Transactions. The Issuer has no revenue-generating operations of its own and no material assets other than, following the Completion Date, its rights and claims under the Proceeds Loan to Lutech upon the release of the proceeds of the Offering from the Deposit Account and any intercompany loans made to, or equity interests in, Bidco. The Issuer's ability to make payments pursuant to the Notes and the Guarantees is therefore dependent on the interest or other payments it receives pursuant to the Proceeds Loan or dividends, distributions or other payments by the Target Group, indirectly through Bidco. If the relevant borrowers (or any successor borrowers) under the Proceeds Loan or other intercompany loans do not make payments under the respective intercompany loans for whatever reason, or such payments are not sufficient, for example, in the event that any Italian, Dutch or Luxembourg withholding taxes are imposed, or otherwise deducted by the relevant borrower, in respect of any payments, the Issuer may not have other sources of funds available to it such that would permit it to make payments pursuant to the Notes.

In addition, the Company, which is the direct parent of the Issuer, and Bidco, which is a subsidiary of the Issuer, are holding companies which were also formed for the purposes of facilitating the Transactions and have no revenue-generating operations of their own and no material assets other than the equity interests in their respective subsidiaries. Therefore, the ability of Bidco to make payments under any intercompany loans owed to the Issuer and/or the ability of Bidco to make dividends, distributions or payments to the Issuer will be subject to the availability of profits or funds for such purpose which, in turn, will depend on the future performance of the Target Group which, to a certain extent, is subject to general economic, financial, competitive, legislative (including with respect to taxation), regulatory and other factors that may be beyond their control, and on the ability of the relevant Target Group companies to pay dividends or make other payments or distributions to Bidco. The future performance of Lutech may also impact the ability of Lutech to service the Proceeds Loan and therefore impact the Issuer's ability to service its obligations including under the Notes. In addition, certain of our subsidiaries, including Lutech and the Target Group, may be or become subject to restrictions on the payment of dividends or the making of other distributions to their respective parent companies pursuant to their financing arrangements, and such financing arrangements may actually prohibit the ability of these subsidiaries to otherwise move cash within the restricted group. There can be no assurance that our subsidiaries will generate sufficient profits or cash flow from operations or that alternative sources of financing will be available at any time in an amount sufficient to enable these subsidiaries to service their indebtedness and to fund their other liquidity needs and also make payments to the Issuer, pursuant to the Proceeds Loan or otherwise. In such circumstances, holders of the Notes would have to rely upon claims for payment under the Guarantees and enforcement of the security interest over the relevant Collateral, which are subject to the risks and limitations described herein. See also "*—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.*"

In addition, financial assistance or corporate benefit restrictions may prevent upstream loans, dividends or other distributions being made, directly or indirectly, to the Target, Lutech, Bidco, the Company, the Issuer or the relevant Guarantors by their respective subsidiaries, which in turn may impact the ability of the Issuer or such Guarantors to service their respective obligations under the Notes or the Guarantees. In particular, the ability of such subsidiaries to pay dividends will generally be limited to the amount of distributable reserves available to each of them and the ability to pay their debt when due. Although the Indenture will limit the ability of the Company's subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to the Issuer and the Guarantors, there are significant qualifications and exceptions to these limitations. In particular, goodwill impairment and other non-cash charges in our profit or loss account, as well as charges recognized directly in equity, if incurred, could potentially reduce our subsidiaries' reserves available for distribution and thus reduce or prevent upstream dividend payments directly or indirectly to the Issuer. Applicable tax laws may also be subject such payments to further taxation.

***The Revolving Credit Facility bears interest at a floating rate that could rise significantly, increasing our interest cost and debt and reducing our cash flow.***

Loans under the Revolving Credit Facility bear interest at rates per annum equal to compounding overnight SONIA (as defined below) for loans denominated in Sterling, EURIBOR for loans denominated in euro or the London Interbank Offered Rate ("**LIBOR**") for loans denominated in any currency other than Euro and Sterling, plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with the Revolving Credit Facility, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurances that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly, our interest expense associated with the Revolving Credit Facility would correspondingly increase, thus reducing cash flow.

In addition to the above, following allegations of manipulation of LIBOR, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on March 5, 2021, the UK Financial Conduct Authority ("**FCA**") announced that certain LIBOR settings will permanently cease immediately after December 31, 2021 or after June 30, 2023, as applicable (the "**FCA Announcement**"). The FCA Announcement indicates that the FCA will no longer require any panel banks to continue to submit LIBOR beyond the date from which the panel banks have notified their departure, or to require the ICE Benchmark Association to continue to publish LIBOR on the basis of panel banks submissions beyond such dates. It follows that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after the dates set out in the FCA Announcement. The International Swaps and Derivatives Association has further announced on March 5, 2021 that the FCA Announcement constitutes an index cessation event under the IBOR Fallbacks Supplement and the ISDA 2020 IBOR Fallbacks Protocol for all LIBOR settings. The elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which a benchmark is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including, but not limited to, the Revolving Credit Facility having interest rates that are linked to LIBOR or EURIBOR, as applicable). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest. The elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which a benchmark is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including but not limited to the Revolving Credit Facility). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

Various interest rate benchmarks (including LIBOR) are the subject of recent regulatory guidance and proposals for reform. Some reforms are already effective while others are still to be implemented, including the EU Benchmark Regulation (Regulation (EU) 2016/1011, as amended). In addition, the FCA Announcement indicates that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021 or June 30, 2023, as applicable. On November 29, 2017, the Bank of England and the FCA announced that the market Working Group on Sterling Risk-Free Rates would have an extended mandate to catalyze a broad transition to the Sterling Over Night Index Average rate ("**SONIA**") across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. The Bank of England and FCA have stated that a key near- term priority for the Working Group will be to make recommendations relating to the potential development of term SONIA reference rates. These reforms and other pressures may cause such benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Based on the foregoing, investors should in particular be aware that:

(i) any of the reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

(ii) from the cessation date of LIBOR, the rate of interest applicable to our sources of funding may be determined for a period by applicable fall-back provisions, although such provisions, often being dependent in part upon the provision by reference banks of offered quotations for the LIBOR rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available.

More generally, any of the above matters or any other significant change to the setting or existence of LIBOR could affect our ability to meet our obligations under the its sources of funding and/or could have a material adverse effect on the liquidity of, and the amount payable under, its sources of funding. Changes in the manner of administration of LIBOR could result in adjustments to the conditions applicable to our sources of funding or other consequences relevant to our sources of funding. No assurance can be provided that changes will not be made to LIBOR or any other relevant benchmark rate and/or that such benchmarks will continue to exist.

***The Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Company that do not guarantee the Notes.***

On the Issue Date, the Notes will not be guaranteed. Assuming the Completion Date occurs on or prior to the Longstop Date, the Notes will be guaranteed on a senior secured basis (i) on the Release Date, by the Initial Guarantors and (ii) as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date and subject to the Intercreditor Agreement and the Agreed Security Principles, by the Target Guarantors. In addition, following the Completion Date, with certain other Post-Completion Mergers, we intend to merge pursuant to Article 2501-*bis* of the Italian Civil Code the Issuer with Lutech, with Lutech being the surviving entity. Pursuant to the completion of the Post-Completion Mergers, Lutech will be substituted as the issuer of the Notes. See "*—Risks Relating to the Transactions—We may be unable to complete the Post-Completion Mergers within the anticipated time frame, or at all*," "*—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*" and "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

The Guarantees will also be subject to certain material limitations pursuant to applicable laws as described under "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral.*" See "*—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.*"

Prior to the granting of the Target Guarantees, the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer and the Initial Guarantors (including the Target and its subsidiaries). After the granting of the Target Guarantees by the Target Guarantors (if applicable and subject to any limitations thereon), the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Target that do not guarantee the Notes. Not all of the subsidiaries of the Issuer or Target will guarantee the Notes, and the Notes will therefore be structurally subordinated to any existing or future indebtedness or obligations of each of its subsidiaries and the subsidiaries of the Target that do not guarantee the Notes. More generally, the Notes will be structurally subordinated to the existing or future liabilities of the Issuer's subsidiaries that are not, or do not become, Guarantors and to the liabilities of any Guarantor to the extent that such liabilities exceed the principal amount of Notes that can be guaranteed or secured by the relevant Guarantor. The Target Guarantees by the Target Guarantors, the Initial Guarantees by the Initial Guarantors and any other future Guarantees, will provide the holders of the Notes with direct claims against the Target Guarantors, the Initial Guarantors or any other future Guarantor, as applicable. However, the obligations of any Guarantor of the Notes under its Guarantee will be limited under the Indenture to an amount which has been determined so as to ensure that amounts payable will not result in violations of applicable laws or otherwise cause such Guarantor to be deemed insolvent under applicable law or such Guarantee to be deemed void, unenforceable or *ultra vires*, or cause the directors of such Guarantor to be held in breach of applicable law for providing the Guarantee. As a result, a Guarantor's liability under its Guarantee could be materially reduced or eliminated depending upon the amount of its obligations and upon applicable laws. The Guarantee of the Guarantors under the Indenture will be limited as set forth in "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral.*"

Generally, claims of creditors, including depositors, trade creditors and preferred stockholders (if any) of non-guarantor subsidiaries of the Issuer are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to their respective parent entity or the creditors of the Issuer or the Guarantors, as the case may be. Accordingly, in the event that any subsidiary of the Issuer, including the Target Guarantors prior to the granting of the Target Guarantees, becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

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

As such, the Notes and the Guarantees will be structurally subordinated to the creditors, including depositors, trade creditors and any preferred stockholders (if any) of the non-guarantor subsidiaries of the Issuer.

As of and for the year ended December 31, 2020, the Target Guarantors represented 81.7% of the total production revenues, 73.8% of the Adjusted EBITDA and 82.2% of the total assets (on an unconsolidated basis but excluding goodwill, investments and intragroup eliminations), in each case of the Lutech Group (which excludes the holding companies of Lutech). As of December 31, 2020, as adjusted to give effect to the Transactions, the subsidiaries of the Target that are not expected to guarantee the Notes would have had €1.5 million of third party debt outstanding.

In addition, the Indenture will, subject to certain limitations, permit the Issuer, the Target, the Guarantors and their respective subsidiaries, including subsidiaries that are not Guarantors, to incur substantial additional indebtedness without such incurrence constituting a default under the Indenture, and such indebtedness may also be secured. The Indenture will not contain any limitation on the amount of other liabilities, such as deposits and trade payables in the ordinary course of business that may be incurred by non-guarantor subsidiaries.

***Certain of the Collateral will not secure the Notes on the Issue Date, the Release Date and/or Completion Date.***

The Notes will only be secured by the Deposit Account Charge on the Issue Date. On or about the Release Date, and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Initial Guarantees will only be secured on a first-priority basis by security interests in the Initial Collateral. Assuming the Completion Date occurs on or prior to the Longstop Date, (i) as soon as reasonably practicable after the Completion Date and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Target Guarantees will be secured on a first-priority basis by (a) a Dutch law pledge over the shares held by Bidco in the Target and (b) a Dutch law pledge over structural loan receivables owed to the Issuer by Bidco (if applicable), and (ii) as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Target Guarantees will be secured on a first-priority basis by the remaining Target Collateral. See "*Description of the Notes—Security*." Furthermore, on the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed by any of the Guarantors.

Assuming the Completion Date occurs on or prior to the Longstop Date, the Notes will be guaranteed on a senior secured basis (i) on the Release Date, by the Initial Guarantors and (ii) subject to the Agreed Security Principles, as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date, by the Target Guarantors. The provision of such Guarantees and granting of Collateral are in each case subject to the Agreed Security Principles. There can be no assurance, however, that we will be successful in procuring such security interests or guarantees within the time periods specified, the failure of which would result in an "event of default" under the Indenture.

Subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Collateral will also secure borrowings under the Revolving Credit Facility and certain hedging obligations, if any. Under the terms of the Intercreditor Agreement, in the event of enforcement of the security over the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility and certain hedging obligations, if any, have been repaid in full. In addition, subject to and on terms consistent with the Agreed Security Principles, certain other security interests in the Collateral may be confirmed, extended and/or granted (as applicable) in accordance with the covenants described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*. In particular, with respect to the guarantees and/or security interests newly created and/or extended upon the effectiveness of the Post-Completion Mergers, a hardening period of one year applies.

The Collateral will be subject to certain material limitations pursuant to applicable laws as described under "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*." See also "*—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*."

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

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

In particular, enforcement of any Guarantee or Collateral against the relevant Guarantor or pledgor would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the Guarantee or pledges of security designed to ensure compliance with statutory requirements applicable to the relevant Guarantors or pledgors. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization, capital maintenance or similar laws and regulation or defenses affecting the rights of creditors generally. As a result, the liability of a Guarantor under its Guarantee or of a pledgor of security could be materially reduced or eliminated, depending on the amounts of its other obligations and the law applicable to it. In addition, the maximum amount guaranteed and/or secured by Guarantors incorporated in Italy, Luxembourg and the Netherlands are subject to significant limitations. The enforcement of the Guarantees against the Guarantors would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the Guarantees designed to ensure compliance with statutory requirements applicable to the Guarantors. As a result, any Guarantor's liability or security provider's liability under its Guarantee or Collateral could be materially reduced or eliminated, depending upon the law applicable to it.

In particular, under Italian law, by virtue of these limitations, an Italian Guarantor's obligations under its Guarantee will be significantly less than the amounts payable with respect to the Notes, or an Italian Guarantor may have effectively no obligation under the Guarantee and security interests granted by it. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral – Italy – Limitations on Validity and Enforceability of Guarantees and Security Interests under Italian Law and Limitations to the Guarantees and Collateral*."

In particular, under Dutch law, receipt of any payment under a guarantee may for instance be affected by (a) the standards of reasonableness and fairness (*maatstaven van redelijkheid en billijkheid*); (b) force majeure (*niet-toerekenbare tekortkoming*) and unforeseen circumstances (*onvoorziene omstandigheden*); and (c) the other general defenses available to debtors under Dutch law in respect of the validity, binding effect and enforceability of such guarantee. In addition, under Dutch law the validity and enforceability of a guarantee may also be successfully contested by a Guarantor (or its receiver in bankruptcy) on the basis of an ultra vires claim or, by any creditor or a Guarantor's receiver in bankruptcy, if such obligation is prejudicial to the interests of any other creditor, or in case of bankruptcy, the joint creditors (and the other requirements for voidable preference (*actio pauliana*), that apply on the basis of article 3:45 et seq. of the Dutch Civil Code (*Burgerlijk Wetboek*) or article 42 et seq. of the Dutch Bankruptcy Act (*Faillissementswet*), respectively). Other Dutch law defenses or limitations, and in addition, certain impending factors that apply in general (such as dissolution (*ontbinding*) of contract and set off (*verrekening*)), may apply with respect to the validity and enforceability of a Guarantee.

In addition, it is possible that the Guarantors or creditor of the Guarantors, or the bankruptcy trustee or bankruptcy receiver or other insolvency office holder in the case of a bankruptcy/insolvency procedure related to a Guarantor or security provider, may contest the validity and enforceability of the Guarantors' Guarantees or the security provider's Collateral on any of the above grounds and the applicable court may determine that the Guarantees or Collateral should be limited or voided. To the extent that agreed limitations on the Guarantees or Collateral apply, the Notes would be to that extent structurally subordinated to all liabilities of the Guarantors or security provider, including trade payables of the Guarantors. Any future Guarantees required to be granted under the Indenture may be subject to similar limitations.

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

***The Issuer's right to receive payments under the Proceeds Loan prior to the Post-Completion Mergers (if they occur) may be subordinated by law to the obligations of other creditors.***

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof.

In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company, (ii) any entity subject to the management and coordination powers of the same person, or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, such loan will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("undercapitalization"). 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. Such provision has been repealed and replaced by the new Insolvency Code (as defined herein), the entry into force of which has been currently postponed to September 1, 2021. Therefore, following the date of entry into force of the new Insolvency Code, such provision under Article 2467 of the Italian Civil Code will cease to apply but a substantially similar provision will be provided in the new Insolvency Code. 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.

Currently, 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, it cannot be excluded that a court may find these requirements under the Italian Civil Code apply to the Proceeds Loan borrowed by Lutech. Accordingly, an Italian court may conclude that the Lutech's obligations under the Proceeds Loan are subordinated to all its obligations towards other creditors. Should the Lutech's obligations under the Proceeds Loan be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, prior to the Post-Completion Merger the Issuer may not be able to recover any amounts under the Proceeds Loan, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans (including the Proceeds Loan) or notes are subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interest granted by such Italian subsidiaries with respect to the Notes (including the Guarantees) may be impaired or restricted.

***The principal amount of the Proceeds Loan forming part of the Collateral may be less than anticipated as a result of prepayments thereof.***

Upon the release of the proceeds of the Offering from the Deposit Account, the Issuer will enter into the Proceeds Loan which will be used by Lutech to repay in full and cancel the Existing Lutech Indebtedness. The intercompany receivables arising under the Proceeds Loan will constitute part of the Collateral. Prior to completion of the Post-Completion Mergers, repayments of the Proceeds Loan prior to the maturity date of the Notes would result in a reduction in the liability owed by Lutech to the Issuer and any reduction in the principal amount of the Proceeds Loan would reduce the value of such receivable and the Collateral, as well as the value of the Collateral and the Target Guarantors' Guarantees. Any reduction in the principal amount of the Proceeds Loan could also adversely affect the ability of the Issuer to make payments under the Notes if the Issuer is otherwise unable to cause its subsidiaries to pay dividends or make loans or other distributions to it. Subject to certain significant exceptions, the Proceeds Loan documentation, however, will prohibit the repayment, reduction, extinction or equitization of the Proceeds Loan. Such exceptions include, but are not limited to, the repayment of the Proceeds Loan to enable the Issuer to make payments of principal and interest on the Notes. See also "*—The Issuer is a holding company that has no revenue-generating operations of its own and will be dependent on cash flows from the Proceeds Loan or other payments or distributions from the Target Group to service the Notes*." The security interests in the Proceeds Loan will cease to exist automatically upon completion of the Post-Completion Mergers.

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

On or about the Release Date, the Notes will be secured, subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, by the Initial Collateral. In addition, assuming the Completion Date occurs on or prior to the Longstop Date and subject to the Agreed Security Principles, (i) as soon as reasonably practicable after the Completion Date, the Notes will be secured on a first-priority basis by Dutch law pledge over the shares held by Bidco in the Target and the structural loan receivables owed to the Issuer by Bidco, if applicable and (ii) as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date, the Notes and the Target Guarantees will be secured on a first-priority basis by the remaining Target Collateral. The Security Documents relating to the Notes will allow each of the Issuer (and following the Post-Completion Mergers, Lutech), the Company, the Guarantors and any other Collateral providers, as applicable, to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral to the extent that it relates to their assets. So long as no acceleration event has occurred and subject to certain conditions, the Issuer (and following the Post-Completion Mergers, Lutech), the Company, the Guarantors and any other Collateral providers, as applicable, may, among others, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral in accordance with the Indenture and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

Once granted, the security interests over the Collateral will be limited to the same extent as those under the Revolving Credit Facility and otherwise as set forth under "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*," which limitations could be significant. It should be noted that, as a general law principle, if a guarantee or a security interest granted by a guarantor in certain jurisdictions is granted or perfected after the secured obligation arose, such guarantee or security interest may be subject to claw back provisions under applicable local insolvency laws. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

Following the completion of the Lutech Acquisition, and within approximately 18 months of the Completion Date, along with certain other Post-Completion Mergers, we intend to merge the Issuer with Lutech, with Lutech being the surviving entity. Pursuant to the completion of the Post-Completion Mergers, Lutech will be substituted as the issuer of the Notes. In addition, following the Post-Completion Merger, and to the extent applicable, certain security interests in the Collateral may be released, and certain other security interests in the Collateral will be confirmed and/or extended in accordance with the covenants described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*." In the event we are unable to consummate the Post-Completion Mergers, such collateral will not be confirmed, extended and/or granted for the benefit of the holders of the Notes in connection with Tranche A, and Libra GroupCo S.p.A. will remain as the Issuer and the Notes will benefit from the Guarantees and the Collateral subject to the limitation described under "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

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

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

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

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

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

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

Additionally, the grant of Collateral to secure 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 "claw back" 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 "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

***Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement on a "super senior" basis are entitled to be repaid with proceeds from the enforcement of the Collateral in priority to the Notes.***

The Intercreditor Agreement includes provisions governing the sharing of proceeds from enforcement of the Collateral. Such enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Notes. The Security Agent is required to apply turned over amounts and other recoveries by the Security Agent from enforcement actions towards discharging certain super senior obligations (including, among others, those under the Revolving Credit Facility, certain hedging obligations (if any) and future indebtedness that may be secured on a super senior basis in accordance with the terms of the Indenture and the Intercreditor Agreement (the "**Super Senior Liabilities**")) in priority to applying any such amounts towards discharging the Notes. Any proceeds remaining from an enforcement sale of any Collateral will, after all obligations under such Super Senior Liabilities have been discharged, be applied *pro rata* to the repayment of all obligations under the Indenture and any other senior secured indebtedness of the Issuer and the Guarantors that ranks *pari passu* with the Notes and is permitted to be incurred and secured by such Collateral pursuant to the Indenture and the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." Furthermore, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

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

We are organized under the laws of Italy and are resident in Italy for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain or payment on the Notes, may be subject to Italian tax laws and regulations. All payments made by us or on our behalf in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, we must pay such Additional Amounts as will result in the holders of the Notes receiving the amounts as they would have received in respect of such Notes had no such withholding or deduction been required. We will not be liable to pay any Additional Amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Decree No. 239 or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**"), except where we or our agents failed to comply with the procedures prescribed by Decree No. 239 or by Decree No. 461 in order to benefit from an exemption. In such circumstances where we would not be liable to pay Additional Amounts, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Withholding Taxes*" and "*Certain Taxation Considerations—Certain Italian Tax Considerations*."

Although we believe that, under current law, Italian withholding 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 or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained in the Italian Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended and, supplemented from time to time and replaced, (the "**White List**"), and such holder complies with certain certification requirements, there can be no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in the White List relevant for Decree No. 239 after the date hereof.

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

Current tax legislation in Italy (provided for by Article 96 of Presidential Decree No. 917 of December 22, 1986 ("**Article 96**"), as recently amended by Legislative Decree No. 142/2018) allows for the full tax deductibility of interest expense incurred by the Issuer in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of EBITDA (i.e., *risultato operativo lordo della gestione caratteristica* or "**ROL**"), calculated pursuant to the applicable tax rules. The amount of ROL not used for the deduction of the amount of interest expense in a fiscal year can be carried forward for the following five fiscal years. The amount of any interest income exceeding the interest expenses in a fiscal year can be carried forward without time limits. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years and deducted, provided that and to the extent that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. Starting from 2019, should the 30% of the EBITDA be higher than the interest expenses, the exceeding part may be carried forward in the following five fiscal years (no time limitation is provided with reference to the EBITDA related to fiscal years up to 2018, that however can be only used to deduct interest expenses arising from financing agreements executed up to 17 June 2016) and used to deduct interest payable. In the case of a tax group, interest expense not deducted by an entity within 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. This 30% threshold applies to the Italian subsidiaries of the Issuer only. Article 96 does not apply to certain entities active in the insurance and financial sector.

In addition, the Italian tax authorities have in certain instances challenged merger leverage buyout transactions with respect to the deductibility of interest expenses arising in connection with acquisition financing. However, on March 30, 2016, the Italian Revenue Agency issued Circular Letter n. 6/E ("**Circular Letter**") clarifying, as a common principle, that interest on the acquisition bank loan in leveraged buy-out transactions are generally deductible for IRES purposes, subject only to ordinary limitations stated in art. 96 Presidential Decree no. 917 of December 22, 1986.

There can also be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing does not relate to the business of the borrowing entity (as the relevant transaction is deemed as "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law). Italian tax laws and pronouncements of the tax authorities are subject to change and positions that the Issuer and the Target Group takes for tax purposes may be challenged.

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

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

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

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**EU FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**Participating Member States**"). On December 8, 2015, Estonia indicated that it would no longer be a Participating Member State.

The Commission's Proposal has very broad scope and, if introduced in its current form, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

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

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

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

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

The Security Agent may refrain from taking enforcement action unless instructed to do so in accordance with the provisions described in the following paragraphs.

Subject to the consultation requirements described in the immediately following paragraphs, if the transaction security has become enforceable in accordance with its terms and either (i) the holders of the aggregate principal amount of the then outstanding Notes, the senior lenders, creditors in respect of indebtedness ranking *pari passu* with the senior creditors and creditors in respect of certain non-priority hedging obligations (the "**Senior Secured Credit Participations**") which aggregate more than 66 2/3% of the total Senior Secured Credit Participations at that time (the "**Majority Senior Secured Creditors**"), or (ii) the creditors holding more than 66 2/3% of the total participations in Super Senior Liabilities at that time (the "**Majority Super Senior Creditors**") wish to issue enforcement instructions they shall deliver a copy of those instructions to the Security Agent and the other agents, trustees and hedge counterparties.

The Intercreditor Agreement provides that, except in certain circumstances, the agent of the creditor class which is secured by the Collateral who wishes to deliver an enforcement instruction must first consult with every agent or representative of the other relevant creditor classes, certain creditors and the Security Agent for a period of 10 business days (or, in the case of consultation with a trustee, agent or representative in respect of any high yield notes, debt securities or other similar instruments (including the Notes), 30 days) (or such shorter period as may be agreed) (the "**Consultation Period**"). Upon conclusion of the Consultation Period, the Security Agent may act upon the instructions of the relevant instructing group (including as described in the immediately preceding paragraph). To the extent there are conflicting instructions following the Consultation Period, those instructions given on behalf of the Majority Senior Secured Creditors will prevail.

However, in certain circumstances the creditors under the Super Senior Liabilities will have control over enforcement of the Collateral, including if (i) such creditors have not been fully repaid within six months of the end of the first Consultation Period, (ii) the Security Agent has not commenced any enforcement action (or a transaction in lieu thereof) within three months of the end of the first Consultation Period or (iii) an insolvency event has occurred and the Security Agent has not commenced any enforcement action (or a transaction in lieu thereof). The foregoing arrangements could result in the enforcement of the Collateral in a manner that results in lower recoveries by holders of the Notes.

Disputes may occur between the holders of the Notes and creditors of the Super Senior Liabilities as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral securing such obligations. In such an event, the holders of the Notes will be bound by any decisions of the relevant instructing group, which may result in enforcement action in respect of the relevant Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such noteholders.

The obligation to consult described in the preceding paragraphs may not be applicable if: (i) the Collateral has become enforceable as a result of an insolvency event; or (ii) the relevant instructing group (or an agent thereof) determines in good faith (and notifies the other parties) that to enter into consultations and delay the start of enforcement would reasonably be expected to have a material adverse effect on: (a) the Security Agent's ability to enforce the Collateral; or (b) the realization proceeds of such enforcement. Where this exception from consultation applies: (1) any instructions are required to be limited to those necessary to protect or preserve the interests of the senior secured creditors on behalf of which the relevant instructing group is acting in relation to sub-paragraphs (a) and (b); and (2) the Security Agent is required to act in accordance with the instructions first received.

The Security Agent may also refrain from acting in accordance with any instructions until it has been indemnified and/or secured (including by way of payment in advance or otherwise) from any such instructing group that it may in its discretion require for any cost, loss or liability which it may incur in complying with those instructions.

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

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

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

To note that, under certain applicable local jurisdiction, intercreditor provisions may not be opposed against the insolvency or bankruptcy trustee or competent bodies.

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

The Notes will be secured only to the extent of the value of the relevant Collateral. See "*Description of the Notes—Security*." Not all of our assets secure the Notes, and the Indenture will allow the Issuer and its restricted subsidiaries to secure certain future indebtedness permitted to be incurred with certain property and assets that do not secure the Notes. If an event of default occurs and the obligations under the Notes are accelerated, the Notes and the Guarantees thereof will not benefit from the assets securing such secured debt and will rank equally with the holders of other unsecured indebtedness of the Issuer and the Guarantors with respect to any property or assets excluded from the 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.

While the Indenture will create certain obligations to provide additional Guarantees and grant additional security over assets, or a particular class of assets, including as a result of granting liens in favor of other indebtedness such obligations are subject to significant exceptions and qualifications. In addition, the Agreed Security Principles set out a number of limitations on the rights of the holders of the Notes to be granted security or Guarantees in certain circumstances. The operation of such Agreed Security Principles may result in, among others, the amount recoverable under any Collateral provided being limited or security not being granted over a particular type or class of assets. Pursuant to the Agreed Security Principles, among others, Target Collateral (i) in the case of each Guarantor incorporated in Luxembourg, Italy or the Netherlands, will consist of security over any shares held by it in a Guarantor, any material operating bank accounts held by it and any material structural intercompany loans made by it to a Guarantor and (ii) in the case of each other Guarantor, security over any shares held by it in a Guarantor. Subject to Agreed Security Principles, any wholly owned member of the Group which has earnings before interest, tax, depreciation and amortization (calculated on an unconsolidated basis and subject to certain adjustments) representing more than 5% of the Consolidated EBITDA (as defined in the Revolving Credit Facility Agreement) of the Group ("**Material Company**"), which is incorporated in Luxembourg, Italy and the Netherlands or any other jurisdiction in which a borrower under the Revolving Credit Facility Agreement is incorporated (in relation to that borrower only) (each such jurisdiction being a "**Security Jurisdiction**" and any other jurisdiction, being an "**Excluded Jurisdiction**") will become a Guarantor of the Revolving Credit Facility and as a result of providing such guarantee, will be required to Guarantee the Notes. In addition, the Issuer will be required to maintain a guarantee coverage representing at least 80% of the Consolidated EBITDA (as defined in the Revolving Credit Facility) of the Group, subject to certain adjustments, under the Revolving Credit Facility (and subject to the Agreed Security Principles, the Notes will be guaranteed by members of the Group that guarantee the Revolving Credit Facility pursuant to such guarantee coverage test). Accordingly, such Agreed Security Principles may affect the value of the security or Guarantees provided by the Issuer and any Guarantors.

However, even though the Notes and the Revolving Credit Facility are expected to share the same Collateral and Guarantees, this may not 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, applicable 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.

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

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

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

If we default on the Notes, holders of the Notes will be secured only to the extent of the value of the assets underlying the security interests granted in favor of holders of the Notes. In the event of an enforcement of the security interests in respect of the Collateral, the proceeds from the sale of the assets underlying the Collateral may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. As described elsewhere, the extent of the Collateral is limited, including by virtue of the fact that no assets located in an Excluded Jurisdiction will constitute part of the Collateral, the shares of any Material Company incorporated in an Excluded Jurisdiction shall not constitute part of the Collateral, and any such Material Company incorporated in an Excluded Jurisdiction shall not provide any guarantee or security in favor of the Notes. In accordance with the Agreed Security Principles, guarantee and/or security shall only be granted by certain entities. See "*Description of the Notes—Security*."

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

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

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

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

In addition, as described above, the value of the Guarantees and the Target Collateral that will be granted by the Target will be limited further as described under "*—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*," "*—The principal amount of the Proceeds Loan forming part of the Collateral may be less than anticipated as a result of prepayments thereof*" and "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

***The granting of the Guarantees and security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening or voidance periods for such security interests in accordance with the laws applicable in certain jurisdictions.***

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

The Indenture will provide that the Collateral securing the Notes may be released and retaken and/or extended in several circumstances, including in connection with the granting of certain permitted liens of the Collateral in favor of other indebtedness and certain internal "permitted reorganizations." In Italy, for example, such a release and retaking and/or extension of Collateral may give rise to new hardening periods in respect of the relevant security interests in the Collateral that are granted, extended, perfected or released and retaken, and the security interests in the relevant Collateral would be subject to the same risks described in the preceding paragraph.

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

***The Collateral and the Guarantees will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement, which could adversely affect the value of the Collateral and the Guarantees, as well as the ability of the Security Agent to realize or foreclose on such Collateral and the Guarantees. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors.***

The Collateral will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement, whether on or after the date the Notes are first issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under applicable law. The Collateral may be subject to practical problems generally associated with the realization of security interests in collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consents. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease. Furthermore, because the security interests in the Collateral will be governed by the laws of a number of different jurisdictions, realization and enforcement may be further delayed by court proceedings being taken in multiple jurisdictions.

***The recovery from the enforcement of the share pledges forming part of the Collateral may be complicated, involve long recovery times and a low recovery rate 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, to the extent the Collateral will include security interest over Italian entities, enforcement of any such security interest may require clearance by the Italian Government (as well as for the purpose of the step-in of the Security Agent into the voting rights related to the shares of the Issuer), pursuant to the 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.

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

The Issuer is incorporated under the laws of Italy, while the Guarantors and the expected security providers are incorporated in Italy, Luxembourg and the Netherlands. The Collateral will include, among others, the shares of certain Guarantors incorporated under the laws of these jurisdictions and certain present and future intercompany loan receivables under the Proceeds Loan. In the event of bankruptcy, insolvency, administration or a similar event, proceedings could be initiated in either of these jurisdictions. Your rights under the Notes, the Guarantee and the Collateral are likely to be subject to insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. In addition, the multi-jurisdictional nature of enforcement over the Collateral may limit the realizable value of the Collateral.

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

Moreover, in certain jurisdictions, it is unclear whether all security interests in the Collateral securing the Notes give the Security Agent a right to prevent other creditors from foreclosing on and realizing the Collateral or whether certain security interests only give the Security Agent and the holders of the Notes priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the holders of the Notes may not be able to avoid foreclosure by other creditors (including unsecured creditors) on such Collateral.

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

The security interests in the 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 Collateral are taken, including the laws of Italy, Luxembourg and the Netherlands, as applicable. 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 and this area of law is untested in the courts of certain jurisdictions (including 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 relevant Security Agent ("**Parallel Debt**") mirroring the obligations of the Issuer and any Guarantors owed to holders of the Notes under or in connection with the Indenture, as applicable ("**Principal Obligations**"), but in jurisdictions such as Italy, these Parallel Debt provisions would not be applicable. All or part of the pledges and other security interests in such jurisdictions will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under parallel debt structures, the Parallel Debt will typically be at all times in the same amount and payable at the same time as the Principal Obligations and any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct in financing transactions, including credit facilities and bond issuances, has not been tested under law in certain of these jurisdictions, including under Italian, Dutch and Luxembourg law, and to the extent that the security interests in the Collateral created to secure the Parallel Debt construct are not validly granted, are unenforceable or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

For example, in Italy the 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 holder of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil

Code. Under such provision (introduced by Italian Law Decree No. 133 of September 12, 2014 converted into Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be created in favor of an agent (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantee by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Security Documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral—Security Agent.*"

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 and for the purposes set forth under Article 2414-*bis*, Paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of 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 Collateral is only granted in favor of the *rappresentante*, the holders of Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the Security Documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "**suspect period**"). A longer period may apply to any Collateral governed by Italian law which may be granted after the Offering. Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors, even if such claims are secured claims. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

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

In case of insolvency of any Guarantors, the enforcement of any guarantees provided by such Guarantors may be subject to certain restrictions. For a more detailed description of various limitations on the security under Italian law, see "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

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

Pursuant to the Indenture, under a variety of circumstances, the Collateral securing the Notes will be released automatically, including a sale or other disposition of such Collateral in a transaction that does not violate the asset sale covenant of the Indenture, as applicable, and in connection with an enforcement sale permitted under the Intercreditor Agreement. The Indenture will also permit us to designate one or more restricted subsidiaries that are guarantors of the Notes as unrestricted subsidiaries. If we designate a Guarantor as an unrestricted subsidiary for purposes of the Indenture, all of the liens on the Collateral owned by such subsidiary and any Guarantees of the Notes by such subsidiary will be released under the Indenture, subject to certain conditions. Designation of an unrestricted subsidiary as such will reduce the aggregate value of the Collateral securing the Notes to the extent of liens securing the shares of such unrestricted subsidiary or of its subsidiaries. See "*Description of the Notes—Certain Covenants—Release of Liens.*"

***The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders.***

The Indenture will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. The provisions under "*Description of the Notes—Meeting of Holders*," permit defined majorities, depending on the nature of the resolution, to bind all holders of the Notes, including holders of Notes who did not attend and vote at the relevant meeting, and holders of Notes who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among others, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or to change the majority required to pass a resolution, and to change the amendment provisions. These and other changes may adversely impact rights of holders of Notes and may have a material adverse effect on the market value of the Notes.

Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold may be reduced from 90% or 75%, as applicable, to the applicable threshold which, with respect to amendments of the terms and conditions of the Notes, is equal to 50% of the aggregate principal amount of the then outstanding Notes or, if higher, the majority required pursuant to Article 2369 the Italian Civil Code, being two thirds of the aggregate principal amount of the Notes represented at the relevant meeting. Furthermore, the interaction between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and, (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies is also untested in the Italian courts.

***The insolvency laws of Italy, the Netherlands, Luxembourg and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar.***

The Issuer is incorporated under the laws of Italy. There is a rebuttable presumption that the "center of main interest" as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings (the "**EU Insolvency Regulation**") is the jurisdiction where the registered office is situated and has no "establishment" (as that term is used in Article 2(910) of the EU Insolvency Regulation) in any other jurisdiction.

The insolvency laws of foreign jurisdictions, including Italy, the Netherlands and Luxembourg may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that any one or more of the Issuer, the Guarantors (or any other future Guarantors which may be required to grant a Guarantee under the Indenture) or any other of the Issuer's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. In particular, the Indenture and the Intercreditor Agreement could be limited in scope and effect by Italian courts to the extent their covenants and provisions, which are untested under Italian case law, could be considered to conflict with mandatory provisions of Italian law. In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings or their duration (which may be significantly longer than the duration of analogous proceedings in jurisdictions you may be familiar with).

As a consequence, enforcement of rights under the Notes, the Guarantees (and any other future Guarantees which may be required to be granted under the Indenture) and the Collateral in an insolvency situation may be delayed and be complex and costly for creditors. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

***Limitations on the Guarantees and the security interests in the Collateral in relation to fraudulent conveyance statutes, may adversely affect their validity and enforceability.***

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

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

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

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

The amount recoverable from the Guarantors (or any other future Guarantors which may be required to grant a Guarantee under the Indenture) and security providers under the Security Documents will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire Guarantees or security interest may be set aside, in which case the entire liability may be extinguished.

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

- issued such Guarantees or created such security interest with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;
- issued such Guarantees or created such security interest in a situation where a prudent business person as a shareholder of such Guarantors or security provider would have contributed equity to such Guarantors or security provider or where the relevant beneficiary of the Guarantees or security interest knew or should have known that the Guarantors or security provider was insolvent or a filing for insolvency had been made;

- received less than reasonably equivalent value for incurring the debt represented by the Guarantees or security interest on the basis that the Guarantees or security interest were incurred for our benefit, and only indirectly the Guarantors' or security provider's benefit, or on some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the Guarantees or the creation of the security interest, or subsequently became insolvent for other reasons, (ii) was engaged, or was about to engage, in a business transaction for which the Guarantors' or security provider's assets were unreasonably small or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due;
- the Guarantees or security interest was entered into within a certain time period prior to the opening date of insolvency proceedings of the Guarantors or collateral provider; or
- the amount paid or payable was in excess of the maximum amount permitted under applicable law.

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

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

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

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

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

The Issuer is a wholly owned subsidiary of the Company. As of the date of this Offering Memorandum, funds advised by Apax indirectly holds 100% of the shareholding of the Company and control the Company. Following the Lutech Acquisition, it is expected that Apax will beneficially own approximately 85% of the shareholding of the Company, with the remaining approximately 15% beneficially owned by the senior management of the Group pursuant to management co-invest and a management equity program instituted at the level of an indirect holding company of the Company. As a result, Apax 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. Apax's interests in certain circumstances may conflict with your interests as holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. For example, Apax could vote to cause us to incur additional indebtedness. Moreover, Apax 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. Apax 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, Apax may hold interests in suppliers or customers of the Group. Apax 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, in each case, to Apax, its respective affiliates or third parties, which could result in changes to our shareholding structure), financings, dividend distributions or other transactions, all of which may be implemented under the covenants in the Indenture and that, in their judgment, could enhance their equity investments, although such transactions might involve risks to you as a holder of Notes. See "*Certain Relationships and Related Party Transactions*."

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

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been, and will not be, registered under the U.S. Securities Act or any U.S. 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 U.S. 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 will contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions under the U.S. Securities Act. In addition, the Notes will not be made available in denominations less than €100,000. Furthermore, the Issuer has not registered the Notes under any other country's securities laws. 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*" and "*Book-Entry, Delivery and Form—Transfers*."

***We cannot assure you that an active trading market will develop for the Notes, in which case your ability to sell the Notes will be limited.***

There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited. The Notes are new securities and we cannot assure you as to:

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

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

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

Although the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof, we cannot assure you that the Notes will remain listed, whether on the Luxembourg Stock Exchange or elsewhere. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Luxembourg Stock Exchange or another recognized listing exchange for high yield issuers in accordance with the Indenture, the delisting of the Notes from the Luxembourg Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

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

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

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

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

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

Moreover, in certain circumstances specified in the Indenture, we will be required to commence an asset sale offer, as defined under the Indenture, to all holders of the Notes pursuant to which we will be obligated to offer to purchase the Notes at a price equal to 100% of their principal amount plus accrued and unpaid interest. See "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

In connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw the Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders of Notes, the Issuer or such third party will have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes in such offer. See "*Description of the Notes—Optional Redemption*."

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

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

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

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

***Certain covenants and events of default will be suspended if we receive investment grade ratings.***

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

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

The Notes will be denominated and payable in euro. If you are a U.S. holder (as defined in "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*"), an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the U.S. dollar because of economic, political and other factors over which we have no control. Depreciation of the euro against the U.S. dollar could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to U.S. investors on a U.S. dollar basis. Investing in the Notes by U.S. investors may have other significant tax consequences. See "*Certain Taxation Considerations—Certain U.S. Federal Income Tax Considerations*."

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

Under certain circumstances, we may undertake an IPO Pushdown (as defined in "*Description of the Notes*"). See "*Description of the Notes—IPO Pushdown*." The Indenture will provide that upon consummation of an IPO Pushdown, among others, references to the Issuer and the Restricted Subsidiaries (and all related provisions) in the Indenture shall apply only to the IPO Pushdown Entity (as defined in "*Description of the Notes*") and its Restricted Subsidiaries (as defined in "*Description of the Notes*") from time to time (which may not constitute all or substantially all of the Issuer's assets). Upon such substitution, each Holding Company (as defined in "*Description of the Notes*") of the IPO Pushdown Entity will be irrevocably and unconditionally released from all obligations under the Indenture, the Intercreditor Agreement and any security granted by any such Holding Company, and the Guarantees and any Collateral provided by such entities will therefore be released, which could materially reduce the Collateral securing the Notes and the Guarantees. Moreover, we may elect to, but are under no obligation to, revoke or otherwise reverse an IPO Pushdown undertaken in contemplation of an IPO Event (as defined in "*Description of the Notes*"), or to replace any Guarantees or Collateral released pursuant thereto, in the event that such IPO Event is not consummated. To the extent that new security documents in respect of any collateral to be retaken (including a pledge over the shares of Bidco or the Issuer) are entered into, such collateral may be subject to new hardening periods. In addition, the IPO Pushdown may result in a deemed exchange of the Notes for United States federal income tax purposes, depending upon the specific circumstances of the IPO Pushdown, and may have tax consequences for U.S. holders (as defined in "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*"), including recognition of gain or loss on such deemed exchange. See "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*."

***Additional Notes sold pursuant to Regulation S may not be fungible with existing Notes for U.S. federal income tax purposes.***

Additional Notes sold pursuant to Regulation S from time to time may be issued with the same ISIN, Common Code, CUSIP or other securities identification number as the applicable series of notes previously issued under the Indenture without being fungible with such series of notes for U.S. federal income tax purposes. If you are a U.S. holder (as defined in "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*") considering the purchase of Notes sold pursuant to Regulation S as part of this offering of Notes or in the secondary market, you should consult your tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of such Notes, including with respect to the potential issuance of additional Notes that are not fungible with the applicable series of initial notes issued under the Indenture for U.S. federal income tax purposes, but which nevertheless are not capable of being separately identified. In the event Additional Notes are issued pursuant to Regulation S that bear the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued, without being fungible with such series of initial Notes for U.S. federal income tax purposes, Book-Entry Interests in the Regulation S Global Notes that form part of that series, including in respect of investors that hold Book-Entry Interests in the Regulation S Global Notes on or prior to the date of issuance of such Additional Notes, will not be eligible for transfer to Book-Entry Interests in a Rule 144A Global Note (if any) representing Notes of that same series. Such a restriction could adversely impact the liquidity of sales of Book-Entry Interests in the Regulation S Global Notes. See "*Book-Entry, Delivery and Form—Transfers*" and "*Description of the Notes—Additional Notes*."

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

Unless and until Notes in definitive registered form, or definitive registered Notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holders of the Notes. Payments of principal, interest and other amounts owing on or in respect of the relevant Global Notes representing the Notes will be made to GLAS Trust Company LLC, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, as applicable, the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the relevant Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and Clearstream on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

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

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

## Use of Proceeds

We expect to receive gross proceeds of €275 million from the offering of the Notes. The gross proceeds of the Notes, together with an equity contribution from the funds advised by Apax and from certain members of Lutech's management, as well as cash on balance sheet at Lutech will be used (i) to finance the Lutech Acquisition and the Minority Acquisition, (ii) to refinance and cancel the Existing Lutech Indebtedness, (iii) to pay certain fees and expenses associated with the Transactions and (iv) for general corporate purposes, including acquisitions.

The following table sets forth the estimated sources and uses of funds in connection with the Lutech Acquisition and the other Transactions. Actual amounts will vary from estimated amounts depending on several factors, including the exact Completion Date and any Leakage, as further described under "*Summary—The Transactions—The Lutech Acquisition*." and the difference between estimated and actual fees and expenses.

For descriptions of our anticipated indebtedness following the offering of the Notes, see "*Description of the Notes*," "*Description of Certain Financing Arrangements*" and "*Capitalization*."

| **Sources of Funds** | | **Uses of Funds** | |
|---|---|---|---|
| **(€ millions)** | | | |
| Notes offered hereby[1] | 275.0 | Acquisition consideration[4] | 304.5 |
| Equity contribution[2] | 225.0 | Refinance Existing Lutech Indebtedness[5] | 180.8 |
| Cash on balance sheet[3] | 50.2 | Estimated fees and expenses[6] | 25.8 |
| | | Cash on balance sheet | 39.1 |
| **Total sources** | **550.2** | **Total uses[7]** | **550.2** |

(1) Represents the gross proceeds of the Notes expected to be issued pursuant to the Offering on the Issue Date.

(2) Represents the indirect equity contribution from funds advised by Apax and from certain members of Lutech's management.

(3) Represents liquid funds of Lutech Group as of December 31, 2020. Lutech Group's liquid funds as of March 31, 2021, were approximately €52.2. million.

(4) Represents (i) €300.0 million of consideration payable to the Sellers under the Main Acquisition Agreement and (ii) €4.5 million of consideration payable for the Minority Acquisition. These amounts are subject to adjustments. See "*Summary—The Lutech Acquisition*" and "*Summary—The Minority Acquisition*." The Lutech Acquisition consideration, which is payable on the Completion Date, is subject to adjustments in respect of the actual cash available at Lutech on the Completion Date and any Leakage, as further described under "*Summary—The Transactions—The Lutech Acquisition*." The amount excludes any consideration that is payable in respect of the Lutech Acquisition at a daily rate of €112,556 from June 1, 2021 until the Completion Date to compensate the Sellers for additional cash generation in the Target Group during this period, and excludes the earn-out amount of €20.0 million that may become payable by us in 2022 if certain thresholds are met. The earn-out is payable if the first margin or adjusted EBITDA (both calculated in accordance with the Main Acquisition Agreement and not directly comparable to the corresponding measures presented in this Offering Memorandum) achieved by the Lutech Group for the year ending December 31, 2021, is equal to or exceeds €128 million and €58 million, respectively.

(5) Represents (i) €165.8 million aggregate principal amount outstanding under the Existing Lutech Senior Facilities and (ii) €15.0 million aggregate principal amount outstanding under the Existing Lutech Other Facilities, consisting of €8.9 million short-term credit facilities, and €6.1 million of short-term bank debt (which we expect to repay in the near term but no later than the end of 2021), that will be refinanced by using Tranche B of the Notes. Amounts shown do not include accrued but unpaid interest in relation to the Existing Lutech Indebtedness.

(6) Reflects our estimate of fees and expenses associated with the Transactions, including estimated underwriting, financial advisory, legal, accounting, ratings advisory, certain fees and expenses of the seller in the Lutech Acquisition and other transaction costs and professional fees, including certain sell-side expenses payable by the Company. Estimated fees and expenses also include accrued and unpaid interest and estimated break costs, which we expect to incur in connection with the refinancing of the Existing Lutech Indebtedness (assuming a repayment date of May 31, 2021). Estimated fees and expenses exclude any applicable VAT.

(7) Proceeds from a portion of the Notes designated as Tranche A (as defined below), equal to an aggregate principal amount of €89.1 million, will be used to: (i) fund payment of the Lutech Acquisition consideration and consideration for the Minority Acquisition and (ii) finance costs, fees and expenses incurred in connection with such acquisitions and the other transactions as described above, including legal, accounting, ratings advisory and other transaction costs and professional fees (together with (i) above, "**Tranche A**"), and proceeds from a separate portion of the Notes designated as Tranche B (as defined below), equal to an aggregate principal amount of €185.9 million, will be used to: (a) refinance the Existing Lutech Indebtedness as per footnote (5) above and (b) pay the costs, fees and expenses incurred in connection with the refinancing (together with (a) above ("**Tranche B**")). 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 acquisitions and the refinancing of the Existing Lutech Indebtedness, respectively, and will not entail issuing separate identifiers (CUSIPs, ISINs or common codes) for each such tranche.

## Capitalization

The following table sets forth the consolidated cash and cash equivalents and capitalization of (i) Lutech as of December 31, 2020 on an actual basis, as derived from the Financial Statements and (ii) the Company, on an adjusted basis to give effect to the Transactions as if they had occurred on December 31, 2020. The adjusted information below is illustrative only and does not purport to be indicative of our capitalization following the completion of the Transactions.

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

| (€ million) | Lutech (Actual) As of December 31, 2020 | Company (As Adjusted) As of December 31, 2020 |
|---|---|---|
| | | (unaudited) |
| **Liquid funds**(1) | 50.2 | 39.1 |
| **Indebtedness:** | | |
| Notes offered hereby(2) | — | 275.0 |
| Revolving Credit Facility(3) | — | — |
| Existing Lutech Indebtedness(4) | 180.8 | — |
| Other bank debt(5) | 4.5 | 4.5 |
| **Total financial indebtedness** | **185.3** | **279.5** |
| Vendor related obligations and other financial arrangements(6) | 2.0 | 2.0 |
| Factoring(7) | 3.1 | 3.1 |
| **Total indebtedness** | **190.4** | **284.6** |
| Shareholders' equity(8) | 117.1 | 225.0 |
| **Total capitalization** | **307.5** | **509.6** |

(1) Represents liquid funds of Lutech Group as of December 31, 2020. The adjusted amount reflects Lutech Group's liquid funds as of December 31, 2020, as adjusted for the Transactions. See "*Use of Proceeds*." Lutech Group's liquid funds as of March 31, 2021 were approximately €52.2 million.

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

(3) The Issuer has entered into the Revolving Credit Facility Agreement on April 20, 2021. The Revolving Credit Facility is to be available for an amount of €45.0 million and may be used for general corporate purposes, including acquisitions and working capital. The Revolving Credit Facility will mature at the end of 66 months after the Release Date. We expect the Revolving Credit Facility to remain undrawn on the Completion Date. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."

(4) Represents (i) €165.8 million aggregate principal amount outstanding under the Existing Lutech Senior Facilities and (ii) €15.0 million aggregate principal amount outstanding under the Existing Lutech Other Facilities, consisting of €8.9 million short-term credit facilities, and €6.1 million of short-term bank debt (which we expect to repay in the near term but no later than the end of 2021), in each case as of December 31, 2020. Amounts shown are grossed up for transaction costs recognized within financial liabilities at amortized cost and do not include accrued but unpaid interest in relation to the Existing Lutech Indebtedness. See "*Use of Proceeds*."

(5) Represents long-term bank loans and other financial indebtedness with local banks that will remain on balance sheet after completion of the Transactions, comprising €1.5 million of loans secured by a mortgage and €3.0 million of unsecured bank loans.

(6) Represents financial liabilities under our arrangement with Dell Bank International D.A.C. ("**Dell**") for products and services from Dell in an amount of €1.9 million as of December 31, 2020 and €0.1 million of financial liabilities under other financial arrangements. Under our arrangement with Dell, we purchase products and services for resale from Dell and pay for such products and services in instalments of up to three years. Similarly, our customers pay for such resold products and services to us in instalments.

(7) Represents €2.0 million payable to factoring providers for non-recourse factoring, the contractual conditions of which were deemed not suitable for the derecognition of recognized amounts and €1.1 million payable towards factoring transactions with recourse to Lutech Group.

(8) As adjusted shareholders' equity represents the amount that Apax as well as certain members of the management of Lutech will indirectly contribute to the Issuer as part of the Transactions. See "*Use of Proceeds*."

## Selected Historical Financial Information

*The selected historical consolidated financial information provided below has been derived from the Financial Statements. The selected historical consolidated financial information is qualified in its entirety by reference to, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements included elsewhere in this Offering Memorandum. See "Presentation of Financial Data."*

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

### Summary Consolidated Profit and Loss Account Data.

| | Year Ended December 31, | | |
|---|---|---|---|
| **(€ million)** | **2018** | **2019** | **2020** |
| **A) Production revenues** | | | |
| Turnover from sales and services | 317.4 | 421.9 | 423.0 |
| Change in work in progress, semi-finished products and finished goods | (0.0) | 0.0 | (0.1) |
| Change in contract work in progress | 2.6 | 2.1 | 9.9 |
| Internal work capitalized | 2.6 | 5.6 | 5.3 |
| Other revenues and income with separate presentation of capital grants | 10.1 | 5.8 | 2.3 |
| **Total production revenues** | **332.7** | **435.4** | **440.4** |
| **B) Production cost** | | | |
| Raw materials, consumables, supplies and goods | 97.0 | 107.7 | 121.6 |
| Services | 91.5 | 124.5 | 112.8 |
| Use of third party assets | 7.5 | 9.7 | 10.5 |
| Personnel expenses | 101.5 | 148.5 | 151.4 |
| Amortization, depreciation and write-downs | 20.5 | 32.0 | 36.5 |
| Change in raw materials, consumables, supplies and goods | (0.5) | (0.9) | (0.0) |
| Provisions for risks | 1.5 | — | 0.2 |
| Other operating costs | 3.1 | 4.4 | 5.5 |
| **Total production cost** | **322.1** | **425.9** | **438.4** |
| **Operating profit (A-B)** | **10.6** | **9.5** | **2.0** |
| **C) Financial income/(charges)** | **(5.5)** | **(7.7)** | **(8.0)** |
| **D) Adjustments to financial assets and liabilities** | **0.5** | **0.3** | **0.1** |
| **Pre-tax profit (A-B+C+D)** | **5.6** | **2.1** | **(5.8)** |
| **Income taxes, current and deferred** | **(5.3)** | **(8.2)** | **(5.6)** |
| **Net profit/(loss) for the year** | **0.3** | **(6.0)** | **(11.4)** |
| Net loss for the year attributable to the group | (0.2) | (7.2) | (11.9) |
| Net profit for the year attributable to minority interests | 0.6 | 1.2 | 0.5 |

**Summary Consolidated Balance Sheet Data**

| (€ million) | As of December 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| Total fixed assets | 216.1 | 237.4 | 216.0 |
| Total current assets, prepayments and accrued income | 278.2 | 281.8 | 316.5 |
| **Total assets** | **494.3** | **519.2** | **532.5** |
| Total non-current payables due after one year, provisions for risks and charges and employees' leaving entitlement | 141.2 | 162.9 | 151.8 |
| Total current payables due within one year, accrued expenses and deferred income | 220.1 | 226.3 | 263.6 |
| **Total liabilities** | **361.3** | **389.2** | **415.4** |
| **Total net shareholders' equity** | **133.0** | **130.0** | **117.1** |
| **Total liabilities and net shareholders' equity** | **494.3** | **519.2** | **532.5** |

**Summary Consolidated Cash Flow Statement Data**

| (€ million) | As of and for the Year Ended December 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| Total cash flow from / (used in) operating activities | 5.1 | 16.6 | 27.8 |
| Total cash flow from / (used in) investing activities | (111.4) | (49.5) | (15.7) |
| Total cash flow from / (used in) financing activities | 97.0 | 35.1 | 7.9 |
| **Change in liquid funds** | **(9.2)** | **2.2** | **20.0** |
| Liquid funds at beginning of the period | 37.1 | 27.9 | 30.1 |
| **Liquid funds at end of the period** | **27.9** | **30.1** | **50.2** |

## Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

*The following discussion of our results of operations also makes reference to certain Non-GAAP Measures, including Revenues (Products and Services), EBITDA, Adjusted EBITDA, First Margin, First Margin as a Percentage of Revenues (Products and Services), Net Capital Expenditure, Net Working Capital, Free Operating Cash Flow, Cash Conversion and DSO, which were taken from our accounting records used by management and are not included in the Financial Statements and have not been audited or reviewed by our auditors. Prospective investors should bear in mind that these Non-GAAP Measures are not financial measures defined in accordance with Italian GAAP or any other generally accepted accounting principles, may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under Italian GAAP or any other generally accepted accounting principles. See "Presentation of Financial and Other Information-Non-GAAP Measures" and "Selected Historical Financial Information."*

*For full context on the information provided by Gartner in this section, please refer to the chart titled Italy historical/forecasted overall Reference Market demand (2017A–2025E/€ billion) in "Industry—The Italian IT Market—Overall Reference Market."*

### Overview

We are a leading Italian provider of IT services and solutions, designing and enabling digital transformation and innovative technologies for enterprise customers. We are able to deliver a wide range of solutions and services including next generation IT infrastructure, managed services, digital strategy definition and implementation, proprietary software and system integration. We serve more than 3,000 enterprise customers, supporting them in their digital evolution through our integrated end-to-end offering. We are recognized for our capabilities in, among others, the following domains: digital customer engagement, next generation IT infrastructure, cloud-based services, financial services solutions, cybersecurity; Internet of Things ("IoT"), Big Data, artificial intelligence ("AI"), managed services, application development and maintenance, smart manufacturing and eHealth. For the year ended December 31, 2020, we generated total production revenues of €440.4 million and Revenues (Products and Services) of €432.8 million. In addition, during this period, we generated net loss of €(11.4) million, First Margin of €121.2 million and Adjusted EBITDA (including synergies) of approximately €58.1 million.

### Key Factors Affecting Results of Operations and Financial Condition

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

#### *Impact of COVID-19*

In December 2019, a novel strain of coronavirus (COVID-19) was identified in Wuhan, China, rapidly spreading to nearly all regions around the world, including Spain and Italy, which caused the World Health Organization to declare COVID-19 a pandemic on March 11, 2020. In order to prevent the spread of the virus, governments around the world implemented several measures, including lockdowns, travel restrictions, mandatory quarantines and self-isolations for infected people, business slowdowns or shutdowns, encouraging or requiring people to avoid large gatherings. In particular, in response to the COVID-19 pandemic, on March 9, 2020, the Italian government imposed a nationwide quarantine together with several other measures. As a result of these restrictive measures, we closed substantially all of our facilities and transitioned all of our employees to remote working. Additionally, even though the nationwide quarantine was lifted on May 4, 2020, significant restrictions and social distancing measures remain in place, which continue to adversely affect the overall Italian economy and, in turn, our operations and our customers' operations. In particular, as the number of infections in Italy significantly increased in the fall of 2020, new drastic measures were taken, including a nationwide evening curfew and certain more stringent ad hoc measures for regions with higher infection rates. Between the end of 2020 and early 2021, restrictive measures continued to be implemented, in many instances with the imposition of localized lockdowns across Italy. Additional quarantine measures implemented since March 2021 have further restricted interregional travel across the country, causing further disruption to business activities. As a result of the COVID-19 pandemic and the measures taken to prevent a further spread, our business was impacted globally in 2020 by the temporary closure and restrictions as a consequence of the guidelines given by the respective governments of the countries where we operate. As there can be no assurance as to how long these temporary closures and restrictions may remain in effect or when they may be re-implemented, we are currently unable to estimate the magnitude of the impact on our business, and the results of operations and cash flows for future periods may not be comparable.

### *Acquisitions*

Value accretive acquisitions of attractive IT services assets have been a significant driver of non-organic growth in our operations, breadth of product and service offerings, geographic scale and revenue and profit margin. Since 2017, we completed 15 acquisitions (in 2018, CDM Tecnoconsulting S.p.A., Cimworks S.l. and Pivotal Italia S.r.l. were acquired as part of one acquisition transaction). Accordingly, our historical results are not, and results for future periods will not be, directly comparable to past periods because of the large volume of acquisition activity that we have undertaken.

The following table provides an overview of our acquisitions since 2017:

| **(€ million)**<br>**Target** | **Month and year of acquisition** | **Revenues at acquisition*** |
|---|---|---|
| BeetoBit S.r.l. | September 2020 | €1.1 |
| Mediana S.r.l. | July 2019 | €1.5 |
| ENIGEN.IT S.r.l. | June 2019 | €4.2 |
| DISC S.p.A. | May 2019 | €23.1 |
| Finance Evolution S.r.l. | March 2019 | €8.5 |
| Tecla.it S.r.l. | November 2018 | €10.6 |
| CDM (including 2MLAB, STEP4) Tecnoconsulting S.p.A.[(a)] | October 2018 | €41.5 |
| Cimworks S.l.[(a)] | October 2018 | €9.4 |
| Pivotal Italia S.r.l.[(a)] | October 2018 | €2.2 |
| DIEM Technologies S.r.l. | November 2018 | €5.1 |
| Sinergetica S.r.l. | September 2018 | €1.5 |
| ICTeam S.p.A. | August 2018 | €20.2 |
| Telesio Systems S.r.l. | June 2018 | €1.2 |
| TEN Tecnologie & Networking S.r.l. | May 2018 | €4.4 |
| C.S.T S.r.l. | May 2018 | €3.9 |
| NEST2 S.p.A. | April 2018 | €20.2 |
| Sinergy S.p.A. | October 2017 | €67.4 |

* Represents the revenues reported by each target company in their latest financial statements prior to being acquired by the Lutech Group.

(a) CDM Tecnoconsulting S.p.A., Cimworks S.l. and Pivotal Italia S.r.l. were acquired as part of one acquisition transaction.

Historically, we have funded our acquisitions primarily with cash from operations and bank loans. In the years ended December 31, 2018, 2019 and 2020, we had cash outflows of €105.3 million,

€39.6 million and €0.5 million, respectively, as consideration paid for the acquisition of majority stakes in other businesses. As of December 31, 2020, we had €0.4 million, €0.3 million and €0.2 million, as pending consideration payable in respect of our acquisition of Mediana S.r.l., Sinergetica S.r.l. and Beetobit S.r.l, respectively.

We believe our historical acquisition strategy has successfully increased our number of customers and enabled us to expand our business to new market segments and a larger client base, while also enhancing our product and service offerings which we can offer to our existing and new customers. Through the acquisition of CDM group in 2018, a company operating in the ICT market for over 30 years with a strong focus on the manufacturing industry and product life cycle management, IoT and ERP solutions, we were able to grow our Manufacturing industry vertical and offer Digital Services to our customers in that industry vertical. Our acquisition of Tecla.it S.r.l. in 2018, a company specialized in digital commerce for over 20 years with top global brands in retail, fashion and B2B, allowed us to increase our overall volume. Through our acquisition of TEN Tecnologie & Networking S.r.l. in 2018, a consulting company founded in 2001 which became the first Italian partner of Salesforce.com, we gained strong capabilities in implementing customer relation management (CRM) and customer experience (CX) solutions in Cloud. In addition, through our acquisition of ICTeam S.p.A. in 2018, a company whose business operations date back to 1999 with three business divisions: Software development and system integration; System and cloud services; and Loyalty and direct marketing, we were able to strengthen our skills in the design, implementation and management of database architectures, data warehouse systems, innovative solutions in the Big Data field and business intelligence tools. Our acquisition of Finance Evolution S.r.l. in 2019, a Turin-based company with a dedicated focus on the finance sector serving over 30 customers, including Italian and foreign banks and other financial operators, enabled us to expand our operations in the Financial Services industry vertical. Moreover, our acquisition of DISC S.p.A. in 2019, a system integrator specialized in the design and development of IT solutions with specific experience in the banking and industrial sectors, allowed us to significantly expand our cybersecurity offerings across all six of our industry verticals.

We believe that the acquisitions we made in the periods under review have generated synergies for our business and have contributed to our growth. Such acquisitions have given us, for example, the ability to cross-sell the new products and services we acquired to our existing customer base and to enhance our product and service offering. Once the acquired business is fully integrated in our business, we aim to increase our volumes of operations leveraging our integrated platform.

In the future, we intend to continue to grow our business through disciplined strategic bolt-on acquisitions of specialized IT services providers in order to add complementary technology and products to our portfolio. See also "*Business-Our Strategy-Selectively pursue accretive bolt-on acquisitions to expand our offering and technological capabilities as well as grow the business*."

***Loyal Customer Base and Recurring Contracted Revenues***

We have historically generated a large proportion of our revenues from sources that we consider recurring and from customers with whom we have developed and maintained long-term, strategic relationships. We deem revenues to be recurring if we expect to generate such revenues in one or more of the following years, either based on specific contractual arrangements or our past experience, such as long-term management or service agreements with customers for whom we have implemented proprietary or customized software solutions.

We generate recurring revenues from all of our business lines. Within the End-to-End Technology Enabling business line, we have a high proportion of recurring revenue due to multi-year contracts with our customers in next-generation infrastructure (for example, infrastructure outsourcing, cloud services, managed services and security). In the Digital Services business line, we provide ongoing maintenance and support for applications. In the Proprietary Software Solutions business line, recurring revenues are generated from a combination of software maintenance and SaaS, revenues.

The recurring and stable nature of our revenues is supported by long-term contracts and, more generally, by long-term, strategic relationships we have with some of our key customers. In the year ended December 31, 2019, we achieved a churn rate on our customers of 1.3% in End-to-End

Technology Enabling business line, 3.1% in Digital Services business line and 0.9% in our Proprietary Software Solutions business line. Moreover, over the same period, we had nil churn on customers using all of our three business lines, 0.5% churn on customers using two of our business lines and 3.8% churn on customers using only one of our business lines. In the year ended December 31, 2020, our top ten customers generated 29.1% of our Revenues (Products and Services) in 2020. We believe the loyalty of our customers is due to their satisfaction with the quality of our products and services, our deep knowledge of complex IT systems and the core processes of our customers, the breadth of our offering being able to fulfil almost all their IT needs and the strength of our relationships with our customers and service providers. In particular, most of our products developed as part of the business we conduct in relation to our Proprietary Software Solutions business line, which accounted for approximately 19.4% of our Revenues (Products and Services) in the year ended December 31, 2020, are highly customized and deeply integrated into our end-customers' IT systems as a result of which their replacement would typically be a complicated, time-consuming and expensive process.

### *Sales Mix across Business Lines and Industry Verticals*

Our results of operations are affected by the mix of sales of the products and services that we offer to our customers across our different business lines and industry verticals through one integrated platform.

*Sales Mix across Business Lines*

We offer IT services, software and digital platforms to our customers through three distinct types of business lines: End-to-End Technology Enabling; Digital Services; and Proprietary Software Solutions, which we operate across all of our six industry verticals.

The following table includes a reconciliation of our Revenues (Products and Services) and First Margin by business line to our Adjusted EBITDA, EBITDA and net profit/(loss), for the years ended December 31, 2018, 2019 and 2020:

| (€ million) | Year Ended December 31, | | |
|---|---|---|---|
| | 2018[1] | 2019[1] | 2020[1] |
| **Revenues (Products and Services)[2]** | **320.0** | **424.0** | **432.8** |
| *End-to-End Technology Enabling* | *203.9* | *226.4* | *235.7* |
| *Digital Services* | *52.0* | *118.8* | *113.1* |
| *Proprietary Software Solutions* | *64.2* | *78.7* | *84.0* |
| **Direct Costs[3]** | **(233.1)** | **(299.9)** | **(311.7)** |
| *End-to-End Technology Enabling* | *(163.3)* | *(177.1)* | *(187.5)* |
| *Digital Services* | *(34.5)* | *(78.6)* | *(77.1)* |
| *Proprietary Software Solutions* | *(35.2)* | *(44.2)* | *(47.1)* |
| **First Margin[4]** | **86.9** | **124.0** | **121.2** |
| *End-to-End Technology Enabling* | *40.6* | *49.3* | *48.2* |
| *Digital Services* | *17.4* | *40.2* | *36.0* |
| *Proprietary Software Solutions* | *29.0* | *34.5* | *36.9* |
| Indirect costs[5] | (54.1) | (75.6) | (67.3) |
| **Adjusted EBITDA** | **32.8** | **48.5** | **53.9** |
| Deferred R&D grant | — | — | (0.4) |
| Non-recurring items | (1.8) | (7.2) | (15.4) |
| Other write-down of fixed assets | — | (0.0) | (1.4) |
| Adjustments to financial assets and liabilities | 0.5 | 0.3 | 0.1 |
| **EBITDA** | **31.5** | **41.5** | **36.8** |
| Depreciation of fixed tangible assets | (2.0) | (2.8) | (3.0) |
| Amortization of intangible fixed assets | (18.4) | (28.9) | (31.7) |
| Financial income/(charges) | (5.5) | (7.7) | (8.0) |
| Income taxes, current and deferred | (5.3) | (8.2) | (5.6) |
| **Net profit/(loss) for the year** | **0.3** | **(6.0)** | **(11.4)** |

(1) Our presentation of Revenues (Products and Services), direct costs and First Margin by business line for the years ended December 31, 2020, 2019 and 2018 has not been audited or reviewed. See "*Presentation of Financial and Other Information—Our Businesses Lines and Industry Verticals*."

(2) We define Revenues (Products and Services) as total production revenues less change in work in progress, semi-finished products and finished goods, internal work capitalized and other revenues and income. The following table reconciles our total production revenues (our most directly comparable measure under Italian GAAP) to Revenues (Products and Services) for the years ended December 31, 2018, 2019 and 2020:

| (€ million) | Year Ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| **Total production revenues** | **332.7** | **435.4** | **440.4** |
| Change in work in progress, semi-finished products and finished goods | 0.0 | (0.0) | 0.1 |
| Internal work capitalized | (2.6) | (5.6) | (5.3) |
| Other revenues and income | (10.1) | (5.8) | (2.3) |
| **Revenues (Products and Services)** | **320.0** | **424.0** | **432.8** |

(3) Represents our cost of goods sold consisting of costs relating to raw materials, consumables, supplies and goods, services, personnel expenses, use of third parties assets and depreciation of tangible assets directly related to the revenues.

(4) We define First Margin as Adjusted EBITDA adjusted for certain indirect costs as specified in footnote (5) below.

(5) Represents adjustments relating to certain (i) sales and marketing costs, (ii) costs relating to unallocated employees, (iii) costs relating to internal projects, (iv) costs relating to overheads and (v) addbacks relating to certain depreciation and amortization included within the cost of goods sold.

Margins from sales generated through our End-to-End Technology Enabling business line are comparatively lower than the margins we achieve from sales generated through our Digital Services and Proprietary Software Solutions business lines, mainly due to the third party technologies included in our sales that decrease the margins. We believe the profitability of our End-to-End Technology Enabling business line is primarily driven by our technology know-how, operational excellence, industry expertise and strong relationships with our customers and technology providers. Managed Services and Cloud Services comprise a growing share of our business and operate at higher margins relative to other components of our End-to-End Technology Enabling business line, driven by the significant demand for such services, the average size and duration of deals and Lutech's capabilities, through the setup and implementation of specific optimization initiatives (best practices).

The margins we achieve from sales generated through our Digital Services business line, while typically lower than those we achieve from sales generated through our Proprietary Software Solutions business line, are higher than those we generate from our End-to-End Technology Enabling business line. Lutech is recognized as a high quality and strong digital services provider due to (i) the scarcity of skills and capabilities available in the market for high-end services, (ii) the transformational complexity of the initiatives, the in-depth understanding of our clients and their technology requirements and environment, (iii) the level of customization that we build into third-party applications and client-owned applications, and (iv) the know-how and industry expertise that we use to provide the relevant updates to high level of specialization requested in some specific areas where Lutech has almost a unique expertise. We have invested in offerings where there is strong demand in the market such as Digital Customer Engagement and Big Data and these are both the fastest growing and highest margin services within our Digital Services business line.

We believe we typically achieve comparably higher margins from sales generated through our Proprietary Software Solutions business line primarily due to the fact the software solutions are proprietary, and the high specific knowledge of our clients' core processes for the deployment of these initiatives. The type of work that spans process design, software configuration to change management, quality of our Proprietary Software Solutions business line; our operating leverage on software development; and our deep integration into our end-customers' IT systems and workflows enables us to charge our customers for the high added value of such products and services and maintain long-term customer relationships.

*Sales Mix across Industry Verticals*

We monitor our results across six industry verticals: (i) Financial Services; (ii) Public Sector & Healthcare; (iii) Energy & Utilities; (iv) Telecommunications & Media; (v) Manufacturing; and (vi) Fashion & Retail. 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 and an accelerating move towards the cloud, which is common to all industry verticals.

The following table includes a reconciliation of our Revenues (Products and Services) and First Margin by industry vertical to our Adjusted EBITDA, EBITDA and net profit/(loss), for the years ended December 31, 2018, 2019 and 2020:

| (€ million) | Year Ended December 31, | | |
|---|---|---|---|
| | 2018(1) | 2019(1) | 2020(1) |
| **Revenues (Products and Services)** | **320.0** | **424.0** | **432.8** |
| *Financial Services* | *79.6* | *90.1* | *104.0* |
| *Public Sector & Healthcare* | *72.3* | *83.1* | *78.1* |
| *Energy & Utilities* | *24.2* | *37.7* | *42.5* |
| *Telecommunications & Media* | *65.3* | *70.8* | *78.5* |
| *Manufacturing* | *54.0* | *95.8* | *87.4* |
| *Fashion & Retail* | *24.7* | *46.5* | *42.3* |
| **Direct Costs** | **(233.1)** | **(299.9)** | **(311.7)** |
| *Financial Services* | *(59.7)* | *(64.9)* | *(77.4)* |
| *Public Sector & Healthcare* | *(48.9)* | *(56.4)* | *(54.9)* |
| *Energy & Utilities* | *(19.1)* | *(28.4)* | *(31.5)* |
| *Telecommunications & Media* | *(51.2)* | *(53.1)* | *(58.8)* |
| *Manufacturing* | *(36.0)* | *(64.7)* | *(59.2)* |
| *Fashion & Retail* | *(18.1)* | *(32.5)* | *(29.9)* |
| **First Margin** | **86.9** | **124.0** | **121.2** |
| *Financial Services* | *19.9* | *25.2* | *26.6* |
| *Public Sector & Healthcare* | *23.3* | *26.7* | *23.2* |
| *Energy & Utilities* | *5.1* | *9.3* | *11.1* |
| *Telecommunications & Media* | *14.1* | *17.7* | *19.7* |
| *Manufacturing* | *18.0* | *31.1* | *28.2* |
| *Fashion & Retail* | *6.6* | *14.0* | *12.4* |
| Indirect costs | (54.1) | (75.6) | (67.3) |
| **Adjusted EBITDA** | **32.8** | **48.5** | **53.9** |
| Deferred R&D grant | — | — | (0.4) |
| Non-recurring items | (1.8) | (7.2) | (15.4) |
| Other write-down of fixed assets | — | (0.0) | (1.4) |
| Adjustments to financial assets and liabilities | 0.5 | 0.3 | 0.1 |
| **EBITDA** | **31.5** | **41.5** | **36.8** |
| Depreciation of fixed tangible assets | (2.0) | (2.8) | (3.0) |
| Amortization of intangible fixed assets | (18.4) | (28.9) | (31.7) |
| Financial income/(charges) | (5.5) | (7.7) | (8.0) |
| Income taxes, current and deferred | (5.3) | (8.2) | (5.6) |
| **Net profit/(loss) for the year** | **0.3** | **(6.0)** | **(11.4)** |

(1) Our presentation of Revenues (Products and Services), direct costs and First Margin for the years ended December 31, 2020, 2019 and 2018 has not been audited or reviewed. See "*Presentation of Financial and Other Information—Our Businesses Lines and Industry Verticals*."

In the Financial Services industry vertical, demand for our products and services is primarily driven by our customers' increasing focus on the use of digital technologies to redesign and optimize business processes and channels, including adoption of cloud-based architectures and modernization of data centers and core networks, implementation of proven and up-to-date cybersecurity strategies, replacement and refactoring of legacy application platforms, adoption of outsourced managed services, digital workplace (also including remote working) and investments in new technologies such as RPA and AI, advanced analytics/Big Data and Salesforce.com/CRM. We historically generated comparably lower First Margin from sales through our Financial Services industry vertical due to the higher contribution of our End-to-End Technology Enabling business line to revenues from this industry vertical, since the First Margin contribution of our End-to-End Technology Enabling business line is typically lower than our other business lines.

In the Public Sector & Healthcare industry vertical, demand for our products and services is primarily driven by processes and services digitization (e.g. digital citizen engagement, web sites, custom applications, electronic medical record which has accelerated as a result of COVID-19 and EU recovery fund), cloud transformation and infrastructure outsourcing, data center consolidation initiatives, security and networking public tenders, digital workplace (supporting also remote working). We anticipate additional upside from the approximately €40.0 billion of the EU Recovery and Resilience Facility being allocated to digital transformation in the public administration sector. We have historically generated slightly higher First Margin from sales through our Public Sector & Healthcare industry vertical, reflecting the significant contribution of high margin Proprietary Software Solutions business line within this vertical.

In the Energy & Utilities industry vertical, demand for our products and services is driven by the need to modernize infrastructure and networks to enable companies to evolve their business models, including 5G to support multi-utility services delivery smart metering and IoT, as well as modernization of business processes through adoption of next-generation software and services, including our proprietary ETRM, energy trading and billing solutions, evolution of cybersecurity landscape and SOC services, application development (custom or COTS-based, as Salesforce.com) and traditional infrastructure outsourcing. We have historically generated lower First Margin from sales through our Energy & Utilities industry vertical, as compared to our other industry verticals, due to the higher contribution of our End-to-End Technology Enabling business line to revenues from this industry vertical, since the First Margin contribution of our End-to-End Technology Enabling business line is typically lower than our other business lines, as well as certain investments made in the past to enlarge our customer base in this industry vertical.

In the Telecommunications & Media industry vertical, demand for our products and services is driven by investments in network function virtualization, cloud, 5G, edge computing and related demand for cyber defence owing to the increasing complexity and risks of these new complex architectures, strong demand for managed services (networks operations center (NOC), security operations center (SOC), cloud operations center (CLOC)) as well as investments to digitize business processes and services through automation, analytics, AI/RPA and CRM systems, among others, digital workplace (supporting also remote working) and professional/technical support services. We historically generated comparably lower First Margin from sales through our Telecommunications & Media industry vertical due to the lower contribution of our Proprietary Software Solutions and Digital Services business lines to revenues from this industry vertical.

In the Manufacturing industry vertical, demand for our products and services is primarily driven by the investments our clients are making to redesign their data center infrastructures, adopt cloud services, improve internal processes (for example through ERP and PLM implementations), and adopt IoT and AI/AR technologies as they look to increase their flexibility, time-to-market and transition business models to have a greater services focus. In addition, as a result of the COVID-19 pandemic, we have experienced an increased demand for business continuity, remote work communication tools and tools (digital workplace) to secure social distancing and worker health and safety across all sectors in our Manufacturing industry vertical. We historically generated comparably higher First Margin from sales through our Manufacturing industry vertical due to the higher proportion of software and digital services in the revenue mix and high margins for vertically specialized solutions, due to our unique position in some niche areas and unique partnerships with some leading vendors.

In the Fashion & Retail industry vertical, demand for our products and services is primarily driven by progressive migration to cloud, redesign of customer interactions / channels (including customer engagement, e-commerce and omnichannel solutions, collaboration solutions, as virtual showrooms to support B2B/B2C remote sales on clients and prospects, advanced video collaboration and VR solution) and Big Data, AI initiatives to optimize supply chains and customer interactions. First Margin from sales through our Fashion & Retail industry vertical has historically been in line with the Lutech average.

### *Increased Demand for Digitalization Products and Services*

During the periods under review, digitalization increased across all our business lines and industry verticals, and was particularly driven by increased and more complex regulation of our customers across several of our industry verticals, the development and advancement of new technologies such as data management, AI and cybersecurity tools and services, an unprecedented acceleration of digitalization efforts (new platforms or renewal/replatforming of legacy one) by enterprises supporting increasing technology-adopting users and clients and related demand. In addition, the recent COVID-19 pandemic has resulted in increased demand for digitalization products and services as they have been forced to turn to remote working and cloud-based solutions to run their operations.

Further, in recent years, the implementation of several Italian and European governmental and regulatory changes aimed at increasing the use of digital solutions has further increased our customers' demand for digitalization products and services.

### *Investments in Innovation and Development Capital Expenditures*

To maintain our competitive position, we test our innovative solutions on a continuous basis in order to enhance our portfolio with products of interest to the market and our customers. The key areas of interest since 2016 have been Cloud, cybersecurity, IoT, Big Data, AI and blockchain. We partner with major players, such as CISCO, Dell EMC, PTC, AWS and Google to create synergies and areas where we can work together to develop innovative solutions and services.

We will continue to invest in the development of our solutions, focusing on testing issues that are closely related to our customers' operations in order to provide prompt and innovative solutions, differentiating them from those of our competitors. In particular, we are currently involved in several development projects. We invested €5.7 million in 2020 in development activities which we recorded as capitalized development costs. Development costs are amortized in line with the income generating potential. When we are unable to estimate this potential, the costs are amortized over not more than five years. In addition, we typically capitalize expenses for substantial updates to our existing product portfolio and add them to the original cost of the underlying software or platform. For further information, see "—*Capitalized Development Expenditure*."

Our business is characterized by low levels of recurring Net Capital Expenditures in line with the industry in which we operate. Our Net Capital Expenditures for the periods under review primarily related to investment in intangible fixed assets and in particular, to the development of proprietary solutions. We incurred €5.9 million, €10.5 million and €10.4 million of Net Capital Expenditures in the years ended December 31, 2018, 2019 and 2020, respectively, representing 1.8%, 2.5% and 2.4% of our Revenues (Products and Services), respectively. For further information, see "—*Net Capital Expenditures*."

### *Our Production Cost Structure, Cost-Saving Initiatives and Synergies*

Our production cost structure primarily comprises personnel expenses, services and raw material, consumables, supplies and goods. In particular, personnel expenses represented on average 33.6% of our total production costs in the years ended December 31, 2018, 2019 and 2020 and include all expenses related to the Lutech Group's employees including merit-based increases, promotions, seniority increases, employee bonuses, untaken holidays and the legal and national contract obligations as well as social contribution and employee leaving indemnity and amounted to €101.5 million, €148.5 million and €151.4 million in the years ended December 31, 2018, 2019 and 2020, respectively. Raw materials, consumables, supplies and goods represented on average 27.7% of our total production costs for the years ended December 31, 2018, 2019 and 2020 and mainly comprise the cost of purchasing hardware and software for resale and amounted to €97.0 million, €107.7 million and €121.6 million in the years ended December 31, 2018, 2019 and 2020, respectively. Services represented on average 27.8% of our total production costs for the years ended December 31, 2018, 2019 and 2020 and include the cost of maintenance services for IT equipment, IT assistance and sundry consultancy services and amounted to €91.5 million, €124.5 million and €112.8 million in the years ended December 31, 2018, 2019 and 2020, respectively.

To further support our resilient business model and increase our margins, we launched a number of cost-saving initiatives in order to streamline our operations and achieve annual run-rate cost-savings, including workforce optimization measures resulting in savings on internal personnel costs. The Lutech Group recognizes synergies from (i) salesforce effectiveness (restructuring of excess salesforce resources following the implementation of a new sales organization structure), (ii) external cost base (rationalization and renegotiation of contracts for the provision of external services), (iii) staff department (centralization of staff resources for the AFC, IT, human resources and facility functions following past and planned integrations), (iv) Group facilities (closing of facilities and relocation of resources to existing offices including new working spaces in the headquarters) and (v) operational productivity, based on several initiative as reduction of delivery employees based on the overall improvement of headcount efficiency and utilization, delivery model optimization, nearshoring and offshoring, best practices consolidation etc. We identify synergies from cost savings in two categories: (i) implemented synergies and (ii) planned or identified synergies. Implemented synergies include initiatives that have been implemented and have been partially or fully realized in the periods under review. In 2020 we also utilized CIGO (*Cassa integrazione ordinaria*) and untaken holiday, as a response to the anticipated impact on our revenues due to the COVID-19 pandemic. Planned or identified synergies include initiatives that are planned by the Lutech Group but delayed or not yet implemented, primarily due to the COVID-19 pandemic. We have identified total run-rate implemented synergies of €7.8 million for the period 2020 to 2022, mainly related to (i) staff reduction (salesforce, back office function and delivery FTE employees), (ii) external costs reduction and (iii) facilities rationalization. Of these, synergies of €3.6 million have already been achieved during the year ended December 31, 2020, with the remaining €4.2 million to be achieved during the years 2021 and 2022.

***Accounts Receivable, DSO and Amounts Overdue***

We generally issue invoices to our customers at the time of delivery for external products, based on contractual terms for services and on a monthly or quarterly basis for maintenance fees. While we believe our typical payment terms are consistent with those of our peers, from time to time, in the ordinary course of business, we carry significant accounts receivable on our balance sheet from customers that generate a large portion of our revenues. The lengths of payment cycles for services rendered vary across our different industry verticals as well as the type of customer we serve. Our average DSO on Revenues (Products and Services) for the year ended December 31, 2020 was 138 days. Further, our average DSOs were relatively stable during 2020, despite the COVID-19 pandemic.

We mainly experience overdue receivables from our public sector customers within our Public Sector & Healthcare industry vertical, which is a common characteristic of commercial relationships between public entities and their private counterparts in Italy. For the year ended December 31, 2020, 9% of our Revenues (Products and Services) from the Public Sector & Healthcare industry vertical were generated from public administration direct sales, while in the Public Sector & Healthcare we serve a number of private Healthcare customers and some public administration clients through telecommunication operators. Within the Public Sector & Healthcare vertical, approximately 46% of our Revenues (Products and Services) generated in the year ended December 31, 2020 were related to public administration organizations, such as municipalities, central and local public administration and public healthcare organizations while the remaining part was related to private healthcare organizations and state-controlled companies. Public sector-related customers 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 schedules.

We mitigate our exposure to the risks relating to the collection of receivables through constant monitoring of our commercial exposure and the collection times of receivables. In addition, from time to time in the past, we have engaged in the sale of receivables on the basis of uncommitted framework factoring agreements to manage our working capital during peak periods. With the sale of the trade receivables for non-recourse factoring, the factoring company assumes substantially all risks in connection with the transferred receivables. Factoring transactions with recourse are transactions where Lutech Group retains the risks in connection with the transferred receivables. Following the completion of the Transactions, we intend to continue with this practice and rely on our operating cash flows as well as our Revolving Credit Facility, other long-term bank debt and the factoring of receivables to satisfy our working capital and other liquidity needs.

***Italian macroeconomic conditions, market trends and customer demands***

We primarily operate our business in Italy where we generated 92.7% of our Revenues (Products and Services) for the year ended December 31, 2020. Our revenues have remained resilient through volatile macroeconomic cycles during the past 15 years, with revenue growth consistently outperforming Italian GDP growth on a year-over-year basis. Nonetheless, macroeconomic conditions, market trends and customer demands in Italy have an impact on our results of operations. Over the past four years, digital spending in Italy has grown more than the economy as a whole. See "*Industry—Italian IT spending on GDP as compared to the EU*." According to Gartner, our addressable Italian IT market (the "**Reference Market**") was worth approximately €22.1 billion in 2019, having grown at a CAGR of approximately 8.9% between 2017 and 2019. This growth was primarily driven by the strong ongoing digitalization across the Italian public and private sectors and increasing spending in transformation projects, from traditional IT to new digital enabling technologies.

Although it is at this stage too early to predict the medium- to long-term effects of the COVID-19 pandemic on the Italian IT market, IT services spend and the Italian economy generally, since the outbreak of COVID-19 we have experienced an increase in customer demand for digitalization products and services across almost all of our industry verticals, as businesses and public administration organizations have been forced to rely on their IT infrastructures and systems and have turned to remote working and cloud-based solutions to run their operations. In this context, the EU Recovery and Resilience Facility (the "**RRF**") may stimulate IT spend growth, as the digitalization of public administration organizations is a key factor in this recovery plan adopted by the Italian government. Under the recent RRF, approximately €46 billion will be allocated to digitalization, innovation and culture, out of which approximately €27 billion is expected to be allocated to industrial innovation and approximately €12 billion is to be allocated to public administration digitalization. We believe that a part of the budget allocated to industrial innovation (€22 billion out of €27 billion) and public administration digitalization (€5 billion out of €12 billion) will be spent by corporates and public administration organizations in areas that are addressable by us, providing us with a further opportunity for growth. See "*Industry—Digitalization driven by government ("Piano Nazionale Innovazione 2025" / Italian Recovery Fund)*."

**Key Factors Affecting the Comparability of Our Results of Operations**

***The Transactions***

The Issuer will account for the Lutech Acquisition under Italian GAAP using the business combination accounting criteria which requires separate recognition of the acquirer's identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition. These assets and liabilities must be recognized at fair value at the date of acquisition. This will affect the comparability of the Issuer's future consolidated financial statements with the Financial Statements contained in this Offering Memorandum. We will apply purchase accounting adjustments in connection with the Lutech Acquisition to our financial statements. The application of purchase accounting will result in different carrying values for existing assets and assets we may add to our balance sheet, which may include intangible assets, such as goodwill, software, and different amortization and depreciation expenses. Due to these and other potential adjustments, our financial statements could be materially different once the adjustments are made.

Furthermore, we will incur a substantial amount of indebtedness and corresponding interest expense as a result of the Transactions. As of December 31, 2020, adjusted to give effect to the

Transactions, we would have had total indebtedness in the aggregate amount of €284.6 million, primarily consisting of the Notes. See "*Capitalization*" and "*Description of Certain Financing Arrangements*." In addition, we will have €45.0 million available for drawing under the Revolving Credit Facility.

Our indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities, since a substantial portion 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.

***Reporting***

Our financial statements are prepared and presented in accordance with Italian GAAP. In the future, we intend to report our financial results in accordance with IFRS. Due to this, our future financial statements could be materially different once we commence reporting under IFRS and may not be comparable to our Financial Statements included in this Offering Memorandum. Our future financial statements could be materially different once the adjustments are made and may not be comparable to our Financial Statements included in this Offering Memorandum. Further, following the completion of the Lutech Acquisition and Post-Completion Mergers, we currently intend to continue reporting our consolidated financial results at the level of Lutech. See also "*Summary of Certain Differences between Italian GAAP and IFRS*."

**Description of Key Income Statement Items**

***Production Revenues***

Our production revenues primarily refer to:

- turnover from sales and services, which comprises revenue from sales and services from our three business lines: End-to-End Technology Enabling; Digital Services; and Proprietary Software Solutions;
- change in work in progress, semi-finished products and finished goods, which mainly comprises the increase or decrease in the value of production by the transformation process in one of the companies in the Lutech Group (Teratron GmbH) in respect of the hardware component production part of its business;
- change in contract work in progress, which mainly refers to the progress of projects underway. Contract work in progress is recognized based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognized on the basis of the work performed. This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly;
- internal work capitalized, which represents mainly internal costs incurred for developing the proprietary products under our Proprietary Software Solutions business line; and
- other revenues and income with separate presentation of capital grants, which mainly comprises revenues and income recognized in the business which are not directly related to products and services, and grants related to income as the benefit is derived from specific public contribution on research and development projects and income from tax relief in accordance with the Ministry of Economic Development and the Ministry of Economy and Finance decree of May 27, 2015, implementing article 3 of Law decree no. 145 of 2013 (Tax credit for research and development activities), to support the significant research and development activities carried out by the Lutech Group.

For further information, see "*—Critical Accounting Policies*."

***Production Costs***

Our production costs primarily refer to:

- cost of raw materials, consumables, supplies and goods, which mainly comprise the cost of purchasing hardware and software for resale;

- cost of services, which mainly comprises costs directly related to the services rendered to the customers (i.e., third parties employees, consultancy, maintenance fees) as well as indirect services and consultancy costs related to management (such as legal, administrative, maintenance and IT costs);
- costs relating to use of third-party assets, which mainly comprises lease expense for Lutech Group's facilities, electronic equipment, building rental agreements, long-term car rental agreement (including services) and rental costs for technological infrastructure;
- personnel expenses which mainly comprise wages and salaries, social security contributions, employees' leaving entitlement, pension and similar costs, and other costs;
- amortization, depreciation and write-downs, which mainly comprises amortization of intangible fixed assets, depreciation of tangible fixed assets, other write-downs of fixed assets and write-downs of current receivables and liquid funds and also includes, under the Italian Accounting Standard Setter (the "**OIC**"), the amortization of goodwill;
- change in raw materials, which represents the consumption of goods and raw materials during the sales cycle;
- provisions for risks, which represent the portion of the provision accrued based on the best estimate of the expected cost to adjust certain indirect remuneration captions related to previous years; and
- other operating costs relating to indirect expenses such as membership fees, taxes and duties and commercial costs.

***Financial Income and Charges***

Our financial income and charges primarily refer to:

- income from equity investments in subsidiaries, associates, parent companies and subsidiaries of parent companies;
- other financial income from (i) financial receivables classified as fixed assets from subsidiaries, associates, parent companies and subsidiaries of parent companies, (ii) securities classified as fixed assets which are not equity investments, (iii) securities classified as current assets which are not equity investments and (iv) other income from subsidiaries, associates, parent companies and subsidiaries of parent companies; and
- interest and other financial charges to unconsolidated subsidiaries, associates, parent companies and subsidiaries of parent companies.

***Adjustments to Financial Assets and Liabilities***

Our adjustments to financial assets and liabilities primarily refer to write-backs and write-downs of (i) equity investments in subsidiaries, associates, parent companies and subsidiaries of parent companies, (ii) financial fixed assets which are not equity investments, (iii) securities classified as current assets which are not equity investments, (iv) derivatives, (v) cash pooling arrangements, (vi) equity-accounted investees and (vii) net exchange rate gains/(losses).

***Income Taxes, Current and Deferred***

Income taxes, current and deferred refer to current taxes and taxes relative to prior years estimated by taking into account the result for the period as well as the applicable laws and regulations, and represent the best management estimate of the tax charge.

**Results of Operations Data**

***Year Ended December 31, 2020 compared with Year Ended December 31, 2019***

| (€ million, unless otherwise indicated) | Year Ended December 31, 2019 | 2020 | Change in % |
|---|---|---|---|
| **A) Production revenues** | | | |
| Turnover from sales and services | 421.9 | 423.0 | 0.3% |
| Change in work in progress, semi-finished products and finished goods | 0.0 | (0.1) | NM(1) |
| Change in contract work in progress | 2.1 | 9.9 | NM(1) |
| Internal work capitalized | 5.6 | 5.3 | (5.4)% |
| Other revenues and income with separate presentation of capital grants: | | | |
| *Sundry* | 3.2 | 1.8 | (43.8)% |
| *Grants related to income* | 2.6 | 0.6 | (76.9)% |
| **Total production revenues** | **435.4** | **440.4** | **1.1%** |
| **B) Production cost** | | | |
| Raw materials, consumables, supplies and goods | 107.7 | 121.6 | 12.9% |
| Services | 124.5 | 112.8 | (9.4)% |
| Use of third party assets | 9.7 | 10.5 | 8.2% |
| Personnel expenses: | | | |
| *Wages and salaries* | 108.5 | 110.2 | 1.6% |
| *Social security contributions* | 31.1 | 31.9 | 2.6% |
| *Employees' leaving entitlement* | 6.8 | 7.4 | 8.8% |
| *Pension and similar costs* | 0.0 | 0.0 | NM(1) |
| *Other costs* | 2.1 | 1.9 | (9.5)% |
| | **148.5** | **151.4** | **2.0%** |
| Amortization, depreciation and write-downs: | | | |
| *Amortization of intangible fixed assets* | 28.9 | 31.7 | 9.7% |
| *Depreciation of tangible fixed assets* | 2.8 | 3.0 | 7.1% |
| *Other write-downs of fixed assets* | 0.0 | 1.4 | NM(1) |
| *Write-downs of current receivables and liquid funds* | 0.3 | 0.5 | 66.7% |
| | **32.0** | **36.5** | **14.1%** |
| Change in raw materials, consumables, supplies and goods | (0.9) | (0.0) | NM(1) |
| Provisions for risks | — | 0.2 | NM(1) |
| Other operating costs | 4.4 | 5.5 | 25.0% |
| **Total production cost** | **425.9** | **438.4** | **2.9%** |
| **Operating profit (A-B)** | **9.5** | **2.0** | **(78.9)%** |
| **C) Financial income and charges** | **(7.7)** | **(8.0)** | **3.9%** |
| **D) Adjustments to financial assets and liabilities** | **0.3** | **0.1** | **(66.7)%** |
| **Pre-tax profit (A-B+C+D)** | **2.1** | **(5.8)** | **NM(1)** |
| **Income taxes, current and deferred** | **(8.2)** | **(5.6)** | **(31.7)%** |
| **Net profit/(loss) for the year** | **(6.0)** | **(11.4)** | **90.0%** |
| Net loss for the year attributable to the group | (7.2) | (11.9) | (65.3)% |
| Net profit for the year attributable to minority interests | 1.2 | 0.5 | (58.3)% |

(1) Not meaningful

*Production Revenues*

Our total production revenues increased by €5 million, or 1.1% from €435.4 million for the year ended December 31, 2019 to €440.4 million for the year ended December 31, 2020. Our Revenues (Product & Services) increased by €8.8 million, or 2.1% from €424.0 million for the year ended December 31, 2019 to €432.8 million for the year ended December 31, 2020, primarily due to the contribution for the full year of the revenues of the companies acquired in 2019, the increase in revenues from our End-to-End Technology Enabling business line, partially offset by the impact of the COVID-19 pandemic.

Internal work capitalized decreased by €0.3 million, or (5.4)% from €5.6 million to €5.3 million based on the evolution of the software development road map, also taking into consideration delays on certain projects as a consequence of the COVID-19 pandemic.

Other revenues and income decreased by €3.4 million, or (58.6)% from €5.8 million to €2.4 million primarily as we received fewer tax credits in 2020 pursuant to the decree of the Ministry of Economic Development and the Ministry of the Economy and Finance of May 27, 2015, implementing article 3 of Law decree no. 145 of 2013 (tax credit for research and development activities) accounted for in 2020.

*Production Costs*

Our production costs increased by €12.5 million, or 2.9% from €425.9 million for the year ended December 31, 2019 to €438.4 million for the year ended December 31, 2020. This increase was primarily driven by:

- an increase in production costs relating to raw materials, consumables, supplies and goods, which increased by €13.9 million, or 12.9% from €107.7 million for the year ended December 31, 2019 to €121.6 million for the year ended December 31, 2020, primarily due to higher business volumes as part of the resale of third-party hardware and software solutions, the full year impact of the acquisition of DISC S.p.A. and organic growth in our End-to-End Technology Enabling business line;
- a decrease in production costs relating to services, which decreased by €11.7 million, or (9.4)% from €124.5 million for the year ended December 31, 2019 to €112.8 million for the year ended December 31, 2020, primarily due to the different sales mix and cost savings achieved under the different synergies programs such as external cost reduction, contract renegotiation and facilities rationalization;
- an increase in use of third-party assets which increased by €0.8 million, or 8.2% from €9.7 million for the year ended December 31, 2019 to €10.5 million for the year ended December 31, 2020, primarily due to the overlap of certain rental agreements (non-recurring costs) upon the integration of our premises under the post-merger integration process;
- an increase in personnel expenses by €2.9 million, or 2.0% from €148.5 million for the year ended December 31, 2019 to €151.4 million for the year ended December 31, 2020, primarily due to an increase in the average number of employees as a consequence of the full year impact of the 2019 acquisitions (such as Finance Evolution S.r.l., ENIGEN.IT S.r.l., DISC S.p.A. and Mediana S.r.l.), non-recurring lay off costs incurred under the post-merger integration process, partially offset by the benefit from the CIG;
- an increase in amortization, depreciation and write-downs by €4.5 million, or 14.1% from €32 million for the year ended December 31, 2019 to €36.5 million for the year ended December 31, 2020, primarily due to the full year impact of the amortization of goodwill in connection with the 2019 acquisitions (such as Finance Evolution S.r.l., ENIGEN.IT S.r.l., DISC S.p.A. and Mediana S.r.l.). Amortization and depreciation includes an increase by €1.3 million in 2020 relating to a prudential impairment of goodwill in respect of Teratron GmbH and Teia S.r.l. in line with their recoverable amounts;
- a change in raw materials, consumables, supplies and goods by €0.9 million (negative impact), from €0.9 million (positive impact) for the year ended December 31, 2019 to €0.0 million for the year ended December 31, 2020, primarily due to organic growth in our End-to-End Technology Enabling business line;
- an increase in provision for risks by €0.2 million from €0.0 million for the year ended December 31, 2019 to €0.2 million for the year ended December 31, 2020, due to the provision of risk in connection with certain contractual indirect salary items not correctly accrued in the past. An imprecise determination of the calculation base was found in relation

to certain contractual indirect salary items for a limited number of employees and for a limited period of time prior to the acquisition in 2020. Despite the fact that a claim has not been initiated, we deemed it appropriate to allocate a provision for risks determined on a prudential basis. In determining the risk and the provision, we also prudentially took into account the right to be indemnified by the seller against whom a claim for breach of warranty has been raised; and

- an increase in other operating costs by €1.1 million, or 25.0% from €4.4 million for the year ended December 31, 2019 to €5.5 million for the year ended December 31, 2020, primarily due to the full year impact of acquisitions in 2019 and due to an increase in certain non-recurring items.

*Financial Income and Charges*

Our net financial charges increased by €0.3 million, or 3.9% from €(7.7) million for the year ended December 31, 2019 to €(8.0) million for the year ended December 31, 2020, primarily due to an increase in interest and financial charges (2019: €7.8 million; 2020: €8.1 million), which was on account of full consolidation of interest expense on loans borrowed by OEP Italy Solutions S.r.l. to acquire the Lutech Group as the acquisition process commenced in 2017.

*Adjustments to Financial Assets and Liabilities*

Our adjustments to financial assets and liabilities decreased by €0.2 million, or (66.7)% from €0.3 million for the year ended December 31, 2019 to €0.1 million for the year ended December 31, 2020, primarily due to a decrease in write-back for equity-accounted investees (2019: €0.7 million; 2020: €0.1 million), which was on account of Lombardia Gestione S.r.l. and TAG S.r.l., and a decrease in write-downs relating equity investments (2019: €0.3 million; 2020: €0.0 million), which was on account of prudential write-downs of Teia S.r.l. and of the associate company ITG Lutech S.r.l. in 2019.

*Income Taxes, Current and Deferred*

Our income taxes, current and deferred decreased by €2.6 million, or (31.7)% from €8.2 million for the year ended December 31, 2019 to €5.6 million for the year ended December 31, 2020, primarily due to the success of our application in 2020 for the recovery of the tax losses of €1.3 million incurred by OEP Italy Solutions S.r.l. following the reverse merger into Lutech in 2018 and due to the application of the tax consolidation scheme (2019: €0.6 million; 2020: €1.0 million).

*Net Profit/(Loss)*

Our net profit/(loss) changed from a loss of €(6.0) million for the year ended December 31, 2019 to a loss of €(11.4) million for the year ended December 31, 2020, after €25.2 million of goodwill amortization under OIC (ten years) and €15.4 million of non-recurring items.

### *Year Ended December 31, 2019 compared with Year Ended December 31, 2018*

| (€ million, unless otherwise indicated) | Year Ended December 31, 2018 | Year Ended December 31, 2019 | Change in % |
|---|---|---|---|
| **A) Production revenues** | | | |
| Turnover from sales and services | 317.4 | 421.9 | 32.9% |
| Change in work in progress, semi-finished products and finished goods | (0.0) | 0.0 | NM[1] |
| Change in contract work in progress | 2.6 | 2.1 | (19.2)% |
| Internal work capitalized | 2.6 | 5.6 | NM[1] |
| Other revenues and income with separate presentation of capital grants | | | |
| *Sundry* | 7.9 | 3.2 | (59.5)% |
| *Grants related to income* | 2.2 | 2.6 | 18.2% |
| **Total production revenues** | **332.7** | **435.4** | **30.9%** |
| **B) Production cost** | | | |
| Raw materials, consumables, supplies and goods | 97.0 | 107.7 | 11.1% |
| Services | 91.5 | 124.5 | 36.1% |
| Use of third party assets | 7.5 | 9.7 | 29.3% |
| Personnel expenses | | | |
| *Wages and salaries* | 74.4 | 108.5 | 45.8% |
| *Social security contributions* | 21.2 | 31.1 | 46.7% |
| *Employees' leaving entitlement* | 4.8 | 6.8 | 41.7% |
| *Pension and similar costs* | — | 0.0 | NM[1] |
| *Other costs* | 1.1 | 2.1 | 90.9% |
| | **101.5** | **148.5** | **46.3%** |
| Amortization, depreciation and write-downs | | | |
| *Amortization of intangible fixed assets* | 18.4 | 28.9 | 57.1% |
| *Depreciation of tangible fixed assets* | 2.0 | 2.8 | 40.0% |
| *Other write-downs of fixed assets* | — | 0.0 | NM[1] |
| *Write-downs of current receivables and liquid funds* | 0.1 | 0.3 | NM[1] |
| | **20.5** | **32.0** | **56.1%** |
| Change in raw materials, consumables, supplies and goods | (0.5) | (0.9) | 80.0% |
| Provisions for risks | 1.5 | — | NM[1] |
| Other operating costs | 3.2 | 4.4 | 37.5% |
| **Total production cost** | **322.1** | **425.9** | **32.2%** |
| **Operating profit (A-B)** | **10.6** | **9.5** | **(10.4)%** |
| **C) Financial income and charges** | **(5.5)** | **(7.7)** | **40.0%** |
| **D) Adjustments to financial assets and liabilities** | **0.5** | **0.3** | **(40.0)%** |
| **Pre-tax profit (A-B+C+D)** | **5.6** | **2.1** | **(62.5)%** |
| **Income taxes, current and deferred** | **(5.3)** | **(8.2)** | **54.7%** |
| **Net profit/(loss) for the year** | **0.3** | **(6.0)** | **NM[1]** |
| Net loss for the year attributable to the group | (0.2) | (7.2) | NM[1] |
| Net profit for the year attributable to minority interests | 0.6 | 1.2 | NM[1] |

(1) Not meaningful

*Production Revenues*

Our total production revenues increased by €102.7 million, or 30.9% from €332.7 million for the year ended December 31, 2018 to €435.4 million for the year ended December 31, 2019. This increase was primarily driven by an increase in our Revenues (Product & Services), which increased by €104.0 million, or 32.5% from €320.0 million for the year ended December 31, 2018 to €424.0 million for the year ended December 31, 2019 partially offset by a reduction in other revenues and income.

Our Revenues (Product & Services) increased by €104.0 million, primarily due to full year impact in 2019 of the acquisitions performed in 2018 (primarily CDM Tecnoconsulting, ICTeam, Tecla, Cimworks and NEST2) and the contribution of the acquisitions performed in 2019 (DISC S.p.A., Finance Evolution S.r.l., ENIGEN.IT S.r.l. and Mediana S.r.l.) and organic growth.

Internal work capitalized increased by €3.0 million from €2.6 million for the year ended December 31, 2018 to €5.6 million for the year ended December 31, 2019 due to the change in perimeter, for the impact of €0.2 million for the year ended December 31, 2019 compared to €0.0 million for the year ended December 31, 2020 and based on the evolution of the software development road map specifically in relation to the leasing platform “Forward,” and our healthcare platform.

Other revenues and income decreased by €4.3 million, or (42.6)% from €10.1 million to €5.8 million primarily due to the R&D grants accrual of €2.0 million accrued in 2018 also with reference to the previous year (as out of period income in the line item sundry other revenues) while in 2019 the amount was accounted only for the year 2019, the impact of a non-operating income of €3 million accounted for in 2018 with reference to a transaction with a customer as early termination penalty in respect of a commercial agreement.

*Production Costs*

Our production costs increased by €103.8 million, or 32.2% from €322.1 million for the year ended December 31, 2018 to €425.9 million for the year ended December 31, 2019. This increase was primarily driven by:

- an increase in cost of raw materials, consumables, supplies and goods, which increased by €10.8 million, or 11.1% from €97.0 million for the year ended December 31, 2018 to €107.7 million for the year ended December 31, 2019, primarily due to the full year impact of the cost of goods of acquisitions of CDM Technology and ICTeam completed in 2018, End-to-End technology Enabling business line and the cost of goods generated by DISC S.p.A. acquired in 2019;
- an increase in production costs relating to services, which increased by €33.0 million, or 36.1% from €91.5 million for the year ended December 31, 2018 to €124.5 million for the year ended December 31, 2019, primarily due to the full year impact of the acquisitions completed in 2018, the new acquisitions in 2019 and a cost increase related to non-recurring consultancy costs in connection with the post-merger integration process and in respect of diligence performed on potential acquisition targets;
- an increase in use of third-party assets which increased by €2.2 million, or 29.3% from €7.5 million for the year ended December 31, 2019 to €9.7 million for the year ended December 31, 2020, primarily due to the full year impact of the acquisitions completed in 2018;
- an increase in personnel expenses, which increased by €47.0 million, or 46.3% from €101.5 million for the year ended December 31, 2018 to €148.5 million for the year ended December 31, 2019, primarily due to an increase in wages and salaries (2018: €74.4 million; 2019: €108.5 million), which was on account of increase in the number of employees from 2,274 as of December 31, 2018 to 2,749 as of December 31, 2019 mainly due to the change in the consolidation scope due to acquisitions;
- an increase in amortization, depreciation and write-downs, which increased by €11.5 million, or 56.1% from €20.5 million for the year ended December 31, 2018 to €32.0 million for the year ended December 31, 2019, primarily due to increase in amortization of intangible fixed assets (2018: €18.4 million; 2019: €28.9 million) relating to amortization of goodwill and deferred charges generated by the acquisition process rolled out by the Lutech Group in 2017, 2018 and 2019;

- a decrease in production costs relating to the provision for risks by €1.5 million, from €1.5 million for the year ended December 31, 2018 to €0.0 million for the year ended December 31, 2019, due to the lay off provision accrued in 2018 which was not required in 2019; and
- an increase on other operating costs by €1.2 million, or 37.5% from €3.2 million for the year ended December 31, 2018 to €4.4 million for the year ended December 31, 2019, primarily due to the full year impact of the acquisitions in 2019.

*Financial Income and Charges*

Our net financial charges increased by €2.2 million, or 40% from €(5.5) million for the year ended December 31, 2018 to €(7.7) million for the year ended December 31, 2019, primarily due to an increase in other interest and financial charges (2018: €5.3 million; 2019: €7.8 million) which was on account of increase in financial debt to support the various acquisitions by the Lutech Group, which was in line with the Lutech Group's strategy to finance acquisitions with a mix of debt and equity.

*Adjustments to Financial Assets and Liabilities*

Our adjustments to financial assets and liabilities decreased by €0.2 million from €0.5 million for the year ended December 31, 2018 to €0.3 million for the year ended December 31, 2019, primarily due to an increase in write-downs relating to equity investments (2018: €0.0 million; 2019: €0.3 million), which was on account of prudential write-downs of Teia S.r.l. and of the associate company ITG Lutech S.r.l.

*Income Taxes, Current and Deferred*

Our income taxes, current and deferred increased by €2.9 million, or 55.0% from €5.3 million for the year ended December 31, 2018 to €8.2 million for the year ended December 31, 2019, primarily due to an increase in current taxes (2018: €6.1 million; 2019: €9.2 million), which was on account of the full year impact of the acquisitions completed in 2018, the impact of the acquisitions completed in 2019, partially offset by a reduction in taxable income and by the benefit from the tax consolidation scheme/tax transparency (2018: €0.0 million; 2019: €0.6 million).

*Net Profit/(Loss)*

Our net profit/(loss) changed from a profit of €0.3 million for the year ended December 31, 2018 to a loss of €(6.0) million for the year ended December 31, 2019, after excluding €23.2 million of goodwill amortization under OIC (ten years) and €7.2 million of non-recurring items.

## Certain Key Performance Measures

### *Revenues (Products and Services)*

In this Offering Memorandum, we present Revenues (Products and Services). Revenues (Products and Services) are defined as total production revenues less change in work in progress, semi-finished products and finished goods, internal work capitalized and other revenues and income. Revenues (Products and Services) have not been audited or reviewed. Revenues (Products and Services) are Non-GAAP Measures and the term Revenues (Products and Services) is not defined under Italian GAAP or any other generally accepted accounting principles. Consequently, the use of Revenues (Products and Services) has certain limitations. Revenues (Products and Services) is not a measure of net income, operating income, operating performance or liquidity presented in accordance with Italian GAAP or any other generally accepted accounting principles. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance or liquidity measure that is calculated in accordance with Italian GAAP or any other generally accepted accounting principles. For a more detailed description of the limitations of Revenues (Products and Services) as an analytical tool, see "*Presentation of Financial and Other Information—Non-GAAP Measures*."

Our Revenues (Products and Services) increased by €8.8 million, or 2.1% from €424.0 million for the year ended December 31, 2019 to €432.8 million for the year ended December 31, 2020. Our Revenues (Products and Services) increased by €104.0 million, or 32.5% from €320.0 million for the year ended December 31, 2018 to €424.0 million for the year ended December 31, 2019. For a breakdown of our Revenues (Products and Services) by business line for the years ended December 31, 2018, 2019 and 2020, see "*—Sales Mix across Business Lines and Industry Verticals—Sales Mix across Business Lines*."

Revenues (Product & Services) for our End-to-End Technology Enabling business line increased by €9.2 million, or 4.1% from €226.4 million for the year ended December 31, 2019 to €235.7 million for the year ended December 31, 2020, primarily due to the full year contribution of the acquisition of DISC S.p.A. and organic growth of the business despite the COVID-19 pandemic. Revenues (Product & Services) for our Digital Services business line decreased by €5.7 million, or 4.8% from €118.8 million for the year ended December 31, 2019 to €113.1 million for the year ended December 31, 2020, primarily due to the decrease in volume on two specific contracts, one with the Ministry of Justice and the other with DXC S.p.A. in the mainframe business (which we have since discontinued), net of the full year contribution of the acquisitions of ENIGEN.IT S.r.l. and DISC S.p.A. Revenues (Product & Services) for our Proprietary Software Solutions business line increased by €5.3 million, or 6.8% from €78.7 million for the year ended December 31, 2019 to €84.0 million for the year ended December 31, 2020, primarily due to the full year contribution of the acquisition of Mediana S.r.l. and Finance Evolution S.r.l. and organic growth in fintech, broadcasting and energy.

Our Revenues (Products and Services) for our End-to-End Technology Enabling business line increased by €22.5 million, or 11.1% from €203.9 million for the year ended December 31, 2018 to €226.4 million for the year ended December 31, 2019, primarily due to the acquisition of DISC S.p.A. and the full year impact of the acquisitions completed in 2018 of CDM Tecnoconsulting, Nest2 and ICTeam. Our Revenues (Products and Services) for our Digital Services business line increased by €66.9 million, from €52.0 million for the year ended December 31, 2018 to €118.8 million for the year ended December 31, 2019, primarily due to the full year impact of the acquisitions performed in 2018 of CDM Tecnoconsulting, Tecla, ICTeam, Cimworks and DIEM and the full year contribution of the acquisitions performed in 2019 of DISC S.p.A. and ENIGEN.IT S.r.l. and organic growth. Our Revenues (Products and Services) for our Proprietary Software Solutions business line increased by €14.5 million, or 22.6% from €64.2 million for the year ended December 31, 2018 to €78.7 million for the year ended December 31, 2019, primarily due to organic growth, the acquisition of Finance Evolution S.r.l. and Mediana S.r.l. and the full year impact of CST Tech and Sinergetica acquired in 2018.

***First Margin***

In this Offering Memorandum, we also present First Margin. First Margin refers to Adjusted EBITDA, adjusted for certain indirect costs, such as overheads, sales and marketing costs and costs relating to certain internal projects and certain add-backs relating to depreciation and amortization and cost of goods sold. First Margin is net of certain depreciation costs related to infrastructure directly connected to our customer projects or the services rendered which, for this reason, is accrued in the costs of goods sold. First Margin and Adjusted EBITDA are Non-GAAP Measures and the terms First Margin and Adjusted EBITDA are not defined under Italian GAAP or any other generally accepted accounting principles. Consequently, the use of First Margin and Adjusted EBITDA has certain limitations. First Margin and Adjusted EBITDA are not measures of net income, operating income, operating performance or liquidity presented in accordance with Italian GAAP or any other generally accepted accounting principles. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance or liquidity measure that is calculated in accordance with Italian GAAP or any other generally accepted accounting principles. For a more detailed description of the limitations of First Margin and Adjusted EBITDA as analytical tools, see "*Presentation of Financial and Other Information—Non-GAAP Measures*."

Our First Margin decreased by €2.9 million, or 2.3% from €124.0 million for the year ended December 31, 2019 to €121.2 million for the year ended December 31, 2020, primarily due to delays on certain customer projects as a consequence of the COVID-19 pandemic, partially offset by the full year impact of the acquisitions in 2019 and the full year impact of the Beetobit S.r.l. acquisition in 2020. Our First Margin increased by €37.1 million, or 42.7% from €86.9 million for the year ended December 31, 2018 to €124.0 million for the year ended December 31, 2019, primarily due to the full year impact of the acquisitions completed in 2018 (such as CDM Tecnoconsulting, ICTeam, Nest2 and Cimworks), the impact of the acquisitions completed in 2019 (such as DISC S.p.A. and Finance Evolution S.r.l.) and organic growth. For a breakdown of First Margin by business line for the years ended December 31, 2018, 2019 and 2020, see "*—Sales Mix across Business Lines and Industry Verticals—Sales Mix across Business Lines*."

First Margin for our End-to-End Technology Enabling business line decreased by €1.2 million, or 2.3% from €49.3 million for the year ended December 31, 2019 to €48.2 million for the year ended December 31, 2020, primarily due to an increase in resales of hardware and software during the fourth quarter of 2020, which typically have lower margins than average, partially offset by the full year impact of acquisitions performed in 2019, that typically provide higher margins in the managed and cloud services space. This also resulted in a decrease in First Margin as a Percentage of Revenues (Products and Services) from 21.8% in 2019 to 20.5% to 2020. First Margin for our Digital Services business line decreased by €4.1 million, or 10.3% from €40.2 million for the year ended December 31, 2019 to €36.0 million for the year ended December 31, 2020, primarily due to the decrease in volume on two specific contracts, one with the Ministry of Justice and the other with DXC S.p.A. in the mainframe business (which we have since discontinued), net of the full year contribution of the acquisitions of ENIGEN.IT S.r.l. and DISC S.p.A.. This also resulted in a decrease in First Margin as a Percentage of Revenues (Products and Services) from 33.8% in 2019 to 31.9% to 2020. First Margin for our Proprietary Software Solutions business line increased by €2.4 million, or 7.0% from €34.5 million for the year ended December 31, 2019 to €36.9 million for the year ended December 31, 2020, primarily due to organic growth and the full year impact of the acquisitions of Finance Evolution S.r.l. and Mediana S.r.l. in 2020. This also resulted in an increase in First Margin as a Percentage of Revenues (Products and Services) from 43.8% in 2019 to 43.9% in 2020.

First Margin for our End-to-End Technology Enabling business line increased by €8.8 million, or 21.7% from €40.6 million for the year ended December 31, 2018 to €49.3 million for the year ended December 31, 2019, primarily due to the contribution of the acquired end-to-end business of NEST2, CDM Tecnoconsulting and DISC S.p.A. and also due to organic growth. This also resulted in an increase in First Margin as a Percentage of Revenues (Products and Services) from 19.9% in 2018 to 21.8% in 2019 mainly as a consequence of the change in sales mix from the managed services space due to the perimeter of the acquired companies. First Margin for our Digital Services business line increased by €22.8 million, from €17.4 million for the year ended December 31, 2018 to €40.2 million for the year ended December 31, 2019, primarily due to the strong contribution of the companies acquired in 2018 (CDM Tecnoconsulting and ICTeam mainly) that provide high margin business in the space of PLM, ERP and Big Data. This also resulted in an increase in First Margin as a Percentage of Revenues (Products and Services) from 33.5% in 2018 to 33.8% in 2019. First Margin for our Proprietary Software Solutions business line increased by €5.5 million, or 19.1% from €29.0 million for the year ended December 31, 2018 to €34.5 million for the year ended December 31, 2019, primarily due to organic growth, the full year impact of the acquisition of Sinergetica and CST and new acquired companies in this space (such as Finance Evolution S.r.l. and Mediana S.r.l.). This also resulted in a decrease in First Margin as a Percentage of Revenues (Products and Services) from 45.1% in 2018 to 43.8% in 2019 mainly as a consequence of the change in sales mix.

## Liquidity and Capital Resources

### *Overview*

Historically, the principal sources of our liquidity have been cash flow from operating activities and bank credit lines. We have also engaged in the sale of receivables on the basis of uncommitted framework non-recourse factoring agreements in order to support our working capital and liquidity needs. Typically, receivables factored through non-recourse factoring transactions are written off from our financial statements upon their transfer, as all risks and benefits of the factored receivables are irrevocably transferred to the transferee. As at December 31, 2020, the amount of non-recourse factored receivables excluded from our financial statements was €24.4 million.

Following the completion of the Transactions, we intend to primarily rely on our operating cash flow as well as our Revolving Credit Facility, other long-term bank debt and the factoring of receivables to satisfy our working capital and other liquidity needs. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."

Historically, our principal uses of cash have been, and we expect that our principal uses of cash following the Transactions will be, to meet debt service requirements, provide working capital and fund capital expenditures. We believe that the current cash flow from operating activities and the Revolving Credit Facility will provide us with sufficient liquidity to meet current working capital needs.

### *Cash Flows*

The table below sets forth a summary of our consolidated statements of cash flows as of and for the periods indicated:

| | As of and for the Year Ended December 31, | | |
|---|---|---|---|
| **(€ million)** | **2018** | **2019** | **2020** |
| Total cash flow from/(used in) operating activities | 5.1 | 16.6 | 27.8 |
| Total cash flow from/(used in) investing activities | (111.4) | (49.5) | (15.7) |
| Total cash flow from/(used in) financing activities | 97.0 | 35.1 | 7.9 |
| **Change in liquid funds** | **(9.2)** | **2.2** | **20.0** |
| Liquid funds at beginning of the period | 37.1 | 27.9 | 30.1 |
| **Liquid funds at end of the period** | **27.9** | **30.1** | **50.2** |

*Total cash flow from / (used in) operating activities*

Total cash flow from operating activities increased by €11.2 million, from an inflow of €16.6 million for the year ended December 31, 2019 to an inflow of €27.8 million for the year ended December 31, 2020. This change was primarily due to the combined effect of (i) a positive cash flow from working capital of €3.3 million, (ii) lower cash outflow due to lower income taxes paid of €4.0 million and (iii) lower utilization of provisions of €4.1 million.

Total cash flow from operating activities increased by €11.5 million, from an inflow €5.1 million for the year ended December 31, 2018 to an inflow of €16.6 million for the year ended December 31, 2019. Cash flow from operating activities increased primarily due to a positive cash flow from working capital of €9.9 million.

*Total cash flow from / (used in) investing activities*

Total cash flow from / (used in) investing activities primarily includes the cash for acquisitions made during the year and potential price adjustments and deferred price from acquisitions completed in prior years. Total cash flow used in investing activities decreased by €33.9 million, from an outflow of €49.5 million for the year ended December 31, 2019 to an outflow of €15.7 million for the year ended December 31, 2020, primarily due to the acquisitions performed in 2019, net of the investments in the minority shareholding in C.S.T. S.r.l. and Telesio Systems S.r.l.

Total cash flow used in investing activities decreased by €61.9 million, from an outflow of €111.4 million for the year ended December 31, 2018 to an outflow of €49.5 million for the year ended December 31, 2019, primarily due to the acquisitions performed in 2018, net of the acquisition of majority shareholding in Mediana S.r.l., ENIGEN.IT S.r.l., Disc S.p.A. and Finance Evolution S.r.l.

*Total cash flow from / (used in) financing activities*

Total cash flow from financing activities decreased by €27.2 million, from an inflow of €35.1 million for the year ended December 31, 2019 to an inflow of €7.9 million for the year ended December 31, 2020. This decrease in inflow was primarily due to (i) lower inflows of own funds by €3.2 million and (ii) lower third party funds (net of loans repayments) by €24.0 million in relation the credit facility granted for the year ended December 31, 2019.

Total cash flow from financing activities decreased by €61.9 million, from an inflow of €97.0 million for the year ended December 31, 2018 to an inflow of €35.1 million for the year ended December 31, 2019. This decrease in inflow was primarily due to (i) lower inflows of own funds by €53.2 million and (ii) higher third party funds (net of loans repayments) by €8.7 million in relation the credit facility granted for the year ended December 31, 2019.

***Net Working Capital***

Net Working Capital represents inventory, trade receivables and other assets *less* payments on account, trade payables and other liabilities. Trade Working Capital represents inventory, trade receivables and trade payables. Net Working Capital and Trade Working Capital are not measures of net income, operating income, operating performance or liquidity presented in accordance with Italian GAAP or any other generally accepted accounting principles. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance or liquidity measure that is calculated in accordance with Italian GAAP or any other generally accepted accounting principles. See "*Presentation of Financial and Other Information—Non-GAAP Measures*."

Change in Net Working Capital represents the difference in Net Working Capital as of the specified date compared to Net Working Capital as of the comparable prior date. Our Net Working Capital results are affected by seasonality, with our Net Working Capital levels typically peaking in the last quarter of each year, reflecting our revenue generation pattern, before gradually increasing to their highest point in December of each year.

Our Trade Working Capital is mainly comprised of trade receivables. Trade receivables are initially recognized at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. Inventory is mainly comprised of finished goods and current contract work in progress. Advances from customers relate to invoices in advance on current contract work in progress. Other assets mainly comprise tax assets, accrued income and prepaid expenses, and other liabilities include tax liabilities, deferred income and accrued expenses. Trade payables mainly arise from the purchase of goods and services and are initially recognized at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. In general, our Trade Working Capital and Net Working Capital have been relatively stable in the past, in line with business development.

We mitigate our exposure to the risks relating to the collection of trade receivables through an analysis of the estimated realizable value in order to account for possible insolvencies. To this end we consider specific indicators based on past trends and/or any other useful information about a probable impairment.

The following table summarizes our change in Net Working Capital as of the dates and for the periods indicated:

| | As of and for the Year Ended December 31, | | |
|---|---|---|---|
| **(€ million)** | **2018** | **2019** | **2020** |
| Goodwill | 189.3 | 206.5 | 185.0 |
| Intangible Fixed Assets | 14.0 | 16.0 | 17.1 |
| Tangible Fixed Assets | 10.9 | 13.1 | 12.7 |
| Financial Fixed Assets | 1.9 | 1.8 | 1.2 |
| **Fixed Assets** | **216.1** | **237.4** | **216.0** |
| Inventory | 31.2 | 34.3 | 44.1 |
| Trade Receivables | 173.3 | 179.2 | 183.2 |
| Payments on Account | (17.9) | (20.4) | (29.3) |
| Trade Payables | (97.4) | (94.8) | (109.2) |
| **Trade Working Capital** | **89.2** | **98.4** | **88.8** |
| Other Assets | 45.7 | 38.1 | 39.0 |
| Other Liabilities | (77.8) | (78.7) | (73.4) |
| **Net Working Capital** | **57.2** | **57.8** | **54.5** |
| Change in Net Working Capital | — | 0.6 | (3.4) |

Net Working Capital decreased by €(3.4) million, from €57.8 million as of December 31, 2019 to €54.5 million as of December 31, 2020. Trade Working Capital has been stable at 20.5% of Revenues (Products and Services) in 2020 and Net Working Capital was effectively managed at 12.6% of Revenues (Products and Services) in 2020.

Net Working Capital increased by €0.6 million, from €57.2 million as of December 31, 2018 to €57.8 million as of December 31, 2019.

### *Net Capital Expenditures*

Net Capital Expenditure consists of investments in tangible fixed assets and investments in intangible fixed assets, net of disinvestment in tangible fixed assets. Historically, our Net Capital Expenditure has been primarily related to investments in research and development as well as software and other tangible assets. Net Capital Expenditures exclude the consideration paid by us for the acquisition of other businesses. See "*Key Factors Affecting Results of Operations and Financial Condition—Acquisitions*." We finance our Net Capital Expenditures with cash flow from operating, investing and financing activities. Net Capital Expenditure is not a measure of net income, operating income, operating performance or liquidity presented in accordance with Italian GAAP or any other generally accepted accounting principles. See "*Presentation of Financial and Other Information—Non-GAAP Measures*."

The table below sets forth our Net Capital Expenditure based on cash flows for the periods indicated:

| | Year Ended December 31, | | |
|---|---|---|---|
| **(€ million)** | **2018** | **2019** | **2020** |
| Investments in tangible fixed assets | 3.6 | 3.1 | 2.9 |
| Investments in intangible fixed assets | 4.2 | 7.4 | 7.6 |
| Disinvestment in tangible fixed assets | (1.8) | (0.1) | (0.4) |
| **Net Capital Expenditure** | **5.9** | **10.4** | **10.1** |

For the years ended December 31, 2018, December 31, 2019 and December 31, 2020, Net Capital Expenditure was €5.9 million, €10.4 million and €10.1 million, respectively, primarily composed of fixed assets of €2.4 million on average per year (including investments and disinvestments of land, buildings, machinery, industrial and commercial equipment and other tangible assets) and intangible assets for €6.4 million on average per year (including development costs and other intangible assets).

### *Capitalized Development Expenditure*

The following table sets forth our capitalized development expenditure for the periods indicated:

| (€ million) | Year Ended December 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| Capitalized development expenditure | 2.8 | 6.0 | 5.7 |

Capitalized research and development expenditure was €5.7 million in 2020, €6.0 million in 2019 and €2.8 million in 2018. We typically capitalize the costs related to the development of a new software or digital platform as an intangible asset and amortize it over the useful life of the product systematically on a straight-line basis over five years. We capitalized the development costs for the following products during 2020: wLab middleware, the wHospital medical record, the Intelligent Solutions RT3, the Forward 2000 and 3000 lease management platforms, the K4F loan management product, the Phoenix Compliance Platform (PCPTM) compliance solution and the solutions of CDM Tecnoconsulting.

We expense overheads, direct, marketing and development costs that improve product performance or that are related to product upgrades as a result of regulatory requirements in the projects that we create for our customers during the period in which they are incurred.

### Contractual Obligations

The following table summarizes certain categories of our contractual financial obligations and commitments on, an amortized basis, owed to third parties (excluding any interest payments under such contractual obligations and commitments), by period, as of December 31, 2020:

| (€ million) | Less than 1 year | 1–5 years | More than 5 years | Total |
|---|---|---|---|---|
| Syndicate Credit Facility and bank other loans(1) | 30.0 | 123.2 | — | 153.2 |
| Existing revolving credit facility(2) | 24.1 | — | — | 24.1 |
| Other bank debt(3) | — | 4.5 | — | 4.5 |
| Vendor related obligations(4) | 1.0 | 1.0 | — | 2.0 |
| Factoring(5) | 3.1 | — | — | 3.1 |
| **Total** | **58.2** | **128.7** | **—** | **186.9** |

(1) Represents the aggregate amount of existing syndicate credit facility of €138.2 million and of other bank loans €15.0 million at amortized cost.

(2) Represents drawdown under the existing revolving credit facility of an aggregate principal amount of €32.9 million.

(3) Represents long-term bank loans and other financial indebtedness with local banks, comprising €1.5 million of loans secured by a mortgage and €3.0 million of unsecured bank loans.

(4) Represents financial liabilities under our arrangement with Dell Bank International D.A.C. (“**Dell**”) for products and services from Dell in an amount of €1.9 million as of December 31, 2020 and €0.1 million of financial liabilities under other financial arrangements. Under our arrangement with Dell, we purchase products and services for resale from Dell and pay for such products and services in instalments of up to three years. Similarly, our customers pay for such resold products and services to us in instalments.

(5) Represents €2.0 million payable to factoring providers for non-recourse factoring in respect of some of our customer receivables and €1.1 million payable towards factoring transactions with recourse to Lutech Group.

The following table summarizes certain categories of our contractual obligations and commitments owed to third parties (excluding any interest payments under such contractual obligations and commitments), by period, as of December 31, 2020 on an as adjusted basis after giving effect to the Transactions. For further information, see "*Description of Certain Financing Arrangements*" and "*Capitalization*."

| (€ million) | Less than 1 year | 1–5 years | More than 5 years | Total |
|---|---|---|---|---|
| Notes offered hereby(1) | — | — | 275.0 | 275.0 |
| Revolving Credit Facility(2) | — | — | — | — |
| Other bank debt(3) | — | 4.5 | — | 4.5 |
| Vendor related obligations(4) | 1.0 | 1.0 | — | 2.0 |
| Factoring(5) | 3.1 | — | — | 3.1 |
| **Total** | **4.1** | **5.5** | **275.0** | **284.6** |

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

(2) We currently expect the Revolving Credit Facility to be undrawn on the Issue Date. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."

(3) Represents long-term bank loans and other financial indebtedness with local banks, comprising €1.5 million of loans secured by a mortgage and €3.0 million of unsecured bank loans.

(4) Represents financial liabilities under our arrangement with Dell Bank International D.A.C. ("**Dell**") for products and services from Dell in an amount of €1.9 million as of December 31, 2020 and €0.1 million of financial liabilities under other financial arrangements. Under our arrangement with Dell, we purchase products and services for resale from Dell and pay for such products and services in instalments of up to three years. Similarly, our customers pay for such resold products and services to us in instalments.

(5) Represents €2.0 million payable to factoring providers for non-recourse factoring in respect of some of our customer receivables and €1.1 million payable towards factoring transactions with recourse to Lutech Group.

### Off-Balance Sheet Arrangements

Commitments which are not recognized on the balance sheet are obligations with third parties arising from legal agreements with certain obligatory effects which have not been executed by either of the parties. They include commitments of a certain amount and execution (such as purchase and sale forwards) and commitments, the execution of which is certain but not the amounts. Such commitments are shown at their nominal amounts in accordance with the related supporting documentation.

Certain put and call options and, specifically, drag along and tag along rights were granted to the minority shareholders and quotaholders of Teratron GmbH and Kronotech S.r.l., exercise of which is related to the potential withdrawal of One Equity Partner from the Lutech Group's capital. Pursuant to the Lutech Acquisition, such rights have been exercised by minority shareholders in respect of Kronotech S.r.l. and may be exercised in respect of Teratron GmbH. In accordance with the existing agreements, Lutech has communicated with such minority investors about the drag along right, which is dependent on the formal transfer of ownership, setting out the conditions for the acquisition in more detail. Lutech has agreed to acquire such minority interests in Kronotech S.r.l. for €4.5 million and expects to acquire the minority interests in Teratron GmbH at €2.6 million, subject to signing of a definitive agreement in this regard.

The agreement for the sale of the Gioia del Colle building in 2018 contained a reservation of title clause for approximately €0.7 million pursuant to which the building would return to Lutech in the event of non-payment. Should this occur, Lutech would be required to find a new buyer as Lutech does not consider the building a strategic investment. As of December 31, 2020, payments have been duly made by the counterparty, net of five instalments during the initial phase of the COVID-19 pandemic for which the counterparty had requested a payment extension. The reservation of title clause expires on July 31, 2021.

As of December 31, 2020, the Lutech Group has sureties granted by banks and insurance companies to guarantee the fulfilment of non-financial obligations of the Lutech Group related to bid and performance bonds required under certain business tender processes for €33.0 million.

Risks for which a liability is probable are described in our consolidated financial statements and provided for in the provision for risks. Risks for which a liability is only possible are described in our consolidated financial statements but no provision is made for such risks pursuant to the Italian Civil Code and Legislative decree no. 127/91, interpreted in the context of and integrated by the reporting standards promulgated by the OIC. Remote risks are not provided for. For more information please refer to the notes in our Financial Statements included elsewhere in this Offering Memorandum.

**Quantitative and Qualitative Disclosures Regarding Market and Financial Risks**

***Overview***

In the ordinary course of business, we are exposed to credit risk, liquidity risk, market risk and interest rate risk. Our operating and financial policies are aimed at minimizing potential effects on our financial performance by improving our economic results and net financial position. This discussion does not address other risks to which we are exposed in the ordinary course of business, such as operational risks. See "*Risk Factors*."

***Credit Risk***

Credit risk represents the Lutech Group's risk to potential losses resulting from non-compliance with the obligations assumed by counterparties. To mitigate credit risk related to commercial counterparties, we have put in place procedures aimed at ensuring that product sales are made to customers who are deemed reliable due to, for example, their high creditworthiness. Credit risk is further mitigated through constant monitoring of our commercial exposure and the collection times of receivables in order to promptly identify any cases of non-compliance by customers. Any financial assets that we consider of doubtful recoverability are appropriately allocated to the bad debt provisions. As of December 31, 2018, 2019 and 2020, we recorded allowances for bad debts with respect to receivables from customers of €0.1 million, €0.3 million and €0.5 million, respectively. See "—*Net Working Capital*." For more information please refer to the notes in our Financial Statements included elsewhere in this Offering Memorandum.

***Liquidity Risk***

Liquidity risk is the risk associated with the ability to meet commitments arising from financial liabilities. We have short and long-term debt. Prudent management of the liquidity risk arising from normal operations requires the maintenance of an adequate level of cash and the availability of funds obtainable through an adequate amount of credit lines. We further mitigate liquidity risk by ensuring that we have access to different sources of financing, with different banking institutions and that there are no significant concentrations of liquidity risk on the side of both financial assets and the sources of financing. To further mitigate any liquidity risk, we have implemented a cash pooling approach within the Lutech Group. The medium to long-term debt structure used to finance the various acquisitions, the availability of commitments under the Revolving Credit Facility and other long-term bank debt and the initiatives to centralize the cash pooling system of the Lutech Group enable us to optimize the sources and application of funds and support us in developing our core business.

***Market Risk***

The Company purchases several products, services and software in foreign currency, mainly U.S. dollars. The Company hedges currency risk by making forward currency purchases to offset possible negative fluctuations in foreign currency transactions, compared to the sales conditions agreed with customers.

***Interest Rate Risk***

The Lutech Group's exposure to interest risk mainly derives from the volatility of the financial charges in relation to debt, expressed at a variable rate. Fluctuations in market interest rates may affect our results, indirectly affecting costs and returns of financing and investment transactions. After completion of the Transactions, we will continue to be exposed to interest rate risk in connection with the Notes, our financial debt that remains outstanding and any borrowings under the Revolving Credit Facility, which is expected to be undrawn as of the Issue Date. The strategy that we follow for this type of risk-mitigation is one that aims at mitigating interest rate risk while optimizing debt cost.

## Critical Accounting Policies

The preparation of financial statements requires our management to apply accounting principles and methods which, in certain circumstances, are based on difficult and subjective assessments and estimates based on historical experience and assumptions that are considered reasonable from time to time and realistic according to the relative circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements and other information provided in this Offering Memorandum. The final results of the financial statement items for which such estimates and assumptions have been used may differ from those reported in the financial statements due to the uncertainty that characterizes the assumptions and conditions on which the estimates are based.

The areas that require more subjectivity on the part of management in preparing the estimates, and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial data, are briefly described below.

### *Fixed assets*

*Intangible fixed assets*

Intangible fixed assets are recognized at historical cost, including transaction costs, net of amortization charged over the years to the individual assets. They are amortized in line with their residual income generating potential and, if this cannot be determined, using a rate of 20%.

Deferred start-up and capital costs and development costs are recognized at cost, with the prior consent of the board of statutory auditors. Development costs are amortized in line with the income generating potential. When we are unable able to estimate this potential, the costs are amortized over not more than five years.

Goodwill, arising on the cancellation of equity investments of acquirees and the exchange of shares or quotas assigned to the shareholders or quotaholders of the merged companies, are amortized on a straight-line basis. This rate is deemed appropriate to allow us to recover the goodwill through future economic benefits while complying with the principle of cost recoverability. All goodwill (net of the above) is amortized over ten years.

Extraordinary maintenance of third party assets is amortized over the shorter of the period of future use of the costs incurred and the lease term of the assets that have undergone maintenance. Patents are amortized using a 10% rate.

If, at the reporting date, there are indications of impairment losses on tangible fixed assets, the recoverable amount of such assets is estimated. Should their recoverable amount, being the higher of value in use and fair value *less* costs to sell, be lower than their carrying amount, the assets are written down.

When the recoverable amount of an asset cannot be estimated, it is tested for impairment at cash-generating unit ("**CGU**") level which is the lowest identifiable level for assets, which includes the assets to be measured and generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets. The write-down is not maintained in subsequent years if the reasons therefor cease to exist. The write-down is reversed up to the amount the asset would have had if the write-down had never taken place, that is, net of the amortization/depreciation that would have been recognized in the absence of the write-down. Write-downs of goodwill and deferred charges cannot be reversed.

*Tangible fixed assets*

Tangible fixed assets are recognized at purchase or production cost, including transaction costs and any costs that increase the carrying amount of the asset decreased by any large trade and cash discounts. They are adjusted for depreciation and any write-downs. Tangible fixed assets are usually depreciated systematically on a straight-line basis over their estimated useful lives using rates that match the ordinary tax rates.

Maintenance and repair costs that increase the value of an asset as they lengthen its useful life or lead to a significant and measurable increase in production capacity or occupational safety or an improvement in the environmental conditions are capitalized, otherwise, they are expensed.

Extraordinary maintenance costs incurred to expand, modernize, replace or improve an asset are capitalized within the limits of its recoverable amount if they result in a significant and measurable increase in its production capacity, safety or useful life.

Depreciation carried over to the profit and loss account is calculated using rates held to reflect the assets' utilization and estimated useful life. Depreciation rates applied remain unchanged from the previous year and are halved for assets acquired during the year.

Tangible fixed assets are revalued, within the limits of their recoverable amount, only in the cases in which it is required or allowed by the relevant law of the respective countries.

***Financial fixed assets***

Investments in associates are measured using the equity method, initially recognized at acquisition cost, including the related transaction costs, including bank and financial brokerage fees, commissions, expenses and taxes. Upon initial recognition, the acquisition cost of an equity investment is compared to the relevant share of the investee's net equity resulting from its most recent financial statements.

If an initial positive difference is identified which can be attributed to higher carrying amounts of the investee's assets, measured at present value, or to goodwill, the investment is recognized at acquisition cost, including the initial positive difference. Otherwise, the investment is impaired and the write-down is recognized as a write-down of equity investments in the profit and loss account.

If an initial negative difference is identified which can be attributed to a successful deal, the investment is recognized at the investee's higher net equity, adjusted compared to its cost, recognizing an undistributable reserve in net equity as a balancing entry. Should the initial negative difference be attributable to assets recognized at higher carrying amounts than their recoverable amounts, liabilities recognized at lower carrying amounts than their settlement amounts or forecast losses, the investment is initially recognized at acquisition cost and the difference is a provision for future risks and charges. This provision, recognized as a memorandum account, in future years to adjust the investee's net profits or losses, in order to reflect the assumptions made upon acquisition.

The draft financial statements formally prepared by the investee's board of directors, if the shareholders and quotaholders have not approved them, are used for the equity measurement method.

The net profit or loss for the year and net equity shown in an investee's financial statements are subject to the same adjustments required for consolidation purposes. Lutech's share of an investee's adjusted net profit or loss increases or decreases the carrying amount of the investment, with a balancing entry in the profit and loss account. Dividends received reduce the investment's carrying amount. Changes in the investee's net equity that did not affect its net profit or loss for the year increase or decrease its carrying amount and the specific undistributable reserve, without affecting the profit and loss account. If, as a result of net losses, the carrying amount of an investment becomes negative, it is written off and, should we be legally or otherwise bound to support the investee, the losses exceeding the write-off are recognized in the provisions for risks and charges.

If any impairment losses are identified, the investment is written down, even when the resulting carrying amount is lower than the amount arising from equity accounting.

Investments in other companies are measured at cost and adjusted for impairment.

Receivables are recognized under fixed or current assets depending on their intended use in relation to ordinary activities that generate them. Accordingly, financial receivables are recognized under financial fixed assets, whereas trade receivables are recognized under current assets, regardless of their due date.

Financial receivables are recognized at their estimated realizable value. Their nominal value is adjusted through the provision for bad debts to their estimated realizable value to account for possible insolvencies.

The amortized cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to Article 12.2 of Legislative decree no. 139/2015, the Lutech Group opted not to recognize receivables arising before January 1, 2016 at amortized cost and did not discount them.

***Finance leases***

The Lutech Group accounts for finance leases using the balance sheet method, whereby the lease payments made are recognized in the profit and loss account on an accruals basis.

***Inventory***

Inventory is initially recognized at acquisition or production cost and is subsequently measured at the lower of acquisition cost and estimated realizable value based on market trends. Purchase cost is the actual cost paid upon purchase including related charges. The purchase cost includes the price, transport costs, customs and other duties and other directly attributable costs. Returns, commercial discounts, rebates and bonuses are deducted from costs.

Production cost includes all direct costs and the reasonably attributable portion of indirect costs incurred from production up to when the asset is available for use, based on normal production capacity. Production cost excludes general and administrative costs, distribution costs and research and development costs.

The Lutech Group has adopted the weighted average cost model. Goods in stock include IT equipment and software held for resale. Spare parts are measured at average cost.

***Contract work in progress***

If the Lutech Group has a binding agreement with the counterparty and is able to measure the contract profit or loss reliably, contract work in progress is recognized based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognized on the basis of the work performed. This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly. Any resulting profits or losses are recognized in the profit and loss account when the update is made.

Contract revenues include all contractual consideration, as well as approved variations to work, price escalation clauses, claims and incentives to the extent they can be determined reliably and their collection is reasonably certain. Accrued revenues are recognized when we are certain that we will definitively collect them as consideration for the work carried out. In the case of progress billings, since advances and payments on account are financial transactions, they do not affect revenue recognition and are always recognized as liabilities as they are not necessarily calculated on the basis of work carried out. Upon final billing, we reverse the relevant amount of advances and payments on account from liabilities.

Contract costs include all costs directly related to the contract, indirect costs attributable to the entire production process and attributable to the contract, as well as any other costs that may be specifically charged to the customers under the contract terms. Contract costs also include pre-operating costs, i.e., those costs incurred in the initial stage of the contract before the contract work or production process begins, and those to be incurred after the closure of the contract.

If we are unable to determine the outcome of a contract reliably, its carrying amount is calculated on the basis of the costs incurred, if their recovery is reasonably certain and, therefore, without recognizing any profit. We recognize the consideration to which we are definitively entitled as revenue, while we recognize the change in contract work in progress, which is the difference between the opening and closing inventory for work carried out and not yet definitively settled, in the specific profit and loss account caption.

### *Financial receivables*

Receivables are rights to receive fixed or determinable amounts of cash or its equivalent from customers or other third parties at identified or identifiable due dates. Receivables arising from the sale of goods and supply of services are recognized in accordance with the requirements set out in the section "*—Revenues and Costs*" below. Receivables arising for other reasons are recognized if they result in a right to a receivable, i.e., if they actually give rise to a third party obligation to the Lutech Group.

Receivables are recognized at amortized cost, considering the time value of money and their estimated realizable value. The amortized cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to Article 12.2 of Legislative decree no. 139/2015, the Lutech Group opted not to recognize receivables arising before January 1, 2016 at amortized cost and did not discount them.

In this case, receivables are initially recognized at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest collected and net of estimated write-downs and expected credit losses recognized to adjust their carrying amount to their estimated realizable value.

Cash discounts and allowances, that were not included in the calculation of the estimated realizable value as they could not be determined when the receivable was originally recognized, are recognized upon collection as financial charges.

Financial receivables are recognized at their estimated realizable value. Their nominal value is adjusted through the provision for bad debts to their estimated realizable value to account for possible insolvencies. To this end, the Lutech Group considers specific indicators based on past trends and any other useful information about a probable impairment. The write-downs are estimated on an individual basis for significant receivables and collectively for the others, by calculating the expected impairment losses at the reporting date.

Receivables are derecognized when the contractual rights to the cash flows from the receivable are extinguished or title thereto is transferred along with nearly all the related risks. To verify transfer of the risks, the Lutech Group considers all the contractual clauses.

When the above-mentioned conditions are met and the receivable is derecognized, any difference between the amount collected and the receivable's carrying amount is recognized as an impairment loss in the profit and loss account, unless another classification, including financial, may be identified based on the transfer agreement.

### *Derivatives*

A derivative is a financial instrument or other contract with the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

The Lutech Group recognizes a derivative when it becomes party to its contractual provisions, i.e., when it signs the contract and is, therefore, subject to its rights and obligations. It recognizes derivatives, including embedded derivatives, at fair value.

Derivatives embedded in hybrid contracts are separated from the non-derivative host and recognized separately if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative provided for in OIC Principle 32. The Lutech Group assesses whether it is required to separate an embedded derivative and recognize it separately only at the hybrid instrument's initial recognition or at the date when its contractual clauses are amended.

At each reporting date, the Lutech Group measures derivatives at fair value and presents them in the specific balance sheet captions as current or fixed (in the case of hedges of fixed assets or liabilities due after one year) assets, if their fair value is positive or under provisions for risks and charges, if their fair value is negative. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Lutech Group measures the fair value of unlisted derivatives using adequate valuation techniques and the assumptions, parameters and fair value hierarchy levels required by the relevant OIC.

Fair value gains or losses on derivatives that do not meet the hedge accounting requirements are recognized in the specific profit and loss account captions. Therefore, if Lutech uses derivatives as hedges from a management perspective but the hedging relationship does not fully meet hedge accounting requirements, it recognizes them based on the general treatment described earlier.

The hedge effectiveness is documented at initial recognition and also on an ongoing basis. At each reporting date, the Lutech Group assesses whether the hedging relationship is still effective.

***Fair value hedges***

If a derivative is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability or a firm commitment that is attributable to a particular risk and could affect the net profit or loss, the gain or loss on both the hedging instrument and the hedged item attributable to the hedged risk is recognized in the specific profit and loss account caption, to the extent that the gain or loss on the hedged item does not exceed the fair value gain or loss of the hedging instrument. Any surplus is recognized in the profit and loss account caption affected by the hedged item. In the balance sheet, the derivative is measured at fair value and recognized as an asset or liability while the carrying amount of the hedged item in the balance sheet is adjusted to the extent, for assets, of their recoverable amount.

***Cash flow hedges***

If a derivative is designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, a firm commitment or a highly probable forecast transaction and could affect the net profit or loss, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in the specific net equity reserve, whereas the ineffective portion of the gain or loss on the hedging instrument is recognized in the profit and loss account.

The gains or losses accumulated in the net equity reserve are reclassified to the profit and loss account in the year or over the years during which the hedged future cash flows affect the net profit or loss. If a firm commitment or a highly probable forecast transaction subsequently results in the recognition of a non-financial asset or liability, the associated gains or losses that were recognized in the specific reserve are reclassified from net equity to the carrying amount of the asset (to the extent of its recoverable amount) or liability upon its recognition.

When Lutech discontinues hedge accounting for a cash flow hedge, but the hedged future cash flows are still expected to occur, the amount that has been accumulated in the reserve remains in net equity until the future cash flows occur. If the hedged future cash flows are no longer expected to occur or the forecast transaction is no longer highly probable, that amount is immediately reclassified from the reserve to the profit and loss account.

***Liquid funds***

Liquid funds are the positive balances of bank and postal accounts and cheques, as well as the cash-in-hand and cash equivalents at year end. Bank and postal account deposits and cheques are recognized at their estimated realizable value, cash and revenue stamps at their nominal amount, while foreign currency is measured at the closing rate.

***Foreign currency transactions, assets and liabilities***

Assets and liabilities generated by foreign currency transactions are initially recognized in Euros, applying the transaction date spot rate between the Euro and foreign currency to the foreign currency amount.

Foreign currency monetary items, including the provisions for risks and charges related to foreign currency liabilities, are translated using the closing spot rates. Any resulting gains or losses are taken to the profit and loss account. Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the transaction date exchange rate. Consequently, any exchange rate gains or losses are not recognized separately.

Any unrealized net exchange rate gain on foreign currency monetary items forms part of the net profit or loss for the year and, when the financial statements and consequent allocation of the net profit or loss for the year are approved, it is recognized in an undistributable reserve. Should the net profit for the year be lower than the unrealized net exchange rate gain, the amount recognized in the undistributable reserve is equal to the net profit for the year.

If foreign currency items are designated as hedged items or hedging instruments in a hedging relationship, the company applies the accounting treatment described in the "—*Derivatives*" section above.

***Prepayments, accrued income, accrued expenses and deferred income***

Accrued income and expense are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years. Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year or in previous years but pertaining to one or more subsequent years.

Accordingly, these captions comprise only portions of expenses and income relating to two or more years, whose amount varies on a time or economic accruals basis.

At each year end, Lutech analyzes the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on its expected realizable value, whereas that of prepayments is based on the existence of future economic benefits matching the deferred costs.

None of the prepayments and accrued income or accrued expenses and deferred income items relate to more than five years at the reporting date.

***Securities***

Securities recognized as fixed assets held until their maturity are measured using the amortized cost method, while securities recognized as current assets are measured at the lower of amortized cost and estimated realizable value based on market trends.

### *Net equity and own shares*

Own shares are recognized at their repurchase cost in a negative net equity reserve when they are repurchased. The reserve is earmarked following the shareholders' resolution to cancel own shares, concurrently reducing share capital by the cancelled shares' nominal amount. Any difference between the amount accumulated in the reserve and the cancelled shares' nominal amount increases or decreases net equity.

If the Lutech Group sells its own shares, any difference between the amount accumulated in the reserve and the proceeds from the sale increases or decreases another net equity caption. For further details of the effects of the application of other accounting policies on net equity, see notes to our Financial Statements included elsewhere in this Offering Memorandum.

### *Provisions for risks and charges*

Provisions for risks and charges are recognized to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years.

Accruals to provisions for risks and charges are primarily recognized in the profit and loss account section to which the transaction relates, privileging the classification of costs by nature. The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at each reporting date and is not discounted. Moreover, in estimating accruals to provisions for charges, the company may consider the related time horizon, if a reasonable estimate of the amount required to settle the obligation and its due date is possible and the latter is so far into the future that the obligation's present value and estimated liability will be considerably different at that settlement date.

If the measurement of the accruals gives a range of values, the accrual represents the best possible estimate between the upper and lower thresholds of the range.

The provisions are subsequently used directly and solely for those costs and liabilities for which they were originally set up. If they are not sufficient or are redundant, the shortfall or surplus is recognized in the profit and loss account in line with the original accrual.

### *Employees' leaving entitlement*

The Italian employees' leaving entitlement (TFR) is the benefit to which employees are entitled in case of termination of employment pursuant to Article 2120 of the Italian Civil Code and considering the changes in legislation introduced by law no. 296/2006. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account and partial advances paid by virtue of national or individual labor contracts or company agreements which are not required to be repaid and net of portions transferred to supplementary pension funds or the treasury fund managed by INPS (the Italian social security institution).

The related liability is the amount that the Lutech Group would have paid had all employees left at the reporting date. The amount due to employees who had already left the Lutech Group at the reporting date but that will be paid in the following year is reclassified to payables.

### *Payables*

Payables are specific and certain liabilities that are obligations to pay fixed or determinable sums of cash or its equivalent to financial backers, suppliers or other parties.

Payables arising from the purchase of goods are recognized when the production process of goods has been completed and the substantial transfer of title has taken place, with the transfer of risks and benefits being the key parameter. Payables relating to services are recognized once the services have been delivered, i.e., when they have been carried out. The amortized cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to Article 12.2 of Legislative decree no. 139/2015, the Lutech Group opted not to recognize payables arising before January 1, 2016 at amortized cost and did not discount them.

In this case, payables are initially recognized at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest paid.

In the event of early settlement, the difference between the residual outstanding amount and the outlay to settle the obligation is recognized as financial income or charges.

Cash discounts and allowances that were not included in the calculation of the carrying amount at initial recognition as they could not be determined when the payable was originally recognized, are recognized upon settlement as financial income.

***Revenues and costs***

Revenues and income, costs and charges are stated net of returns, allowances, discounts and premiums, as well as taxes directly related to the sale of goods or provision of services, in compliance with the accruals and prudence concepts. Revenues from the sale of goods are recognized when the production process for the goods has been completed and the exchange has already taken place i.e., upon the substantial rather than formal transfer of title, with the transfer of risks and benefits being the key parameter. Revenues from the provision of services are recognized once the services have been provided, i.e., when they have been carried out.

Revenues and income, costs and charges relating to foreign currency transactions are translated using the spot exchange rate ruling on the date of the relevant transaction.

Gains and losses from repurchase agreements, including those arising from the difference between the spot and forward prices, are recognized on an accruals basis.

When the amortized cost method is applied, interest is recognized using the effective interest method.

Financial charges are recognized for the amount accrued during the year.

For information on revenues and costs whose amount or impact is exceptional, see the notes to our Financial Statements included elsewhere in this Offering Memorandum.

***Income taxes***

Current income taxes for the year are calculated on the basis of a realistic forecast of the taxable profit under the relevant tax legislation and applying the enacted tax rates at the reporting date. The related tax payable is stated at its nominal amount in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have been not claimed for reimbursement. A tax asset is recognized for payments on account, withholdings and receivables exceeding the taxes payable. Tax receivables and payables are measured at amortized cost, except when they are due within one year.

The preparation of consolidated financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, are recognized in the profit and loss account when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities and their tax base.

## Industry

*In this section, we rely on and refer to information regarding the overall Italian IT market including the IT services, software and hardware markets in which we operate and compete. The market and industry data and forecasts provided below are based on our beliefs and estimates, internal company reports and diligence reports prepared by parties in connection with the Transactions, and surveys, studies or reports of third party sources and data providers. Where the data herein which produced by Gartner was stated in dollars, we have used a conversion rate of 0.89 euro to dollar, 0.85 euro to dollar, 0.90 euro to dollar and 0.88 euro to dollar for 2017, 2018, 2019, and 2020 figures, respectively to determine the equivalent amount in euros (for projected figures, we have used a conversion rate of 0.88 euro to dollar). Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information or the assumptions on which it is based cannot be guaranteed. The Gartner Content described in this Offering Memorandum, represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this Offering Memorandum) and the opinions expressed in the Gartner Content are subject to change without notice. While we believe that these industry publications, surveys and forecasts are reliable, we have not independently verified them and cannot guarantee their accuracy or completeness. For further information, see "Forward—Looking Statements," "Industry and Market Data" and "Risk Factors—Risks Related to Our Business and Industry." This section includes certain technical terms that are commonly used in our industry. See "Glossary of Selected Terms" for a detailed explanation of these terms. Prospective investors should not place undue reliance on any forecasts presented below and should make their own independent assessment of our future prospects and the risks relating to the markets in which we operate.*

### Overview

We are a leading specialist provider of IT services, software and digital solutions in Italy, supporting the digital evolution of our enterprise customers. Our offering covers a wide range across the digital ecosystem, including vertical proprietary software solutions combined with end-to-end integrated offering in digital services and digital technologies. Digital technology advancements such as cloud computing and data analytics have accelerated in recent years and are radically transforming businesses across all industries. We provide our customers exposure and access to such technological advancements in digital capabilities, which is key to ensuring our customers meet their strategic priority of keeping pace with innovative and disruptive companies around the world.

IT services and software players are the key enablers for the digital transformation of enterprises. The support given by the IT services and software players includes the optimization of the internal processes with the ultimate objective of generating efficiencies and building competitive advantage.

We operate in all three markets that comprise the broader Italian IT market: (i) IT services; (ii) software; and (iii) hardware. According to Gartner, our addressable Italian IT market (the "**Reference Market**") was valued at approximately €22.1 billion in 2019, having grown at a CAGR of 8.9% between 2017 and 2019. Having contracted by 6.3% in 2020 due to the COVID-19 pandemic, according to Gartner, growth in our Reference Market is expected to rebound by 9.2% in 2021, and is expected to continue to grow at a CAGR of 6.5% between 2021 and 2015. Within our Reference Market, IT services and software provide the most of growth while the hardware market has matured in recent years. For full context on the information provided by Gartner, please refer to the chart titled Italy historical / forecasted overall Reference Market demand (2017A–2025E | € billion) in "*Industry—The Italian IT Market—Overall Reference Market*."

According to an independent third party consultant, IT spending in Italy is lagging behind other European economies like the United Kingdom, France, Germany and Spain. As Italy closes the gap, aided by government initiatives such as the Recovery and Resilience Facility (the "**RRF**"), which provides for a €46 billion economic investment into digitalization, innovation and culture in Italy, a new digital wave is expected to accelerate enterprise spending driven by a focus on cost optimization and efficiency. As businesses across Italy have increasingly adopted digital technologies that require complex IT systems to manage and on-board these various technologies, IT services providers, such as our Group, have become critical to many businesses particularly since they may not have the resources in-house to implement such changes.

We are present across three fields of the Italian IT market:

- **IT services** market in Italy was worth €13.7 billion in 2019, according to Gartner, and has been growing 8.2% CAGR between 2017 and 2019. IT services refers to the application of business and technical expertise to enable organizations in the creation, management and optimization of or access to information and business processes, such as IT consulting, application managed services.
- **Software** market in Italy was worth €5.7 billion in 2019, according to Gartner, and has been growing CAGR of 12.7% between 2017 and 2019. Software includes vertical specific, infrastructure business intelligence and ERP/SCM/CRM software as well as analytics.
- **Hardware** market in Italy was worth €2.7 billion in 2019, according to Gartner, and has been growing CAGR of 4.6% between 2017 and 2019. Hardware includes devices, unified communications, storage, servers and enterprise network equipment.

For full context on the information provided by Gartner, please refer to the chart titled Italy historical / forecasted overall Reference Market demand (2017A–2025E I € billion) in "*Industry—The Italian IT Market—Overall Reference Market.*"

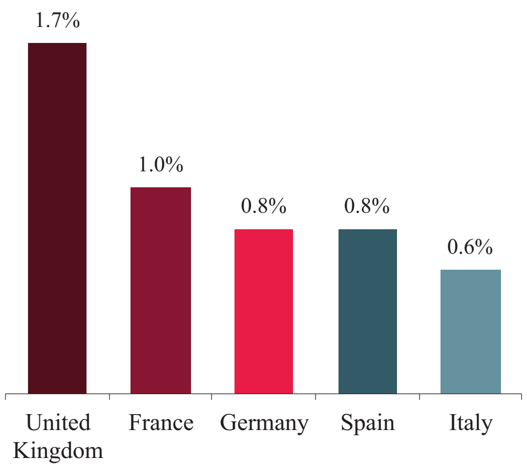
### Key Market Growth Drivers

We believe that the Italian IT market is highly attractive with strong secular tailwinds and country-specific dynamics that provide us with significant growth opportunities:

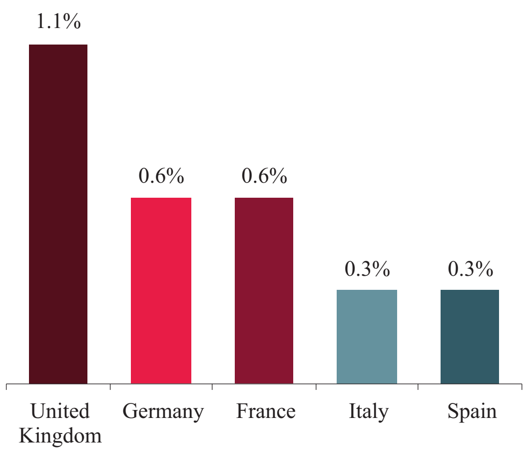
#### *Under-penetration of IT spending in the Italian economy*

IT services/software penetration (as defined by IT spending by GDP) in Italy is well below European peers (according to an independent third party consultant, in 2019, 0.6% IT services penetration in Italy as compared to 1.7% in the United Kingdom) and the Italian government is directing resources towards digitalizing the economy pursuant to the Italian Recovery Fund. Underpenetration in the IT services in Italy is also connected to accelerated growth in the IT services market (which was growing at a CAGR of 5.4% between 2016 and 2019, with a 4% CAGR average of other European peers, such as 3.1% in the United Kingdom). Bridging this digital gap is essential for attracting foreign direct investment to Italy. Historically, IT spending in Italy has been closely correlated to GDP growth. However, in recent years, Italy's IT spending has accelerated as companies have started to focus on digitalizing their business, leading to increased IT penetration. It is expected that such spending may need to continue for a significant period before Italy achieves similar levels of IT spending as other European countries.

IT services spending on GDP (2019/%)




Software spending on GDP (2019/%)




*Source: Independent third party consultant*

***Increasing complexity and mission critical nature of IT Services***

IT services have been gaining importance as a business critical investment, often with a direct impact on revenue generation, with IT spend increasingly being distributed across multiple departments within the enterprise and no longer being the prerogative of a centralized IT function or of chief information officers ("**CIOs**"). As we see increased adoption of digital technologies by businesses across Italy, we also see increasing complexity of IT systems due to the interconnectedness of the various technologies on-boarded. Typically, CIOs can no longer rely fully on their own in-house IT team to implement large projects, and instead services of IT service providers, who have expert knowledge on the implementation of new technologies, are being obtained.

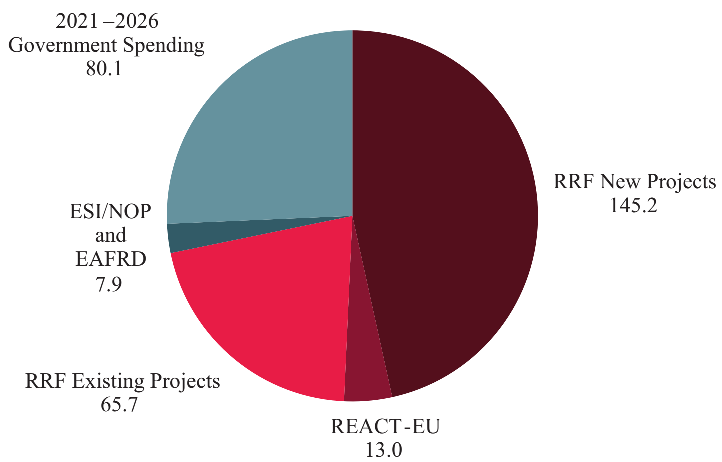
***Digitalization driven by government ("Piano Nazionale Innovazione" 2025 / Italian Recovery Fund)***

By April 30, 2021, the Italian Government is expected to finalize the "National Plan of Recovery and Resilience" (or "**RRP**"), in line with the EU Country Specific Recommendations, and based on the draft approved by the Italian Parliament and sent in October 2020 to the EU Commission. The RRP defines actions and interventions to overcome the economic and social impact due the COVID-19 pandemic, acting on the country's core structural system while facing the environmental, technological and social challenges currently ongoing.

According to the Italian Government, the RRP is forecasted to mobilize €300 billion: approximately €210 billion coming from the EU Next Generation program (€196.5 billion provided for Italy by the RRF; €13.5 billion granted by React-EU; and €0.5 billion from the Just Transition Fund), of which approximately €145 billion is to finance new projects and approximately €66 billion allocated to existing projects, and the remaining approximately €90 billion coming from the 2021–2026 national budget funds and other co-financed European funds including ESI/NOP (European Structural and Investment Fund) and EAFRD (European Agricultural Fund for Rural Development).

At the same time, Transizione 4.0, the new National Transition Plan adopted by the Italian Government aimed at encouraging private investments and ensuring stability and certainty to companies, is expected to further enhance the resources available to businesses with its €24 billion planned investments. This large package of investments and reform projects is expected to result in a strong increase in growth and employment rates. For instance, according to the Ministry of Economy and Finance ("**MEF**"), by 2026, the final year of the Recovery Plan, the positive impact on GDP is envisaged to be equal to approximately 3%.

Breakdown of available funds pursuant to the RRP (€ billion)




*Source: MEF—Ministero dell'Economia e delle Finanze*

RRP investments are directed towards three strategic channels (i) digitalization and innovation, (ii) ecological transition and (iii) social inclusion, underpinning three overarching priorities (a) gender equality, (b) young generations and (c) the south of Italy.

EU Next Generation — allocation of resources by mission

| | Resources (€/billion) | | | | |
|---|---|---|---|---|---|
| | Existing (a) | New (b) | Total (c) = (a) + (b) | REACT-EU (d) | NGEU Total (e) = (c) + (d) |
| Digitalization, innovation, competitiveness and culture | 10.11 | 35.39 | 45.50 | 0.80 | 46.30 |
| Green revolution and ecological transition | 30.16 | 37.33 | 67.49 | 2.31 | 69.80 |
| Infrastructures for sustainable mobility | 11.68 | 20.30 | 31.98 | — | 31.98 |
| Education and research | 4.37 | 22.29 | 26.66 | 1.83 | 28.49 |
| Inclusion and cohesion | 4.10 | 17.18 | 21.28 | 6.35 | 27.62 |
| Healthcare | 5.28 | 12.73 | 18.01 | 1.71 | 19.72 |
| **Total** | **65.70** | **145.22** | **210.91** | **13.00** | **223.91** |

*Note: (b)("React EU") includes already programmed DCF – Development and Cohesion Fund resources to be allocated to specific interventions*

*Source: MEF—Ministero dell'Economia e delle Finanze*

The €46 billion available for the allocation of resources for digitalization, innovation, competitiveness and culture, to reach €59 billion if the approximately €80 billion budget-planning funds are considered, represents the second largest item of expenditure of the RRP, accounting for approximately 20% of total resources available.

Within funds allocated to the digitalization, innovation, competitiveness and culture mission:

- Approximately €27 billion is for the digitalization, innovation and competitiveness component of the productive system, with the aim of encouraging the digital transition of businesses and industrial innovation, especially SMEs. The initiatives include the strengthening of the Transizione 4.0 program (Industry 4.0) with multi-year measures to promote investments in capital goods and the updating of machinery (businesses can claim a tax benefit), completion of the broadband projects, construction of ultra-fast fibre optic networks, 5G and investments in satellite monitoring. Strong focus is also on the internationalization of Italian economy and promoting innovation in fields such as the publishing industry.
- Approximately €12 billion is for the digitalization, innovation and security component of the Public Administration (PA). Specifically, the goal is to deliver 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, procedures and to disseminate platforms to achieve a more reliable, user-friendly and interconnected PA.
- Approximately €8 billion is for tourism and culture, namely two of the sectors most affected by the COVID-19 pandemic. The aim is to increase the level of attractiveness of the country's tourist and cultural system through the modernization of tangible and intangible infrastructure.

We believe that a part of the budget allocated to industrial innovation (€22 billion out of €27 billion) and public administration digitalization (€5 billion out of €12 billion) will be spent by corporates and public administrations in areas that are addressable by us which provides us with a further opportunity for growth.

***Digitalization driven by enterprises (digital wave)***

In recent years, there has been a significant acceleration of digital technology adoption as businesses realize the importance of utilizing the power of latest digital technologies (such as User Interface Design/User Experience Design ("**UI/UX**"), Cloud, and DevOps (which are practices combining software development and IT operations)) in creating a sustainable competitive advantage:

***Digital technologies driving IT services spending acceleration***

Digital technologies (IoT, cybersecurity, Big data and web platforms) are driving IT services spending to support the digital transformation of businesses. The market for these technologies in Italy has shown strong CAGR growth between 2017 and 2019. According to an independent third party consultant, among these technologies, AI/Cognitive has been the fastest grower (CAGR of 64% between 2017 and 2019) followed by Cloud-IaaS (30%), IoT (19%), Big Data (17%), Digital Customer Engagement Platform (14%) and cybersecurity (13%). Market leadership for digital technologies is not clearly defined which opens opportunity for players like our Group. The complexity of these technologies means that expert advice providers, such as our Group, are key to successful deployment. The chart below shows the strong CAGR growth between 2020 and 2024 of the digital technologies market as compared to the overall market.

| CAGR 2020 - 2024 | IT Services | Software | Hardware |
|---|---|---|---|
| Digital technologies | ~3x 12% | ~2x 11% | ~5x 11% |
| Overall market | 4% | 7% | 2% |

*Source: Independent third party consultant*

***Expanding solutions targeting front-end capabilities to increase services offered***

Digitalization pushes IT services players to obtain a new set of capabilities in order to offer complementary services packaged in solutions to address business use cases. Primary players are aggressively leveraging acquisitions in digital, particularly to acquire front-end capabilities

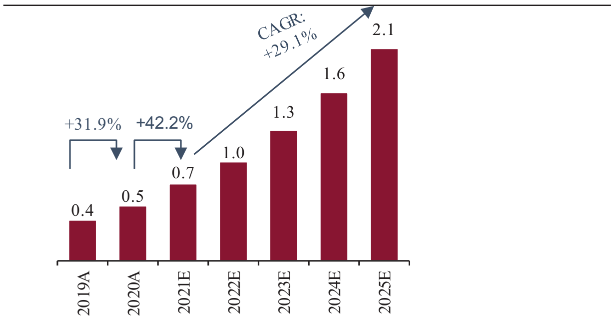
***Focus on efficiency and cost optimization***

Optimization of IT infrastructure cost is one of the main priorities across CIOs in Italy (31% of CIOs according to an independent third party consultant) in order to fuel digital innovation/change. IT cost optimization is also being pursued through the evolution of vendor governance with an increased amount being spent on cost optimization by the primary players in the market.

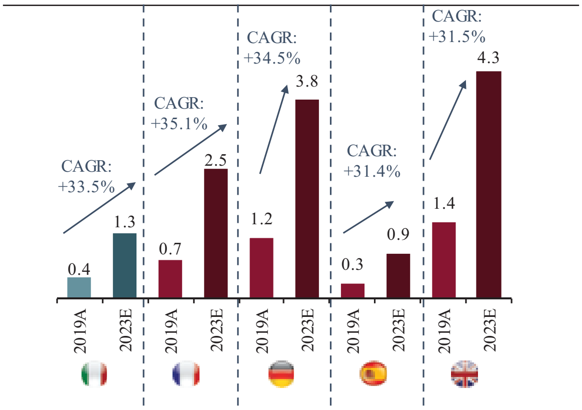
***Increasing momentum of public cloud transformation***

According to Gartner's "Gartner Market Databook, 1Q21 Update", the cloud transformation market (defined as servers, enterprise network equipment and IaaS) in Italy was worth approximately €2 billion in 2019, approximately 10% of the Italian IT market. The majority of this revenue was derived from hardware (i.e., servers and enterprise networking) which sees modest growth in the low-single digits. However, a strong outlook for cloud transformation in Italy is expected to be driven by IaaS which is forecasted to growth at CAGR of 29.1% between 2021 and 2025, according to Gartner's "Forecast: IT Services, Worldwide, 2019-2025, 1Q21 Update;" "Gartner Market Databook, 1Q21 Update." For full context on the information provided by Gartner, please refer to the chart titled Italian IaaS market value evolution (19A–25E | € billion) in "*Industry—Key Market Growth Drivers—Increasing momentum of public cloud transformation.*" Our Group is positioning itself to be a major beneficiary of this switch up to cloud. Cloud solutions vary from on premise private cloud (where customer maintains full control of the infrastructure) to fully public cloud services, offered by cloud players such as AWS, Google and Microsoft Azure. Currently in Italy, there is an even split between hybrid cloud and public cloud uptake according to an independent third party consultant . However, with public cloud gaining momentum, the cloud mix is forecasted to shift towards public cloud over time as data security concerns are addressed.

Italian IaaS market value evolution (19A–25E I € billion)




IaaS market expected evolution by country (19A–23E I € billion)




*Source: Gartner: "Forecast: IT Services, Worldwide, 2019-2025, 1Q21 Update" Charts/graphics created by Lutech based on Gartner research. Calculations performed by Lutech*

*Increasing relevance of IT players in helping OEMs penetrate highly fragmented Italian market and navigate an increasingly complex IT environment*

The Italian industrial footprint presents a significant level of fragmentation, resulting in an increasing need for local IT players to support vendors (e.g., software and hardware vendors) in serving the country. Legacy vendors are changing their business model: while consistently reducing their direct salesforce, their main sales effort involves engaging and supervising large key account players rather than IT deployment.

Local IT players enable flexibility for the downstream market granting solidity to the vendor, as clients often do not have the financial structure and scale to cope with their contractual terms and conditions and lack the scale to get good economic terms from vendors.

## The Italian IT market

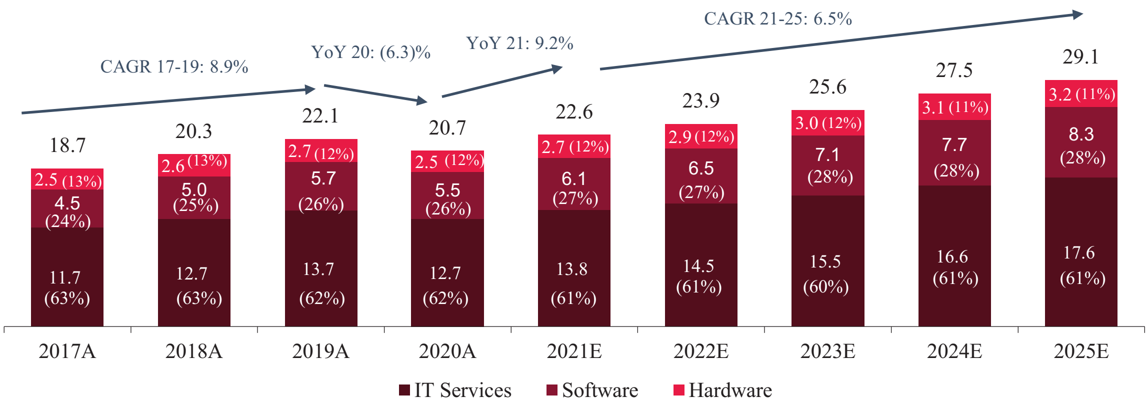
### *Overview of market by segment*

The Reference Market is robust and has grown consistently over the years, attaining a total of €22.1 billion in 2019, according to Gartner. The market has grown at CAGR of 8.9% between 2017 and 2019 and is expected to grow at 6.5% between 2021 and 2025. During 2020, the Reference Market declined by 6.3% driven by COVID-19 impact; however, while businesses postponed IT projects, the market showed higher a level of resiliency as compared to the broader Italian GDP which declined by 8.9% (according to the International Monetary Fund ("**IMF**") forecast). According to Gartner, growth in our Reference Market for 2021 is expected to rebound strongly (9.2%) as economies start to open up in the second half of the year. IT services is the dominant sub-segment accounting for 62% of the market in 2019, followed by software (26%) and hardware (12%). Within the IT market the dynamics vary, there are areas that have flat growth such as hardware, and areas that are experiencing significant growth such as AI. For full context on the information provided by Gartner, please refer to the chart titled Italy historical / forecasted overall Reference Market demand (2017A–2025E I € billion) in "*Industry—The Italian IT Market—Overall Reference Market.*"

#### *Overall Reference Market*

According to the IMF forecast, the rapid widespread of the COVID-19 epidemic has triggered a recession expected to lead to a 3.3% drop in global GDP for 2020 and a 6.0% recovery in 2021. In Italy, GDP suffered a 8.9% drop in 2020 but is expected to see a rebound of 4.2% in 2021.

Italy historical / forecasted overall Reference Market demand (2017A–2025E | € billion)




*Source: Gartner: IT Services 2019-2025 from "Forecast: IT Services, Worldwide, 2019-2025, 1Q21 Update", IT Services 2017, 2018 from "Forecast: IT Services, Worldwide, 2017-2023, 4Q19 Update", Software and Hardware 2019-2025 from "Gartner Market Databook, 1Q21 Update", Software and Hardware 2017, 2018 from "Gartner Market Databook, 4Q19 Update"; Excluding (i) External controller-based storage, PCs & tablets, mobiles and printers in hardware segment, (ii) business consulting in IT services consulting segment and (iii) BPaaS and Traditional BPO in IT services application segment*

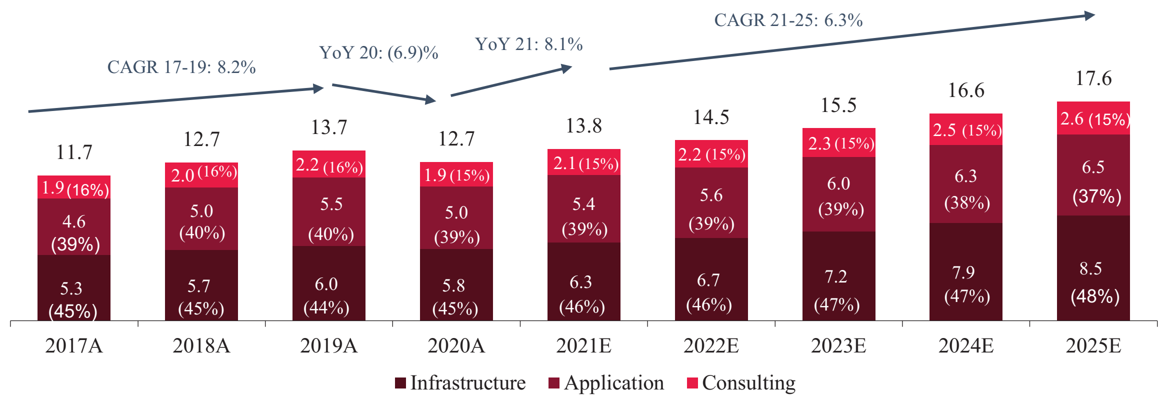
*For the purposes of the Offering Memorandum we have renamed (i) the sub-segment categorized by Gartner "Managed Services and Cloud Infrastructure Services" as "Infrastructure" and (ii) the sub-segment categorized by Gartner "Implementation" as "Application."*

*Charts/graphics created by Lutech based on Gartner research. Calculations performed by Lutech*

### *IT services market*

According to an independent third party consultant, the Italian IT services market has outperformed GDP historically, but IT services penetration on GDP remains low as compared to other European peers (e.g., Germany and France). However, during the last three years, the IT services market has shown accelerated growth versus other European markets, supported by a growth of CAGR of 8.2% between 2017 and 2019, as per Gartner. For full context on the information provided by Gartner, please refer to the chart titled Italy historical / forecasted overall Enterprise IT market demand (2017A–2025E | € billion) in "*Industry—The Italian IT Market—Overall Reference Market.*" The IT services market can be segmented into (i) infrastructure, (ii) application and (iii) consulting. Infrastructure relates to managed services and cloud infrastructure services providing day-to-day management and operation of IT assets and processes. Application involves customizing or developing IT solutions, assets and processes and then integrating these solutions, assets and processes with existing infrastructure. Consulting is focused on applications, infrastructure and technology strategy/governance. According to Gartner, application projects were was the fastest growing segment of the market (CAGR of 9.9% between 2017 and 2019) while infrastructure and consulting were slightly behind the overall enterprise IT market (CAGR of 6.7% and 8.4%, respectively, between 2017 and 2019, respectively). For full context on the information provided by Gartner, please refer to the chart titled Italy historical / forecasted IT services market demand divided by sub-segments (2017A–2025E | € billion) in "*Industry—The Italian IT Market—IT services market.*"

Italy historical / forecasted IT services market demand divided by sub-segments (2017A–2025E I € billion)

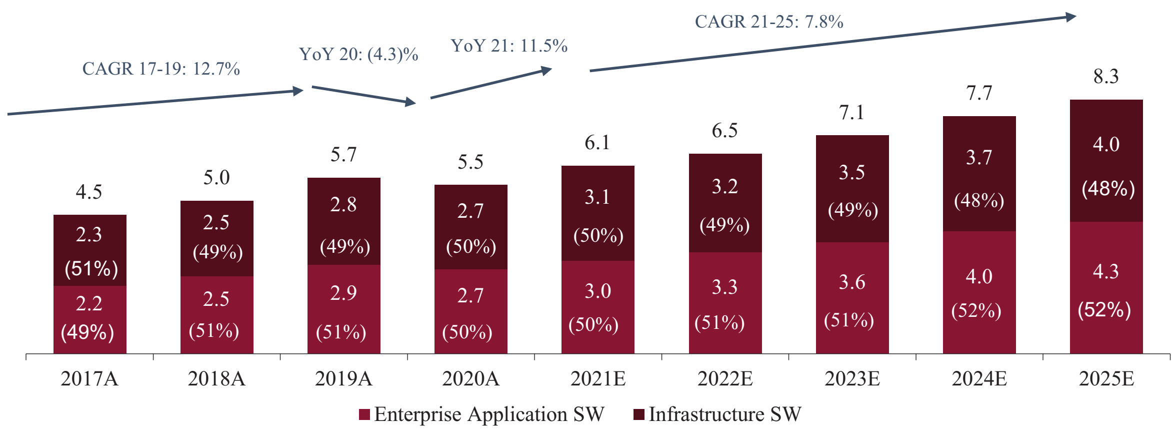



*Source: Gartner: 2019-2025 from "Forecast: IT Services, Worldwide, 2019-2025, 1Q21 Update", 2017, 2018 from "Forecast: IT Services, Worldwide, 2017-2023, 4Q19 Update"; Excluding (i) business consulting in IT Services consulting segment and (ii) BPaaS and traditional BPO in IT services application segment*

*Software market*

Italian software spending presents significant room for acceleration, considering the current penetration gap on GDP as compared to other European markets (e.g. Italy: 0.3% versus United Kingdom: 1.1%, in each case based on 2019 GDP). The software market can be segmented into (i) enterprise application software (software to increase the performance of business resources) and (ii) infrastructure software (software to increase the performance of IT resources). The enterprise application software has been the fastest growing segment (CAGR of 14.8% between 2017 and 2019) and accounted for 51% of the market in 2019. The infrastructure software was the slowest growing segment (growing by CAGR of 10.6% between 2017 and 2019) and accounted for 49% of the market in 2019. For full context on the information provided by Gartner, please refer to the chart titled Italy historical / forecasted software market demand divided by sub-segments (2017A–2025E I € billion) in "*Industry—The Italian IT Market—Software market.*"

Italy historical / forecasted software market demand divided by sub-segments (2017A–2025E I € billion)



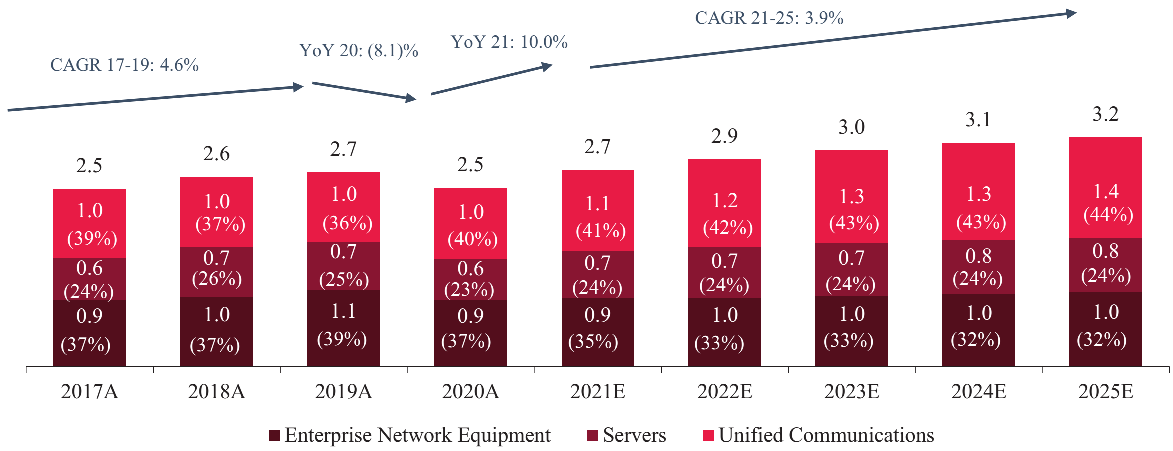

*Source: Gartner: "Gartner Market Databook, 1Q21 Update", "Gartner Market Databook, 4Q19 Update"*
*Charts/graphics created by Lutech based on Gartner research. Calculations performed by Lutech*

*Hardware market*

The Italian Enterprise IT hardware market shows a more moderate growth versus other primary European countries over the last years, with a relatively flat hardware spending on GDP at 0.13% from

2017 to 2019, according to an independent third party consultant. The hardware market can be segmented into (i) enterprise network equipment, (ii) servers and (iii) unified communications. The overall hardware market has been growing at CAGR of 4.6% between 2017 and 2019 in Italy with growth being driven by enterprise network equipment and servers while unified communications have been flat. Other primary European markets highlight similar trends, with a strong acceleration of enterprise network equipment demand while growth lags in unified communications. For full context on the information provided by Gartner, please refer to the chart titled Italy historical / forecasted hardware market demand divided by sub-segments (2017A–2025E | € billion) in "*Industry—The Italian IT Market—Hardware market.*"

Italy historical / forecasted hardware market demand divided by sub-segments (2017A–2025E | € billion)




*Source: Gartner: "Gartner Market Databook, 1Q21 Update", "Gartner Market Databook, 4Q19 Update"; Excluding PCs & tablets, mobiles and printers in hardware segment*

*Charts/graphics created by Lutech based on Gartner research. Calculations performed by Lutech*

*Digital technologies market*

The six key digital technologies (cybersecurity, IoT, Big Data, cloud, digital customer engagement and AI) represents approximately 23% and 25% of IT services and software market, respectively, and approximately 15% of hardware, with a higher resiliency to the COVID-19 pandemic and a significantly higher growth rate of two to three times (for IT services and software) as compared to the total market, according to an independent third party consultant. Italy is at a lower starting point in terms of using digital technologies: 25th in the EU in terms of digital economy and society index although digitalization is high on the priority list of CIOs, according to an independent third party consultant. Customer survey by an independent third party consultant shows that all verticals have a significant portion of IT spending allocated to digital technologies, with the manufacturing and energy and utilities industries showing above average allocation. Smaller companies (250–500 employees) dedicate less share of budget to digitalization vs. larger companies (more than 500 employees), according to a 2020 customer survey by an independent third party consultant.

**AI/Cognitive.** The AI/Cognitive market is expected to grow at a CAGR of 24% between 2020 and 2024 according to an independent third party consultant. The general uptake of AI in the broader economy is forecasted to come from the healthcare sector, which is expected to drive the use of AI solutions in support of diagnostics, experimentation and development of new medications. Accordingly, we expect to see AI tools increase effectiveness of business processes in the health sector.

**Cloud.** Cloud market (IaaS and related services) is expected to increase at CAGR of 17% between 2020 and 24 according to an independent third party consultant. The presence of cloud in all technological developments makes it clear how important it is as a digital technology. The storage of data in the cloud allows for increasing digitalization, worker mobility (such as work from home) and data analytics.

**Cybersecurity.** The cybersecurity market is expected to increase at CAGR of 9% between 2020 and 2024 according to an independent third party consultant. The COVID-19 pandemic has accelerated digitalization throughout Italy across all sectors and has seen an extension to the functional perimeters of these companies. Coupled with ever-increasing data protection regulation, cybersecurity market is seeing a strong growth as companies seek to avoid damaging hacking events.

**Big Data/AI cognitive.** Big Data/AI cognitive is expected to increase at CAGR of 11% between 2020 and 2024, according to an independent third party consultant. Companies continue to invest in the organization and management of data to be able to enhance customer engagement and better understand customer needs.

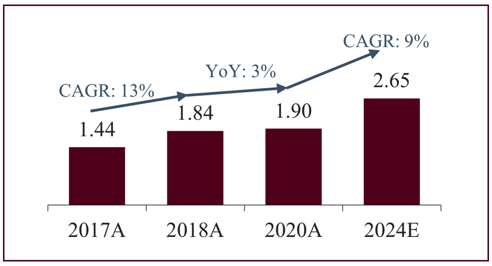
**IoT.** IoT market is expected to grow at a CAGR of 12% between 2020 and 24 according to an independent third party consultant. Among the many IoT applications areas, the COVID-19 pandemic is highlighting the importance of telemonitoring platforms in the medical field through wireless biomedical sensors. Market development is also being driven by the demand in industry for platforms to simulate processes, products, services and systems to prevent critical issues, and test results. The market for digital customer engagement platforms is expected to increase at a CAGR of 11% between 2020 and 2024 according to an independent third party consultant. Historical market growth has been fuelled by increasing ecommerce (both owned and third parties) and social media usage by companies. Future market growth will be driven by further increasing penetration on SMEs. The COVID-19 pandemic is expected to have positive effect on web platforms, pushing more and more businesses towards online sales, digital communication and marketing and remote collaboration.

Italy historical / forecasted digital technologies market demand (2017A–2024E | € billion)

**Cyber Security**

Security solutions are mainly related to professional services:

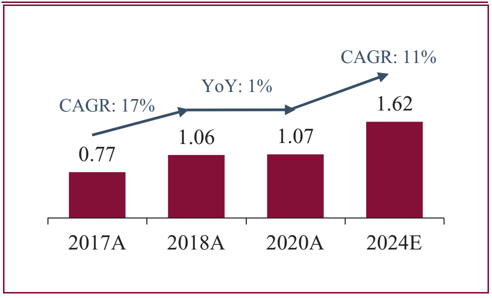
- Development services
- Implementation and system integration
- Consulting
- Outsourcing and managed services (e.g., security operation center)




**Big Data & AI**

Big Data market refers to projects that address:

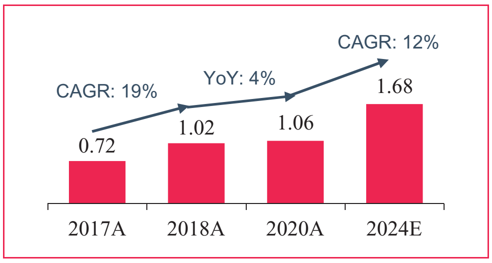
- Analysis of large volumes of data in almost
real time, through the adoption of advanced analytics tools
- Data Management service
- Consulting




**Internet of Things**

IoT (Internet of Things) includes:

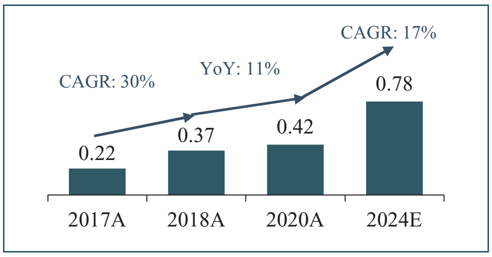
- Professional services for platform customization, design and system integration
- Services for continuous maintenance, upgrade and security




**Cloud – IAAS and Related Services**

Infrastructure as a service (IaaS) is a service model that delivers computer infrastructure on an outsourced basis to support enterprise operations

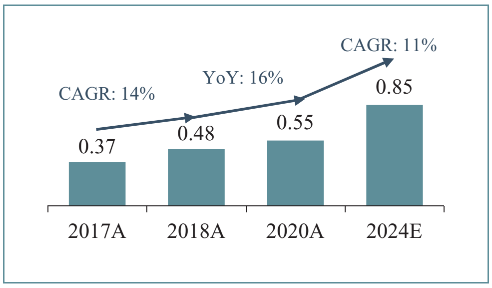
- Typically, IaaS provides hardware, storage, servers and data center space or network components; it may also include software




**Digital Customer Engagement Platform**

Digital Customer Engagement Platforms consist of services related to consulting and management of:

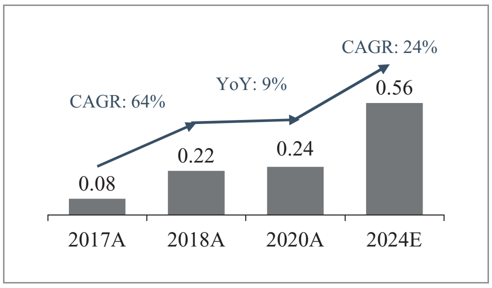
- E-commerce portals and digital customer interfaces
- Social and collaboration portals both external and internal to companies
- Activity streams (e.g., blog, wiki, microblogging, discussion forum)




**AI / Cognitive**

AI /Cognitive IT Services include:

- Consulting
- Automation/Analytics assessment
- Implementation
- Custom solutions for enterprises (e.g., Intelligent Customer Engagement, Intelligent Supply Chain)



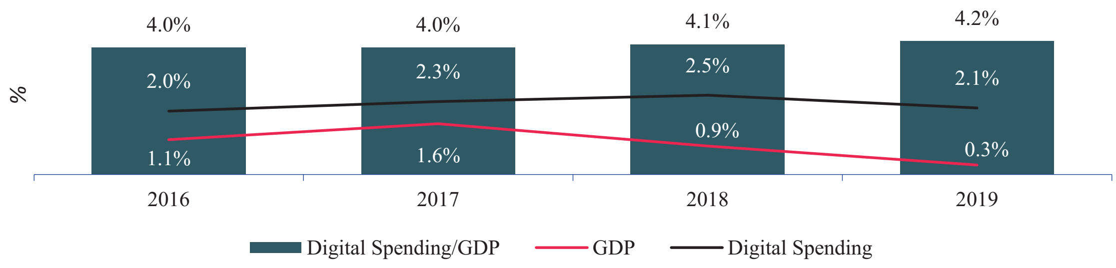

*Source: Independent third party consultant*

***Italian IT spending on GDP as compared to the EU***

Over the past four years, digital spending in Italy has grown more than the economy as a whole. The gap observed between the dynamics of the digital market and the Italian economy is structural.

This is confirmed by the growth in the incidence of the digital market on GDP, which between 2017 and 2019 increased from 4.0% to 4.2%, according to Anitec-Assiform.

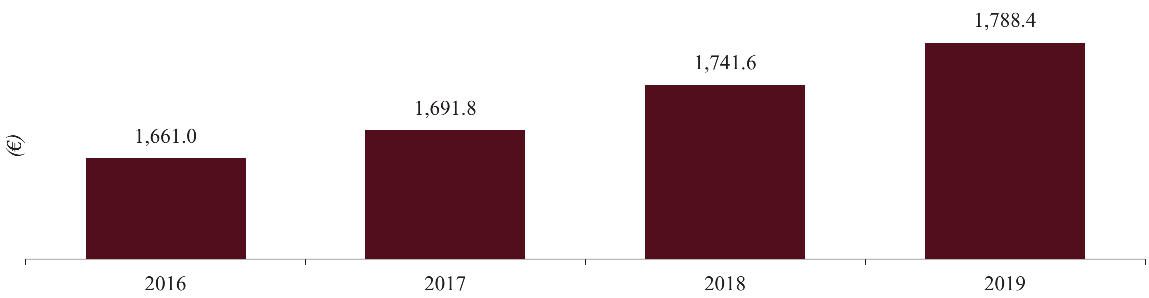
GDP and digital spending evolution




*Source: Anitec-Assiform, NetConsulting cube on ISTAT figures*

The trend in digital spending per employee shows a progressive increase from 2016 to 2019 as well, from €1,661 to €1,788, according to Anitec-Assiform.

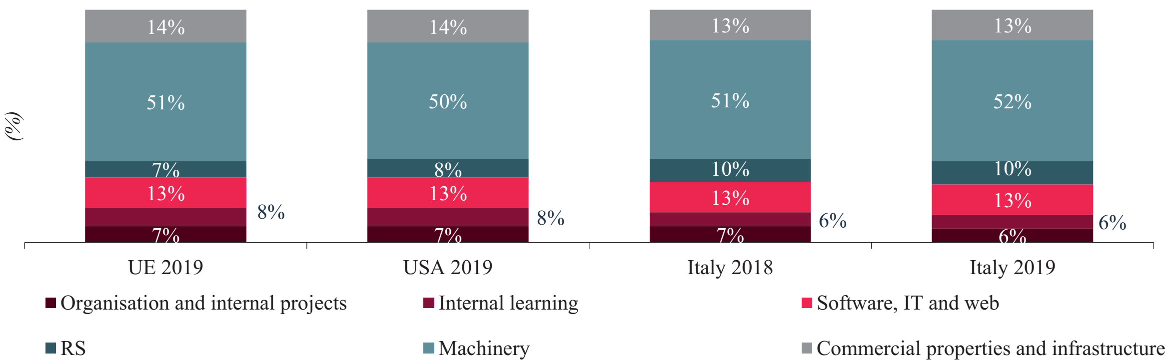
Evolution of the digital spending per employee in Italy




*Source: Anitec-Assiform, NetConsulting cube on ISTAT figures*

Strictly linked to the findings for the macro indicators, the analysis of the data on the digitization of companies shows the progressive alignment of Italian companies with European companies. Italian companies that have focused their investments in innovation on software and digital technologies are in line with the United States and Europe, while the spending on research and development appears to be even higher.

% breakdown of investments in innovation across EU, USA and Italy




*Source: BEI.EIB Survey on investment 2019*

### *Resilience in light of the COVID-19 pandemic*

The first half of 2020 marked an exceptional decline in economic activity. Some sectors have faced significant challenges such as transport and tourism; at the same time, others sectors have recorded relatively lower losses given the alternatives offered by digital technology, which has confirmed its strategic relevance.

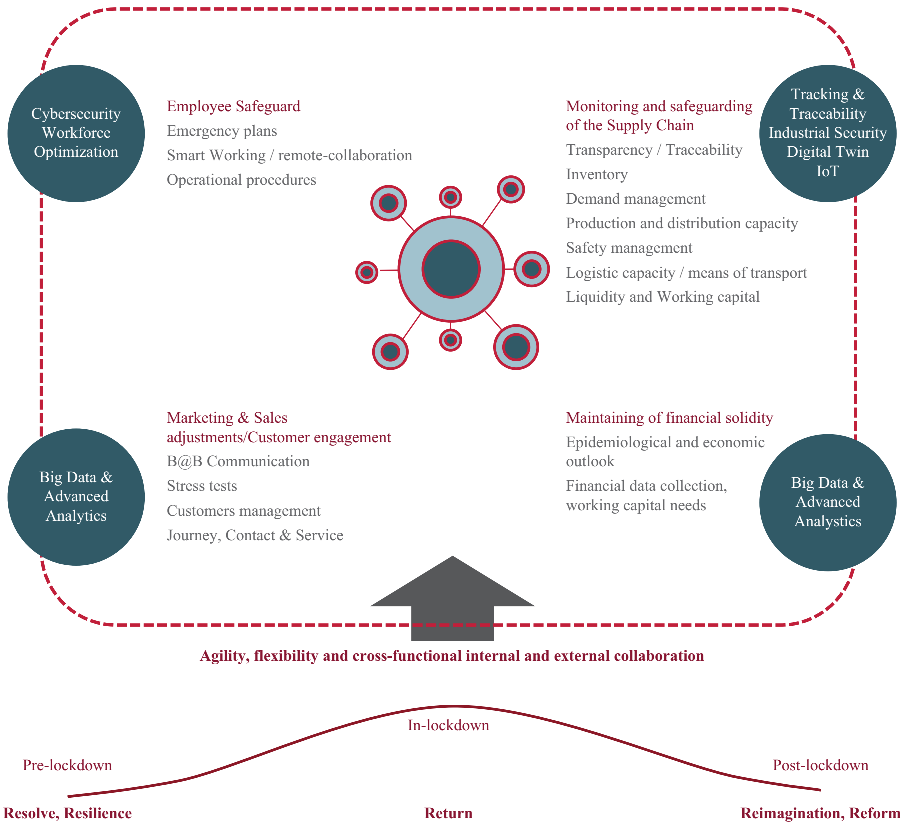
Digital solutions and technologies have emerged as key enablers across several sectors, including:

- Healthcare: looking to digital to analyze and control emergency, improving clinical approaches and generally streamlining complex processes;
- Education: to support distance learning;
- Businesses: to limit the impact of the lockdowns, open up open up further developments in redesigning goals and behaviors for continuous virtual collaboration;
- Public Administration: to keep services to citizens and businesses ongoing; and
- Consumer world: to find new tools for entertainment and distance learning.

Agility, flexibility and cross-functional internal and external collaboration are even more important for companies today, spurring initiatives to:

- protect employees and contractors;
- monitor the supply chain;
- adapt sales and marketing models to different market conditions; and
- maintain financial strength.

Companies had to launch new initiatives to face the impact of lockdowns and will have to continue in order to increase their resilience and adapt to a new normality and new ways of doing business.




*Source: Anitec-Assiform, NetConsulting cube*

IT spending is becoming increasingly recurring and a key engine to sustain digital transformation, driving strong resiliency to economic cycles.

Based on an independent third party consultant, Italian IT Service market has grown faster than GDP since 2007 and has generally proved to be more resilient in recession times. The IT service market demonstrated its resilience in 2008-2009 and 2012-2013 crisis, overall recording lower losses than GDP. This trend was again seen during the COVID-19 pandemic crisis, when the Reference Market was down by only 6.3% year on year compared to approximately 8.9% of the Italian GDP.

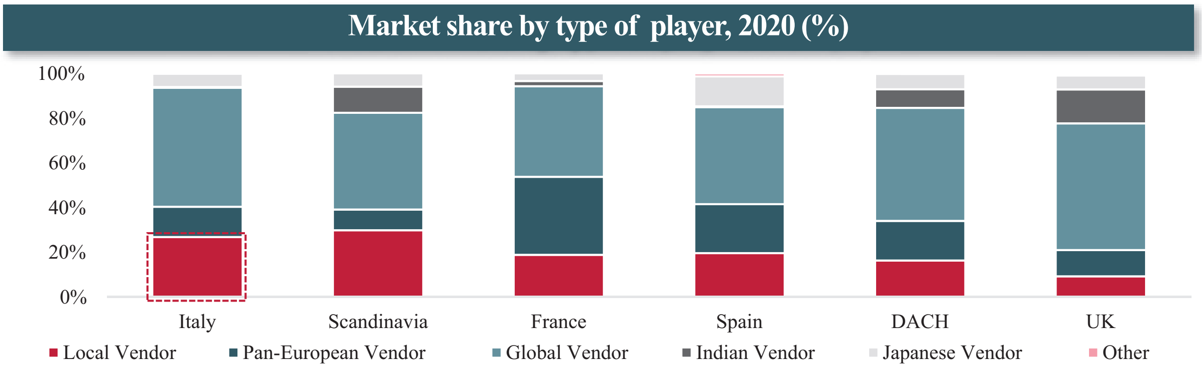
### *Impact of the COVID-19 Pandemic*

According to the IMF forecast, the rapid spread of the COVID-19 virus has triggered a recession which is expected to have resulted in a 3% drop in global GDP in 2020 and, in the absence of a global recovery from the COVID-19 pandemic, is expected to limit GDP recovery to 5.8% in 2021.

The Eurozone's GDP, which is estimated to have fallen by 6.6% in 2020, is expected to recover by 4.7% in 2021 according to the April 2021 World Economic Outlook by IMF, impacted by both the falling GDP in 2020 in Italy of approximately 8.9% and in Germany of approximately 4.9% (according to IMF).

### *Competitive landscape*

The Italian IT services market is highly fragmented, with Italian players such as our Group, Engineering and Reply, and Italian businesses of global players such as Accenture and IBM, enjoying strong market positions across verticals followed by a long tail of smaller local providers.



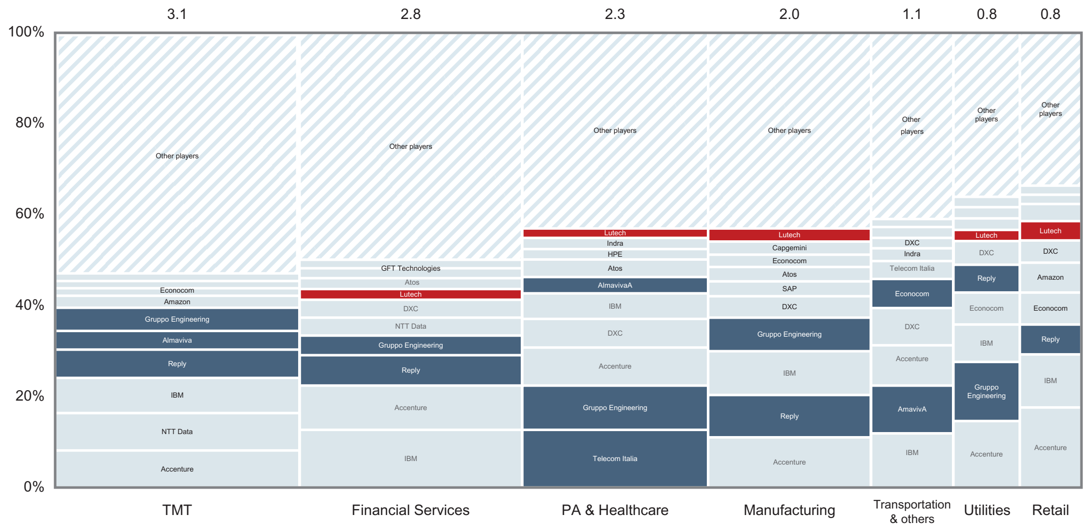

*Source: Management Analysis of Third Party Data.*

*Notes: (1) Local vendors include those that have large majority of revenue from home country. Pan European vendors includes the likes of Capgemini, Atos, Devoteam and Inetum (GFI); Global vendors include US HQ'd multinationals; (2) Global vendors in Italy often operate as local players*

The Italian IT market has some unique characteristics that differentiate it from other European markets, with a relatively high market share captured by local players, mainly due to:

- strong local knowledge of domestic market idiosyncrasies and regulatory environment;
- strong relationships with the customers, coupled with the complexities and high costs normally associated with switching IT services provider;
- proximity to customers, which allows IT services providers to be responsive to their customers' needs; and
- knowledge and familiarity of the Italian language, which represents an advantage for domestic players vis-à-vis foreign competitors.

We believe that the combination of these characteristics makes it difficult for international business to succeed in Italy, offering a competitive advantage to Italian players. Compared to other European markets, a large proportion of market share is taken by domestic challengers.




*Source: Independent third party consultant*

According to a market survey by an independent third party consultant, we are particularly well positioned as compared to the other main players in the Italian IT services market, ranking second in terms of overall quality of service. We also rank strongly for breadth of offering given our presence across the majority of offerings (e.g., IaaS, consulting) as well as customer relationships, which is a key strength in the Italian market. Furthermore, we have a strong capability certification across the various products we implement.

| **KPI** | **Group's ranking (out of 10)** |
|---|---|
| Overall quality | #2 |
| Product innovation | #5 |
| Certified capabilities | #3 |
| Product personalization | #4 |
| Breadth of service | #2 |
| Contract terms | #4 |
| Customer relationship | #3 |

*Source: Independent third party consultant –Customer survey from 2020.*

Our main competitors include Italian and European market players, such as Almaviva, Maticmind, Digital Value, Capgemini, Engineering and Reply and large and global multinational companies such as Accenture, DXC Technology, IBM, SIA Solutions and NTT Data.

| | | | Global figures | | | | Italian legal entity | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Years of foundation | Global rev. 2019 (€) | Global # FTEs | Revenue (€, '19) Total | Revenue (€, '19) o.w in Italy | Italy rev. CAGR '16-'19 | Total # FTE (avg. '19) | Total Rev./ FTE (€) | Total EBITDA % |
| International players | accenture | 1989 | ~42B | ~1,800M | ~1.9B | ~1.7B | 7% | ~9.5K | ~203K | 10% |
| | IBM | 1911 | ~66B | ~1,80M | ~3.2B | ~1.9B | -1% | ~11.8K | ~200K | 13% |
| | NTT Data Global IT Innovator | 1988 | ~17B | ~300M | ~0.4B | ~0.4B | 10% | ~3.8K | ~114K | -2% |
| International Italian players | Engineering | 1980 | *Italian holding* | *Italian holding* | ~1.3B | ~1.1B | 11% | ~11.1K | ~115K | 13% |
| | Reply | 1996 | *Italian holding* | *Italian holding* | ~1.2B | ~0.7B | 14% | ~7.9K | ~150K | 16% |
| | AlmavivA | 2005 | *Italian holding* | *Italian holding* | ~0.9B | ~0.6B | 9% | ~8.9K | ~71K | 12% |
| | Lutech | 2001 | *Italian holding* | *Italian holding* | ~0.4B | ~0.4B | 35% | ~2.7K | ~163K | 12% |

*Source: Independent third party consultant*

## Business

*This business section includes certain technical terms that are commonly used in our industry. See "Glossary of Selected Terms" for a detailed explanation of these terms. We have estimated certain information in this Offering Memorandum regarding market share and our position relative to our competitors based on our internal data and certain extrapolations. See "Industry."*

*For full context on the information provided by Gartner in this section, please refer to the chart titled Italy historical/forecasted overall Reference Market demand (2017A–2025E /€ billion) in "Industry—The Italian IT Market—Overall Reference Market."*

### Overview

We are a leading Italian provider of IT services and solutions, designing and enabling digital transformation and innovative technologies for enterprise customers. We are able to deliver a wide range of solutions and services including next generation IT infrastructure, managed services, digital strategy definition and implementation, proprietary software and system integration. We serve more than 3,000 enterprise customers, supporting them in their digital evolution through our integrated end-to-end offering. We are recognized for our capabilities in, among others, the following domains digital customer engagement, next generation IT infrastructure, cloud-based services, financial services solutions, cybersecurity, Internet of Things ("**IoT**"), Big Data, artificial intelligence ("**AI**"), managed services, application development and maintenance, smart manufacturing and eHealth. For the year ended December 31, 2020, we generated total production revenues of €440.4 million and Revenues (Products and Services) of €432.8 million. In addition, during this period, we generated net loss of €(11.4) million, First Margin of €121.2 million and Adjusted EBITDA (including synergies) of approximately €58.1 million.

We operate in the attractive and growing Italian IT market, which comprises IT services, software and hardware. According to Gartner, our Reference Market was valued at approximately €22.1 billion in 2019, having grown at a CAGR of approximately 8.9% between 2017 and 2019 and being resilient across 2020, notwithstanding the COVID-19 pandemic. Our Reference Market benefits from strong ongoing digitalization across the public and private sectors and increasing spending in transformation projects, from traditional IT to new digital enabling technologies. Our broad offering across the digital ecosystem, coupled with our deep local and regional market knowledge and long-lasting relationships with our customers and partners, uniquely position us to capitalize on the strong growth in demand for IT transformation services envisaged in Italy. According to Gartner, our Reference Market is expected to rebound in 2021 at an annual growth rate of approximately 9.2% and then grow at a CAGR of approximately 6.5% between 2021 and 2025. In addition, our Reference Market is highly fragmented and offers many opportunities for expansion through bolt-on acquisitions.

We offer our solutions to our customers across three business lines: (i) End-to-End Technology Enabling, (ii) Digital Services and (iii) Proprietary Software Solutions.

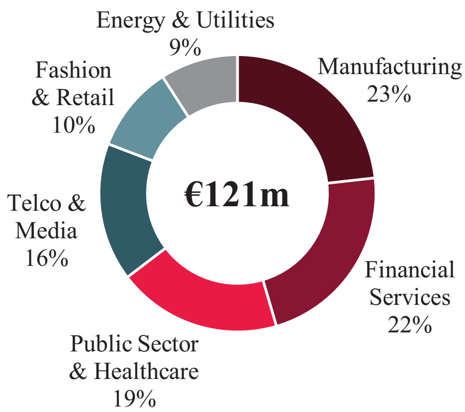
- **End-to-End Technology Enabling:** Our End-to-End Technology Enabling business line comprises the design, provision, operation and security of next generation infrastructures through innovative IT solutions, as well as the services we manage through our security, network and cloud operation centers, making this business line a clear differentiating factor that distinguishes us as a market operator. We have strong relationships with major top-tier market players across IT infrastructure enablers (such as Cisco, Dell EMC, VMware, Fortinet, Google, AWS, Microsoft, Checkpoint, Symantec and NetApp). We generated 54% of our Revenues (Products and Services) and 40% of our First Margin in the year ended December 31, 2020 from our End-to-End Technology Enabling business line. Approximately 64% of the Revenues (Products and Services) generated by our End-to-End Technology Enabling business line was derived from next generation infrastructure services, approximately 15% from security services and approximately 21% from cloud-based and managed services.
- **Digital Services:** We develop, integrate and customize state-of-the-art IT services, software and digital solutions for customer relationship management ("**CRM**"), AI, Big Data, digital commerce, enterprise resource planning ("**ERP**") and product lifecycle management. We are a leading service provider and system integrator in Italy, customizing and developing digital-enabled IT solutions leveraging on our deep knowledge and partnership with third-party

software providers like Microsoft, Oracle, Infor, PTC and Salesforce.com, and advanced digital enabling capabilities. We generated 26% of our Revenues (Products and Services) and 30% of our First Margin in the year ended December 31, 2020 from our Digital Services business line.

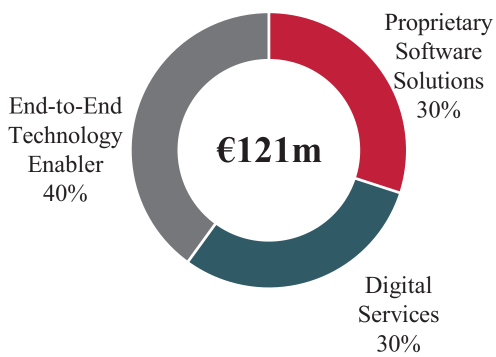
- **Proprietary Software Solutions:** Our Proprietary Software Solutions business line relates to 10 software suites, all developed in-house and owned by us and comprise highly sought-after niche products for selected industries for the purpose of facilitating and digitalizing core business processes, with a particular focus on Fintech, IoT, eHealth, energy suppliers and cyber intelligence. In particular, we estimate that, in 2020, we were one of the leading providers for credit management solutions (including factoring, leasing and financial services compliance), intelligence solutions for Italian law enforcement and prosecutors, eHealth for healthcare providers. In the year ended December 31, 2020, we generated 19% of our Revenues (Products and Services) and 30% of our First Margin from our Proprietary Software Solutions business line, and approximately 47.5% of the Revenues (Products and Services) generated by our Proprietary Software Solutions business line was derived from Fintech solutions.

We operate across several sectors of the economy. We primarily operate across six industry verticals with industry-specific knowledge supported by technologies and competencies. Our six industry verticals are Manufacturing, Financial Services, Public Sector & Healthcare, Telecommunications & Media, Fashion & Retail and Energy & Utilities. Within the Public Sector & Healthcare vertical, only approximately 46% of the Revenues (Products and Services) generated in the year ended December 31, 2020 was related to public administration organizations, such as municipalities, central and local public administration and public healthcare organizations while the remaining part was related to private healthcare organizations and state-controlled companies.

**First margin split by industry vertical[1]**




**First margin split by business line[1]**




(1) 2020 data

Our customers include more than 3,000 private and blue chip companies and public sector bodies, among which are manufacturing companies, some of the largest Italian and European banks (including Intesa Sanpaolo, UniCredit, Banco BPM, Barclays and Rabobank), private healthcare organizations (including GVM Care & Research), public administration organizations (including the Ministry of Justice, *Aria*, *Regione Toscana* and the Italian Prosecution Offices), state-controlled companies (including *Poste Italiane* and Leonardo), transportation and infrastructure companies, major telecommunication companies (including Sky, Vodafone, Fastweb and Telecom Italia ("**TIM**")), fashion and retail companies (including Luxottica and Salvatore Ferragamo) and utilities companies (including Enel and Eni). We seek to create long-term, strategic relationships with our customers, and aim to be viewed as an integral part of their business. We have historically been able to achieve long-lasting customer relationships by providing a broad range of services covering their needs, including significantly customized and highly specialized products and services, as well as delivering a consistent high-quality service. In the year ended December 31, 2020 for 18 out of our 20 largest customers, we had a relationship tenure of more than 10 years. Our business benefits from low customer concentration and significant customer diversification across all of our industry verticals, with no customer accounting for more than 4.8% of our Revenues (Products and Services) and no industry vertical accounting for more than 24% of our Revenues (Products and Services) in the year ended December 31, 2020. In the same period, our top 10 customers generated 29.1% of our Revenues (Products and Services) and our top 20 customers generated 38.4% of our Revenues (Products and Services).

Since 2017, we have completed 15 acquisitions, centralizing common activities and enhancing cross-selling through the roll-out of single CRM and ERP systems across our business. This expansion strategy has allowed us to enhance our market platform, add new digital capabilities and cross-sell products and services to a wider customer base.

We also maintain a strong focus on research and development (R&D). Our R&D activities rely on a dedicated team of developers, researchers and data scientists. We are involved in several development projects within the following key areas, spanning across all our industry verticals: Fintech, eHealth, e-government digital industry, digital security, smart city, energy, digital media, cloud, Big Data, blockchain and AI. Our employees hold best-in-class certifications issued by our partners and we have a highly sophisticated team that specializes in software development, software modernization, software architecture and technology architecture and infrastructure. In particular, we have a technological platform where our employees are dedicated to a wide application of innovative development methodologies and specialization based on technologies and competencies. Our employees base holds approximately 2,400 certifications in aggregate including Salesforce.com, Cloudera, Docker, ServiceNow, AWS, UIPath, Google, MS Azure, PTC, CISCO, NetApp, Checkpoint, VMware, Dell EMC , Apache Kafka, Apache Spark and Apache Hadoop, allowing us to deliver innovative solutions including in high growth areas of digital, cloud and cybersecurity.

We believe our business model has allowed us to quickly respond to customer needs and to continue to efficiently operate our business during the COVID-19 pandemic. In particular, during the periods of lockdown in Italy in 2020 and 2021, we were able to ensure business continuity and serve 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 COVID-19 pandemic, including in connection with digital transformation projects, digital workplace solutions, cybersecurity, cloud-based solutions and business continuity solutions, which have all seen increased demand as a result of the COVID-19 pandemic, which we expect will continue. The COVID-19 pandemic had limited disruption on our business performance. For the year ended December 31, 2020, we generated total production revenues of €440.4 million, compared to €435.4 million for the year ended December 31, 2019, representing a 1.1% increase. In addition, for the year ended December 31, 2020, we generated Revenues (Products and Services) of €432.8 million, compared to €424.0 million for the year ended December 31, 2019, representing a 2.0% increase in Revenues (Products and Services). See "*Industry—The Italian IT Market*" and "*Risk Factors—Risks Related to our Business and Industry—The impact of COVID-19 and related risks could materially affect our results of operations, financial position and/or liquidity*."

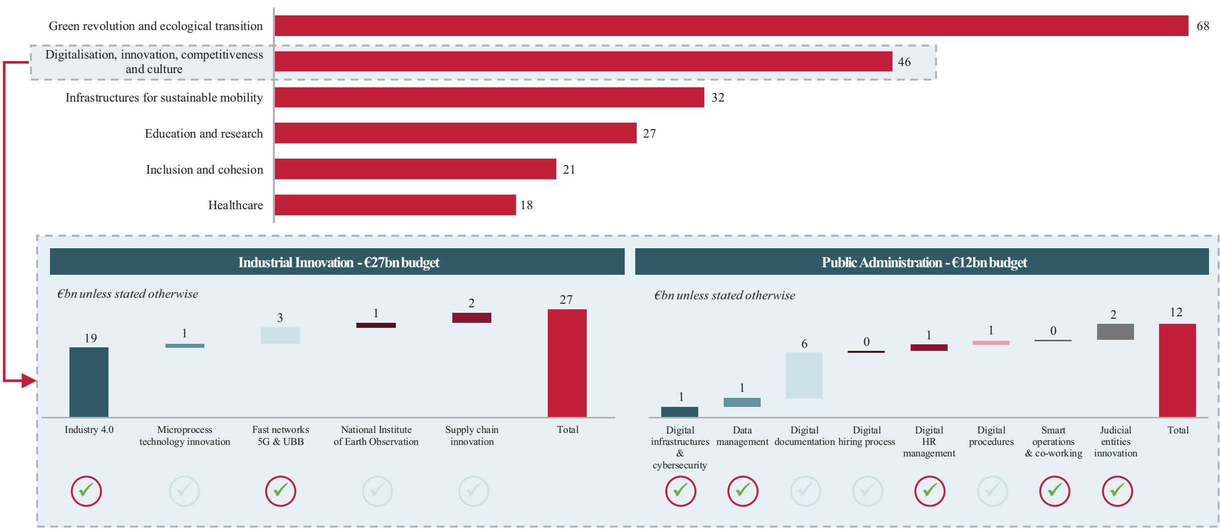
**Our Strengths**

***Attractive Italian IT market with strong growth driven by a secular trend towards digital transformation and favoring Italian players***

Our Reference Market grew at a CAGR of approximately 8.9% between 2017 and 2019, significantly outperforming overall Italian GDP growth, which grew at a CAGR of approximately 1% over the same period. According to Gartner, our Reference Market was valued at approximately €22.1 billion in 2019. Our Reference Market has consistently outperformed the Italian GDP over the last decade, displaying a resilience to recessions. During the COVID-19 pandemic-affected year of 2020, our Reference Market contracted by approximately 6.3%, outperforming Italian GDP, which contracted by 8.9% over the same period. In 2021, our Reference Market is expected to grow by approximately 9.2%. Our Reference Market is forecasted to grow at a CAGR of approximately 6.5% from 2021 until 2025 mainly driven by (i) an increasing penetration of the IT services in the Italian market, (ii) a digitalization across private and public clients and an increase of spending in transformation projects, from traditional IT to new digital enabling technologies and (iii) an increasingly mission-critical nature of IT services spending.

Our Reference Market has historically been, and remains, underpenetrated compared to equivalent markets in other European countries. In the year ended December 31, 2019, IT services spend in Italy as a percentage of GDP amounted to 0.6%, compared to the European average of approximately 1.0%. The increasing penetration of IT services in Italy is expected to accelerate as Italian companies increase their spending on IT services to improve their competitive advantage and keep pace with the global trend towards digitalization. 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, under the recent EU Recovery and Resilience Facility (the "**RRF**"), approximately €46 billion will be allocated to digitalization, innovation and culture, out of which approximately €27 billion is expected to be allocated to industrial innovation and approximately €12 billion is to be allocated to public administration digitalization. We believe that a part of the budget allocated to industrial innovation (€22 billion out of €27 billion) and public administration digitalization (€5 billion out of €12 billion) will be spent by corporates and public administration organizations in areas that are addressable by us, providing us with a further opportunity for growth.

**Italy RRF 2021P-2027P (€bn)**




Source: Independent third party consultant.

We believe that the growth of our Reference Market is mainly driven by strong ongoing digitalization across the Italian public and private sector institutions, with increased IT services spend on, and diversified growth of, new digital enabling technologies such as (i) IoT (which is expected to grow by approximately 12% between 2020 and 2024), (ii) cloud and IaaS services (which are expected to grow by approximately 17% between 2020 and 2024), (iii) Big Data and AI cognitive (which are expected to grow by approximately 11% and 24% respectively, between 2020 and 2024), (iv) cybersecurity (which is expected to grow by approximately 9% between 2020 and 2024), and (v) customer engagement (which is expected to grow by approximately 11% between 2020 and 2024). See "*Industry.*"

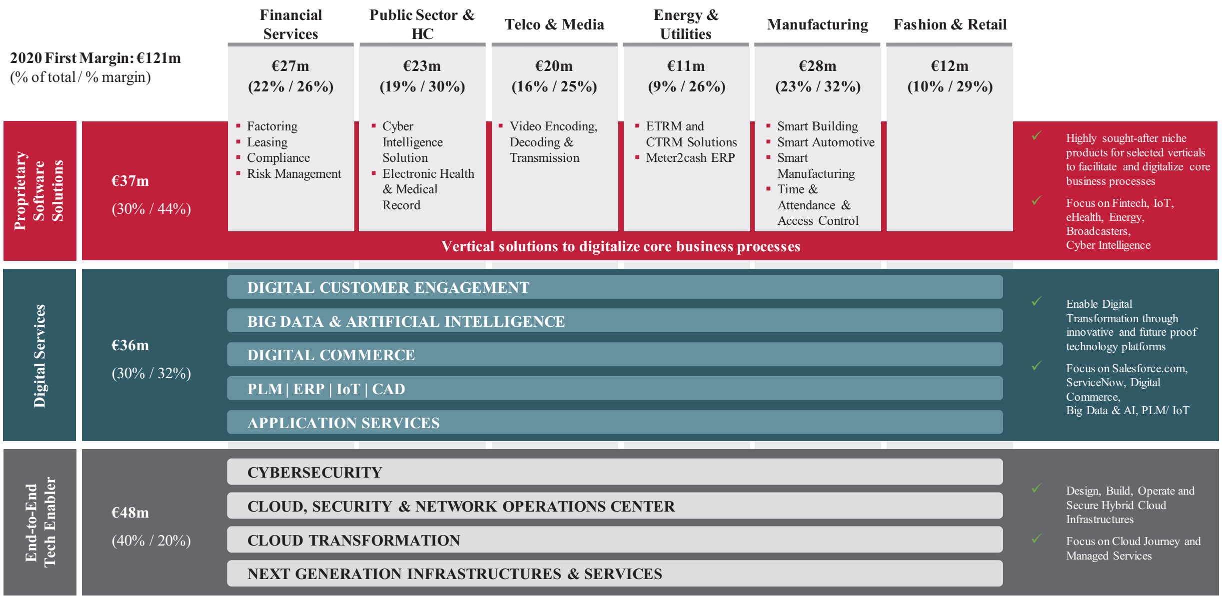
Growth in IT services spend is also driven by the increasingly mission-critical nature of IT services in business operations which we expect to result in IT services spend in Italy becoming more recurring and resilient in the face of future market downturns and less correlated to macroeconomic trends, as demonstrated by the increasing gap between the growth of our Reference Market and Italian GDP, which, according to an independent third party consultant, was approximately 2.6% in 2020. Additionally, we are experiencing an increasing focus on cost efficiency and specialization of IT services, which is leading companies to rely on external providers rather than developing in-house IT capabilities. The COVID-19 pandemic has further accelerated this trend as both the private and public sectors are adapting to the changing nature of working, the need to ensure business continuity and an increase of focus on customer engagement.

We believe that our broad offering across the digital ecosystem, expertise in complex proprietary software solutions and IT services and wide sector coverage positions us well to benefit from these trends.

Further, our Reference Market is characterized by a relatively high market share captured by local players, mainly due to cultural and local commercial complexities, such as language, local regulatory constraints in most industries including banking, energy and healthcare, the importance of local relationships and proximity to customers. We believe that these factors favor Italian players like us, allowing us to capitalize on our positioning in the Italian market for both traditional technologies and digital enabling technologies, given our deep knowledge of the domestic market and long-lasting relationships with a wide cross-section of Italian customers and partners.

***One-stop-shop player with diversified offering across the digital ecosystem, supporting the digital evolution of enterprise customers with consistent high quality of delivery***

We position ourselves as an end-to-end solution provider for our customers, offering a comprehensive value proposition across three business lines: (i) our End-to-End Technology Enabling business line (which contributed 40% of our total First Margin for the year ended December 31, 2020) designing, providing, operating and securing value-added services related to hybrid cloud infrastructures focusing on cloud journey, managed services and cybersecurity; (ii) our Digital Services business line (which contributed 30% of our total First Margin for the year ended December 31, 2020) enabling customers' digital transformation through innovative and future proof technology platforms and (iii) Proprietary Software Solutions business line (which contributed 30% of our total First Margin for the year ended December 31, 2020) aimed at facilitating and digitalizing customers' core business processes and with what we believe is a leading position in credit management solutions (such as factoring and leasing). Through these three business lines, we are able to provide most IT services our customers may need to support their digital journey, from advisory, application design, development, maintenance and operations, technology infrastructure provision, design, build and operations. We believe that the breadth of our IT services offering is distinctive in our Reference Market, positioning ourselves as the one-stop-shop for customers' IT needs.




We have a balanced exposure to six industry verticals: (i) Manufacturing (which contributed approximately 23% of our total First Margin for the year ended December 31, 2020); (ii) Financial Services (which contributed approximately 22% of our total First Margin for the year ended December 31, 2020); (iii) Public Sector & Healthcare (which contributed approximately 19% of our total First Margin for the year ended December 31, 2020); (iv) Telecommunication & Media (which contributed approximately 16% of our total First Margin for the year ended December 31, 2020); (v) Fashion & Retail (which contributed approximately 10% of our total First Margin for the year ended December 31, 2020); and (vi) Energy & Utilities (which contributed approximately 9% of our total First Margin for the year ended December 31, 2020).

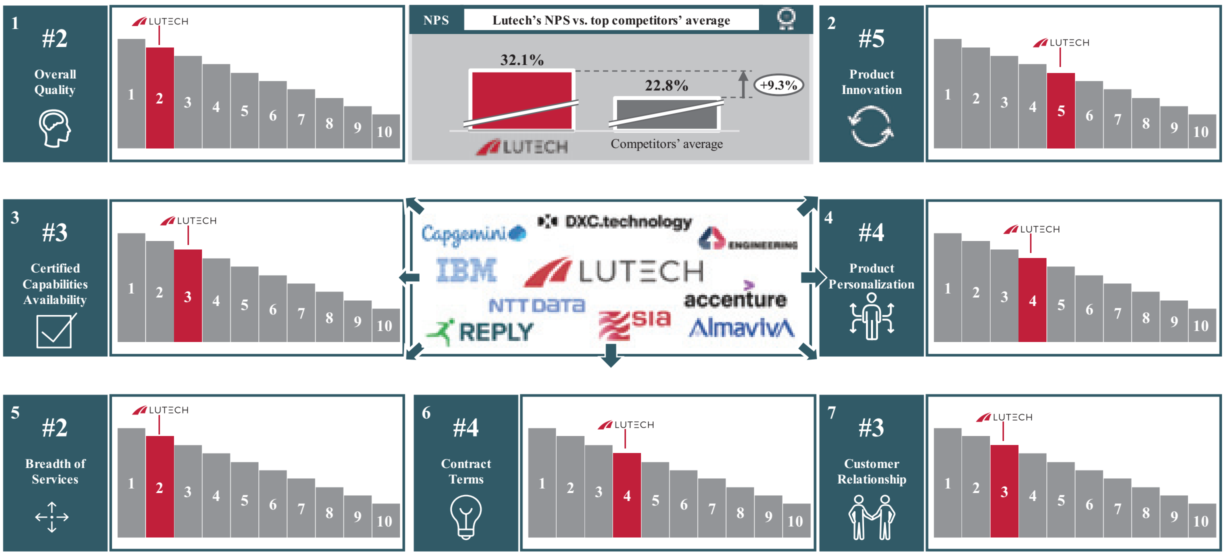
Over recent years, we have deployed significant investments and have developed specific expertise in leading technologies and solutions. As such, we believe that we are fully equipped for our customers' technical demands in the coming years to support their transition from traditional to digital platforms. In particular, we have developed a deep knowledge and advanced digital enabling capabilities in various areas, across all of our three business lines, including cybersecurity, cloud based services, Big Data, AI, IoT, customer engagement, Fintech and smart manufacturing.

Our Proprietary Software Solutions comprise highly sought-after niche products for selected industries for the purpose of facilitating and digitalizing core business processes, with a particular focus on Fintech, IoT, eHealth, energy suppliers and cyber intelligence. We believe that our large portfolio of vertical proprietary solutions and services supports our strong reputation as the leading Italian specialist provider of IT services, software and digital solutions and acts as a catalyst for our broad service offerings across our industry verticals. In particular, we estimate that, in 2020, we were one of the leading providers for credit management solutions (including factoring, leasing and financial services compliance), intelligence solutions for Italian law enforcement and prosecutors, eHealth for healthcare providers.

Longstanding partnerships with top tier market players across IT Infrastructure enablers and leading digital platforms' providers represent a key asset and competitive advantage for us. We enjoy a top-tier partnership status with many players across (i) Next Gen IT Infrastructure and Services (including Dell EMC, Cisco, IBM, CheckPoint, Symantec), (ii) cloud-based services (including Google, Microsoft and Amazon Web Services) and (iii) Digital Services (including Salesforce.com, Service Now, Genesys, Cloudera, Informatica, PTC, Infor, Microsoft, UIPath and Oracle). We combine our top-tier partnership status with technological expertise supported by approximately 2,627 talented employees, a significant majority of which are dedicated to delivery, with a wide application of innovative development methodologies and specialization based on technologies and various competencies. Our employees base holds approximately 2,400 certifications in total including certifications from Salesforce.com, Cloudera, ServiceNow, AWS, Google, MS Azure, PTC, CISCO, NetApp, Checkpoint and Dell EMC, which allows us to deliver innovative solutions to our customers in high growth areas of digital, cloud and cybersecurity. In addition, we are the leading 100% Italian Salesforce.com partner and we are the only authorized and certified Salesforce.com training center in Italy.

We also deploy a significant amount of resources to attract, maintain and train our employees, project managers and digital and technology specialists. We generally have a low turn-over among our employees. Our employee count has been steadily growing despite the accelerating talent shortage in the IT industry, which represents the key challenge in the IT sector. We believe that our strong commitment to training, together with our reputation as of one of the leading independent players, will allow us to continue to attract and retain skilled employees.

Our positioning is underpinned by our strong and consistent quality of service to our customers. Based on customer surveys conducted by independent third parties, we are ranked among the top five leading IT services companies measured by NPS and KPCs. We score approximately a 32% NPS on both traditional and digital services, which is above the average NPS scored by the top 10 players in the Italian market of approximately 23%. We are ranked second in most important KPC, "Overall Quality of Service." We are ranked second in "Breadth of Services" and third in "Customer Relationship" and "Certified Capabilities Availability" KPCs.

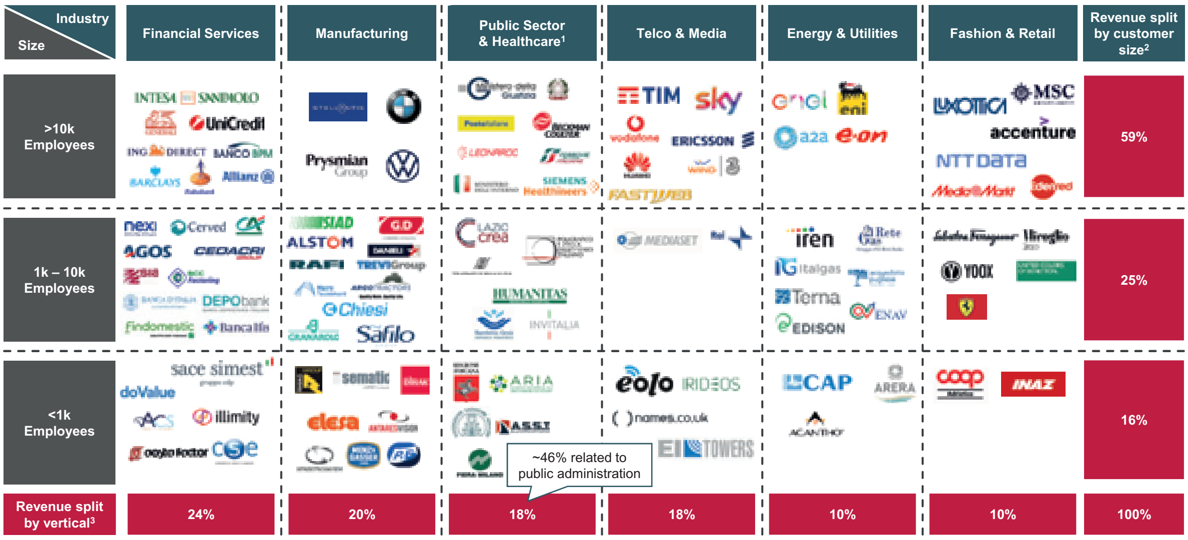



Source: Independent third party consultant. Survey participants have been asked to rank the top 10 IT Services companies shown above and name oth er IT Services companies, if applicable.

***Large, diversified and loyal customer base featuring long-established relationships with key clients and highly recurring revenues backed by long term contracts***

We operate across several sectors of the economy, including manufacturing, financial services, public administration, healthcare, telecommunications, fashion and retail and utilities. Our customers base is very broad and includes more than 3,000 private and blue chip companies and public sector bodies, encompassing manufacturing companies, some of the largest Italian and European banks (including Intesa Sanpaolo, UniCredit, Banco BPM, Barclays and Rabobank), private healthcare organizations (including GVM Care & Research), public administration organizations (including the Ministry of Justice, *Aria*, *Regione Toscana* and the Italian Prosecution Offices), state-controlled companies (including *Poste Italiane* and Leonardo), transportation and infrastructure companies, major telecommunications companies (including Sky, Vodafone, Fastweb and TIM), fashion and retail companies (including Luxottica and Salvatore Ferragamo) and utilities companies (including Enel and Eni). In particular, compared to major local competitors, we can count on a lower exposure to public administration and state-controlled companies. Additionally, we benefit from a high level of exposure to large multinational customers with a sizeable budget for IT spend and we estimate that approximately 85% of our Revenues (Products and Services) in the year ended December 31, 2019 was generated from medium to large enterprises (which we classify as enterprises with over 1,000 employees). Furthermore, we have had a relationship with 18 of our top 20 customers (measured by Revenues (Products and Services) in the year ended December 31, 2020 for over 10 years.

Our business benefits from low customer concentration and significant customer diversification across all of our six industry verticals, with no customer accounting for more than 4.8% of our Revenues (Products and Services) for the year ended December 31, 2020 and no industry vertical accounting for more than 24% of our Revenues (Products and Services) for the same period. In addition, for the year ended December 31, 2020, our top 3 customers generated approximately 13.1% of our Revenues (Products and Services), our top 10 customers generated approximately 29.1% of our Revenues (Products and Services) and our top 20 customers generated approximately 38.4% of our Revenues (Products and Services).




Notes: Analysis only considering customers with revenue in excess of €190k. Analysis based on final customer (i.e. does not take into account the sell through client); (1) Mainly private; (2) 2019 Revenues (Products and Services) for top 100 customers; (3) 2020 Revenues (Products and Services)

Our customers value our consistent quality, the breadth of our IT services offering, our understanding of Italian market characteristics and our certified capabilities, which we believe has contributed to our consistently high customer retention rates and low churn across all of our three business lines. In the year ended December 31, 2019, we achieved a net retention on our customers of 96.4% in our End-to-End Technology Enabling business line, 96.8% in our Digital Services business line and 98.8% in our Proprietary Software Solutions business line. Over the same period, we achieved a churn rate on our customers of 1.3% in End-to-end Technology Enabling business line, 3.1% in Digital Services business line and 0.9% in our Proprietary Software Solutions business line. Moreover, our ability to sell additional services to existing customers allows us to strengthen customer’s loyalty as demonstrated by nil churn on customers using all of our three business lines, 0.5% churn on customers using two of our business lines and 3.8% churn on customers using only one of our business lines in the year ended December 31, 2019.

A large share of our revenue is highly recurring across all our business lines and practices, underpinned by our long-lasting relationships with customers, multi-year contracts, software-led products and high switching costs. Approximately 45% of our total Revenues (Products and Services) for the year ended December 31, 2020, were recurring revenues, including revenue from proprietary software, infrastructure maintenance and managed services contracts, 27% were related to project-based revenues, including revenue from proprietary software licenses, software implementation and development and IT consulting, with relatively high revenue visibility and 27% were order-based revenues, including revenue from enabling software and hardware with relatively high repeat-business features.

In particular, the revenues we generate from our Proprietary Software Solutions business line are highly recurring and repetitive and with a high customer legacy, primarily as a result of the highly specialized and customized nature of our Proprietary Software Solutions business line as well as the integration of our products and services in this business line with our end-customers’ IT systems, which also limits competition in respect of these customers. Approximately 20% of our Revenues (Products and Services) from our Proprietary Software Solutions business line for the year ended December 31, 2020, were related to maintenance services with the remaining 80% related to project-based revenues, including proprietary software licenses, software implementation and high visibility revenues from development, customization and evolution of installed base of customers.

The revenues we generate from our activities related to End-to-End Technology Enabling business line, relating to the design, provision, operation and security of next-generation infrastructure through innovative IT solutions, as well as the services we manage through our security, network and cloud operation centers also have a large recurring component. For instance, approximately 50% of our Revenues (Products and Services) from our End-to-End Technology Enabling business line for the year ended December 31, 2020, were related to recurring revenues, including revenue from infrastructure maintenance and managed services, with the remaining 50% related to order-based revenues, including revenue from enabling software and hardware with relatively high repeat business features.

In addition, the revenues we generate from our Digital Services business line are related to high levels of contract renewals pursuant to our successful track record of service delivery and our knowledge of complex IT systems. Approximately 55% of our Revenues (Products and Services) from our Digital Services business line for the year ended December 31, 202 were related to recurring revenues, with the remaining 45% related to project-based revenues implementation & development services and IT consulting with high revenues visibility.

The relatively high share of recurring and repetitive contracts with our customers allows us to have strong financial resilience and gives us, together with backlog, good visibility on our top line evolution year on year (for example, we estimate that approximately 65% of our 2021 budgeted Revenues (Products and Services) was already secured as of January 1, 2021).

### *Resilient business model with strong track record of profitable growth*

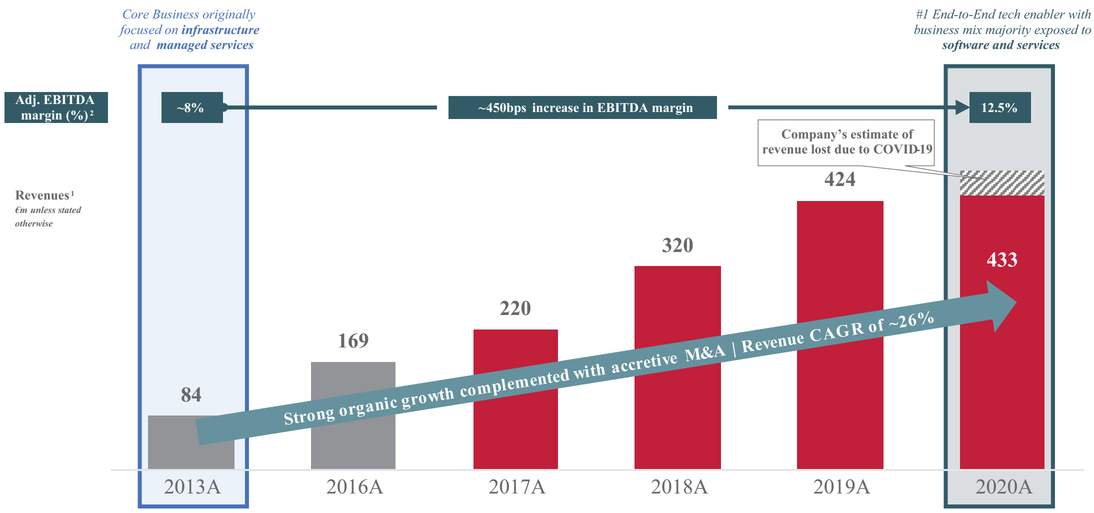
We operate a resilient and flexible business model, allowing us to better tackle potential downturns, leveraging the following pillars: (i) a highly diversified offering and customer base; (ii) presence across six main verticals with balanced exposure to market trends; (iii) exposure towards a-cyclical technologies (including digital transformation projects, digital workplace solutions, cybersecurity, cloud-based solutions and business continuity solutions); (iv) a flexible and scalable organization; (v) a clear governance and monitoring process coupled with solid financial reporting; and (vi) identified cost savings and synergies potential.

Over the past 12 years, our revenue has consistently grown and has remained resilient throughout volatile macroeconomic cycles, reflecting both the resilience of the IT services market in which we operate in and its outperformance of Italian GDP. Our business also has grown both organically and from value-accretive bolt-on acquisitions.

In parallel, combining our organic initiatives with a number of selected acquisitions, we have been able to enhance our business profile and to build a more resilient platform, transforming our business from a company focused on infrastructure and managed services into a fully integrated end-to-end digital enabling technologies provider with a business mix more exposed to software and services and ability to offer a wide spectrum of services to our clients.

This has allowed us to significantly scale up our business, growing our Revenues (Products and Services) at a CAGR of approximately 26% from 2013 to 2020 while concurrently improving our profitability (in terms of Adjusted EBITDA margin) from approximately 8% in 2013 to approximately 12.5% in 2020.

The following chart provides an overview of our business evolution in terms of Revenues (Products and Services) and Adjusted EBITDA margin from 2013 through 2020.




Leveraging our resilient and flexible business model, the COVID-19 pandemic had limited disruptions on our operating performance and our ability to deliver to clients during the government-imposed lockdowns.

For the year ended December 31, 2020, we generated total production revenues of €440.4 million, compared to €435.4 million for the year ended December 31, 2019, representing a 1.1% increase in total productions revenues. For the year ended December 31, 2020, we generated Revenues (Products and Services) of €432.8 million, compared to €424.0 million for the year ended December 31, 2019, representing a 2.0% increase in Revenues (Products and Services). Our business displayed strong resilience over the COVID-19-impacted year of 2020 driven by decisive measures taken by our management, which resulted in no disruption on our ability to deliver services to clients during lockdowns and our ability to offset the negative impact of the deferral of some projects by clients.

Our profitability displayed similar resilience over the COVID-19-impacted year of 2020 driven by our cost-savings actions, operating leverage improvements and active management in optimizing costs related to offices, services and support areas. For the year ended December 31, 2020, our net loss was €(11.4) million, compared to €(6.0) million for the year ended December 31, 2019. For the year ended December 31, 2020, our Adjusted EBITDA was €53.9 million, compared to €48.5 million for the year ended December 31, 2019 and representing a 11.2% annual growth rate. Our Adjusted EBITDA margin improved over the same period from 11.4% to 12.5%. We believe we are well positioned for this trend to continue in 2021.

***Solid financial profile underpinned by strong cash generation***

Our business has delivered consistent cash flow generation in recent years. Our net profit/(loss) for the year was a net profit of €0.3 million, a net loss of €(6.0) million and a net loss of €(11.4) million for the years ended December 31, 2018, 2019 and 2020, respectively. Our First Margin has been relatively stable (with our First Margin as a Percentage of Revenues (Products and Services) being 27.2%, 29.3% and 28.0% for the years ended December 31, 2018, 2019 and 2020, respectively), despite the impact of the COVID-19 pandemic in the year ended December 31, 2020, driven by favorable sales mix. Our Adjusted EBITDA Margin has improved (with the Adjusted EBITDA Margin being 10.3%, 11.4% and 12.5% for the years ended December 31, 2018, 2019 and 2020, respectively) driven by operational improvements and partial realization of certain implemented cost-saving initiatives. We believe that the full realization of our cost-saving initiatives will allow us to further strengthen our profitability in the upcoming years.

The flexibility of our cost structure allows us to rapidly adapt to changes in customer demand and to optimize capacity utilization and protect our profitability. A significant proportion of our cost base is in relation to variable costs, particularly with respect to our personnel cost, such as in relation to hiring of temporary personnel and procuring of services relating to professional resources on a contracting or sub-contracting basis by third-party service providers.

Our business has historically benefitted from high Cash Conversion, with levels of 78.6% and 81.3% in 2019 and 2020 respectively, as a result of our resilient margin profile, and limited Net Capital Expenditure (which averaged 2.2% of our Revenues (Products and Services) annually between 2018 and 2020). In addition, our working capital requirements are also limited (Net Working Capital represented 12.6% of Revenues (Products and Services) as of December 31, 2020). Finally, our DSO in the twelve months ended December 31, 2020 was 138 days, which we believe is lower than our main Italian competitors due to our lower exposure to public administration.

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

We have a strong track record of successfully integrating the entities we acquire in the fragmented Italian IT market, allowing us to expand our product offering, generate significant cross-selling opportunities into our existing customer base and realize sizeable cost and revenue synergies, such as delivery optimization, facilities rationalization and centralization of overheads. Since 2017, we have completed 15 acquisitions with approximately €15 million of average annual revenue of the target companies as of the acquisition date.

Our acquisition strategy has been focused on growing our business into high growth areas, boosting our presence in digital enabling technologies and Proprietary Software Solutions while consolidating our general IT offering and our position across our industry verticals in order to strategically support our organic growth. Our past “bolt-on” acquisitions include: (i) Mediana and Sinergetica, which allowed us to increase our focus on customer engagement, billing and ETRM for Energy & Utilities verticals; (ii) Finance Evolution and CST, which allowed us to broaden our scope in the Financial Services vertical; (iii) TEN and Enigen, which allowed us to increase our Salesforce.com capabilities; (iv) CDM Tecnoconsulting, which allowed us to increase our coverage of product lifecycle management solutions and ERP for the Manufacturing vertical; (v) IC Team, which allowed us to increase our coverage in business intelligence and Big Data solutions across all verticals; (vi) Sinergy, which allowed us to broaden our technology enabling capabilities on Data Center space; (vii) DISC and Telesio, which allowed to increase our focus on applications for the Manufacturing and Financial services market; (viii) Nest2 which brought us Managed Services capabilities (i.e., NOC, SOC); (ix) Tecla which completed our offering in Digital Commerce; (x) Beetobit, which expanded our capabilities on Public Cloud (i.e., AWS, Google); and (xi) DIEM, with a unique offering for video digital broadcasting.

Lutech is experienced in integrating assets and driving cost efficiencies and cross-selling as part of the Lutech group. Alongside our acquisition strategy, we have simultaneously optimised our operational platform, including (i) the successful migration of all different IT systems into a centralized model, (ii) the creation of a new uniformed sales organization and (iii) the consolidation of our production and delivery efforts, to build a solid integrated platform set up for further acquisitions.

***Experienced management team with an extensive track record and effective scalable organization***

Our business is supported by our experienced management team, which is highly recognized in our Reference Market and has grown our business from a small local Italian player to one of the leading independent Italian specialist providers of IT services, digital platforms and proprietary software solutions. Our senior managers include Tullio Pirovano, who has been our CEO since 2013 and has over 37 years of experience in the IT industry, and Luca Donna, who has been our CFO since 2011 and has over 20 years of experience in the IT industry.

We implemented a new organizational structure in December 2019 to drive efficiencies in our operating model and drive revenue growth. In particular, we redefined our commercial structure and centralized sales orchestration to enhance the customer experience, while boosting further cross- and up-sell initiatives within industry verticals and across our three business lines.

Our management team is supported by a highly qualified and experienced workforce of approximately 2,627 employees as at December 31, 2020 with an average age of 40.9 years and an average tenure of 7.5 years.

In addition, we will benefit from the sector expertise, business relationships, knowledge and experience of our sponsor, Apax. Apax is one of the world's most experienced sponsors in technology-enabled services with 17 completed deals and approximately €3.5 billion of invested equity in the space, in addition to 16 deals and approximately €3.7 billion of equity invested in software companies. In particular, Apax's strong track record in Italian IT services through their former investment in Engineering, allows them to understand the unique characteristics of the industry in Italy. Drawing on significant experience in the space, Apax has developed a unique playbook for accelerating organic growth of technology-enabled services companies by enhancing business operations, commercial strategy and investing in capabilities, as well as highly targeted and strategic bolt-on acquisitions.

**Our Strategies**

***Continue to grow and gain market share organically by leveraging our historical track record, actions initiated in recent years and enhancing our go to market and commercial effectiveness of our integrated platform***

Since 2013, through a combination of organic growth and acquisitions, under Tullio Pirovano's leadership, Lutech transformed from a small player focused on IT infrastructure services to a leading end-to-end provider with a broad offering across the digital ecosystem, spanning from vertical Proprietary Software Solutions to an integrated offering in Digital Services and End-to-End Technology Enabling services.

We believe we are among the leaders across many verticals and in the last three years we have integrated various entities we have acquired and set the foundations for further growth. Having realized €6.3 million of synergies between 2018 and 2020, we believe we are still in the early stages of fully benefiting from the revenue and cost synergies that we have implemented through the integration of the businesses acquired over the last three years.

At the end of 2019, we transformed our operating model towards a fully integrated platform with centralized sales, production and delivery functions, which gives us the opportunity to fully unlock our cross- and up-sell initiatives, drive efficiencies and align best practices across our Group. We have a strong track record in cross-selling and increasing our share of wallet in existing accounts, as well as high levels of retention. For example, with one of our clients in the Energy & Utilities vertical we have successfully grown the number of services and products we are providing across our three business lines, from only Digital Services in 2015 to a full offering today also including Proprietary Software Solutions and End-to-End Technology Enabling, significantly increasing our share of wallet and revenue as a result.

In addition, we believe we can significantly benefit from the support and expertise of Apax, who have a proven track record in driving organic growth for its portfolio companies in the technology services space. In particular, Apax has significant expertise helping IT portfolio companies enhance their capabilities and go-to-market. GlobalLogic (a leading outsourced software product developer acquired by Apax in 2013) is an example of refocused sales effort and value proposition, along with investment in sales and marketing (which are key areas of the Apax strategy in IT services), resulting in a significant increase in organic growth during Apax's ownership.

***Increase and evolve our offering of Proprietary Software Solutions***

In the year ended December 31, 2020, we generated 30% of our First Margin from our businesses related to Proprietary Software Solutions. We believe our portfolio of leading, specialized vertical solutions supports our strong reputation as a leading end-to-end provider in each of our industry verticals. In particular, we estimate that, in 2020, we were one of the leading providers for credit management solutions (including factoring, leasing and financial services compliance), intelligence solutions for Italian law enforcement and public prosecutors (serving approximately 54% of the public prosecutors in Italy during the year ended December 31, 2020), and eHealth for healthcare providers. During 2020, approximately 50% of the Revenue (Products and Service) generated by our Proprietary Software Solutions business line was derived from the Financial Services industry, approximately 25% from the Public Sector & Healthcare industry and approximately 5% from Energy & Utilities.

We intend to continue to evolve and expand our offering in Proprietary Software Solutions as we believe these activities offers us unique positioning in terms of pervasiveness, intimacy and impact on our customers businesses, as these solutions are focused on customers' core business processes, and have contributed to our strong margin and highly recurring revenue profile.

For this reason, we will continue to leverage our in-house R&D capabilities and evolve our digital enabling Proprietary Software Solutions, in particular focusing on Fintech (enriching our suite, in terms of functionality, and add AI/machine learning and RPA capabilities), Healthcare (enriching our suite in terms of functionality, AI/machine learning capabilities), Broadcasting (extending our current offering leveraging the convergence of video and IT protocols/ technologies) and Energy & Utilities (enriching our suite, in terms of functionality and integration with smart metering and adding AI/machine learning capabilities).

***Innovate, expand and strengthen our offering on leading-edge services and technologies, our industry partnerships and our certified capabilities***

Across our three business lines, we have a strong track record of product and services innovation and strive to continuously develop new and tailored digital offerings to meet our customers' latest digital needs. We have deployed significant investments to build our technological platform and we have developed specific expertise in leading technologies and solutions in various areas, across all our three business lines, including cybersecurity, cloud-based services, Big Data, AI, IoT, customer engagement, and smart manufacturing. In particular, we believe we were among the first IT players in Italy to be able to deploy real implementations based on AI.

We intend to continue investing, innovating and expanding our offering in leading areas (including Cloud, AI, Big Data, RPA, omni-channel, and blockchain), accelerate our digital services proposition with an integrated and distinctive offering addressing customer digital needs as a whole, expand on service operation center capabilities to enable a new generation of managed services offering and setup a specific IT advisory and consulting capability and practice to position Lutech as a trusted advisor to support customers on their digital transformation.

We intend to further capitalize on our strong and longstanding relationships with top-tier market players, who comprise next-generation technology vendors and digital service providers and include worldwide leaders in public cloud and SaaS services, such as Amazon Web Services, Google and Microsoft, Next Gen IT infrastructure and services, such as Dell EMC, Cisco, IBM, CheckPoint, NetApp, as well as a large pool of digital technologies providers, such as Salesforce.com, Service Now, Genesys, Cloudera, Informatica, PTC, Infor, Microsoft, UIPath and Oracle. We believe that our strong relationships with key industry partners will continue to allow us to provide our customers with access to cutting-edge digital platforms and solutions.

We also aim to continue investing in our talented pool of employees, project managers and digital and technology specialists with a wide specialization based on technologies and competencies, to continue delivering innovative solutions to our customers including in high growth areas of digital, cloud and cybersecurity.

***Increase profitability and cash generation***

We intend to continue leveraging our diversified product and service offering and our integrated operating platform while realizing economies of scale to enhance our profitability. We also intend to further improve our revenue mix towards Proprietary Software Solutions (e.g., in Fintech) and Digital Services, which typically generate higher margins, and consolidate our positioning in fast growing offerings (e.g., Big Data, IoT, cloud).

Our business has historically benefitted from high Cash Conversion, with levels of 78.6% and 81.3% in 2019 and 2020 respectively, as a result of limited Net Capital Expenditures (which averaged 2.2% of our Revenues (Products and Services) annually between 2018 and 2020). In addition, our working capital requirements are also limited (benefiting from limited exposure to the public administration). To increase our cash generation, we intend to continue implementing a disciplined approach to capital expenditures and working capital management, also carefully screening new clients' credit standing before on boarding.

To further improve our profitability we have already implemented a number of synergies (including delivery optimization, facilities' closure, centralization of overheads, reorganization of salesforce and consultancy costs rationalization) that we believe will increase our Adjusted EBITDA Margin in the next 18 months. In particular, we have achieved approximately €3.6 million synergies in the year ended December 31, 2020, approximately €1.7 million in the year ended December 31, 2019 and approximately €1.0 million in the year ended December 31, 2018, and expect that we can achieve additional synergies of approximately €4.2 million by the year ending December 31, 2022 on the basis of already implemented actions. Likewise, we have identified (and partially planned) a number of additional cost-saving opportunities, including operational productivity enhancement, nearshoring and offshoring, that we believe will allow us to further strengthen our profitability in the coming years. *See* "*Forward-Looking Statements*."

***Selectively pursue accretive bolt-on acquisitions to expand our offering and technological capabilities as well as grow the business***

Our Reference Market remains highly fragmented and we intend to further strengthen our position and broaden our product portfolio and certified capabilities by continuing to consolidate smaller players.

We have been one of the most active consolidation platforms in the Italian IT market in recent years, successfully integrating 15 targets since 2017. We have developed a disciplined and systematic approach to acquisition activity, targeting best-in-class specialized IT players with a focus on increasing our capabilities in high growth areas and consolidating our positions across our industry verticals. We undertake thorough due diligence to ensure each integration activity is supported by a business case of value creation, ensures business continuity and limits any disruption to profitability. We believe that this continued focus on acquiring and integrating best-in-class providers of IT services will allow us to further cross-sell acquired solutions into our broad customer base, hire talented employees and strengthen our R&D capabilities.

Our future acquisition strategy will focus on attractive and accretive add-ons to complement our envisaged organic growth and it will be based on three fundamental pillars: (i) complementary offerings that widen our proposition and technological capabilities; (ii) attractive valuations; and (iii) significant cost and revenue synergies achievable. As regards our focus on complementary offering, we will continue evaluating opportunities for highly targeted, strategic bolt-on acquisitions of easy to integrate players and with a view to expand our ERP and digital offering, enlarge and complement our innovative software offering and reinforce our technology capabilities in fast growing areas such as cybersecurity, Big Data, Salesforce.com, smart manufacturing (such as PTC and Infor) and cloud-based services.

**Our History**

We were founded in 2001 in Milan following a merger between the IT consulting company Gplv Partners and IT services company Lucchini Servizi. In 2003, we were acquired by the Laserline Group, which originally operated in the car alarm industry before its expansion into the video surveillance and IT industries. In July 2017, the private equity firm One Equity Partners acquired us from the Laserline Group. On March 14, 2021, Apax Partners entered into the Main Acquisition Agreement to acquire us from One Equity Partners, with the aim to strengthen our leading position, product and IT service offering in Italy and continue to support our principal Italian clients as they grow internationally. The Lutech Acquisition is subject to satisfaction of certain conditions, including anti-trust approval, but is expected to be consummated in or around June 2021.

Over the past 20 years, we have grown both organically and through acquisitions to become a leading specialist provider of IT services, software and digital platforms in Italy. A significant first step in our expansion strategy took place in 2014, with the launch of our "Scale2Double" business plan in partnership with Italian investment fund Orizzonte Sgr (now HAT SGR), which led to the acquisition of Arcares S.p.A. and Liscor S.p.A., which specialized in providing IT services in the finance industry. Between 2015 and 2020, we further expanded our operations in Italy through various strategic bolt-on acquisitions, including the acquisition of Nest2 S.p.A. (specialized in cybersecurity services), CST S.r.l., (specialized in the financial services sector), TEN Tecnologie & Networking S.r.l., Telesio Systems S.r.l., ICTeam S.p.A., CDM Tecnoconsulting S.p.A., Pivotal Italia S.r.l. (specialized in Digital Services, with particular regard to CRM, PLM, ERP and IoT services), Sinergetica S.r.l., Tecla.it S.r.l., Diem Technologies S.r.l. (operators in the Energy & Utilities, Fashion & Retail, and Telecommunications & Media industries) and 2mlab S.r.l., Stepfour S.r.l. (specialized in digital marketing services). Following the acquisition of Finance Evolution S.r.l., DISC S.p.A., Enigen.it S.r.l. and Mediana S.r.l., we strengthened our acquisition process and our Group identity by integrating additional services to our business lines that would allow us to provide an integrated offering of services to our clients. Most recently, in September 2020, we acquired BeetoBit S.r.l., a specialist provider of cloud-architecture solutions.

Over the past three years, due to a combination of organic growth and expansion via acquisitions, our total production revenues and Revenues (Products and Services) rose by €107.7 million (CAGR 9.8%) and €112.7 million (CAGR 10.6%), respectively, and we are currently in an optimum position to further expand in Italy, the fourth largest market in Europe for IT solutions. In addition, we recently increased our presence in other important Western European markets, including Germany, Spain and the Netherlands.

## Our Business

### *Businesses Lines*

We offer our IT services, software and digital platforms to our customers by engaging in three distinct types of business lines: (i) End-to-End Technology Enabling; (ii) Digital Services; and (iii) Proprietary Software Solutions. This distinction enables us to separate our customized, end-to-end Proprietary Software Solutions offerings that we develop for individual customers, from the third-party IT services that we provide and manage on behalf of our partners through our businesses relating to Digital Services and End-to-End Technology Enabling.

We seek to create long-term, strategic relationships with our customers, and aim to become an integral part of their businesses. We benefit from long-lasting customer relationships, with an average tenure of more than ten years, and a significant degree of customer loyalty, built on our track-record of cost-effective service delivery and customized proprietary solutions, local regulatory and market knowledge as well as know-how of complex IT architectures. We have a large and diversified customer base of more than 3,000 customers, including large private and blue chip companies and public sector bodies. We also serve small and medium sized enterprises as well as other micro-businesses. Our business benefits from low customer concentration and significant customer diversification across all of our industry verticals, with no customer accounting for more than 4.8% of our Revenues (Products and Services) in the year ended December 31, 2020 and no industry vertical accounting for more than 24.0% of our Revenues (Products and Services) in the year ended December 31, 2020. In the year ended December 31, 2019, we achieved a churn rate on our customers of 1.3% in End-to-End Technology Enabling business line, 3.1% in Digital Services business line and 0.9% in our Proprietary Software Solutions business line. Moreover, over the same period, we had nil churn on customers using all of our three business lines, 0.5% churn on customers using two of our business lines and 3.8% churn on customers using only one of our business lines. In the year ended December 31, 2020, our top ten customers generated 29.1% of our Revenues (Products and Services).

#### *End-to-End Technology Enabling*

Our End-to-End Technology Enabling business line comprises the design, provision, operation and security of next generation infrastructures through innovative IT solutions, as well as the services we manage through our security, network and cloud operation centers, making this business line a clear differentiating factor that distinguishes us as a market operator. In particular, we provide our customers with: (i) application development services, through which we create, maintain and manage customized applications; and (ii) integration services, through which we develop, manage and integrate software and applications of some of the most advanced global IT technology providers (including Microsoft, VMware and Dell EMC) into our customers' systems and provide related consultancy and design services. In addition, we support, maintain and update third party applications and carry out project-based system integration activity for our customers and software providers. We also manage services through our security, network and cloud operation centers. In particular, our NOC offers a full range of end-to-end services for telecommunications and business operators specialized in network technologies. Our SOC operates as a platform for the customization of processes and analysis tools to defend against cyberattacks by detecting and responding to attacks in real time. Our CLOC provides management services for traditional data center infrastructures and public cloud provider resources.

In the year ended December 31, 2020, we generated approximately 54.4% of our Revenues (Products and Services) from our businesses related to End-to-End Technology Enabling. The profitability of the business we conduct with respect to our End-to-End Technology Enabling is primarily driven by our ability to offer a complete range of products and services to our customers from an integrated platform coupled with our know-how and industry expertise, on the back of long-term contracts. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Sales Mix across Businesses and Industry Verticals.*"

*Digital Services*

Our Digital Services business line comprises the development, integration and customization of state-of-the-art IT services, software and digital solutions for CRM, AI, Big Data, digital commerce, ERP and product lifecycle management. We have a particular focus on certain areas, such as IoT solutions, product lifecycle management (PLM) and ERP.

In the year ended December 31, 2020, we generated approximately 26.1% of our Revenues (Products and Services) from our businesses related to Digital Services. The margins we achieve from sales generated through our Digital Services business line, while typically lower than those we achieve from sales generated through our Proprietary Software Solutions business line, are higher than those we generate from our End-to-End Technology Enabling business line. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Sales Mix across Businesses and Industry Verticals.*"

*Proprietary Software Solutions*

Our businesses relating to Proprietary Software Solutions relate to 10 software suites, all developed in-house and owned by us and comprise highly sought-after niche products for selected industries for the purpose of facilitating and digitalizing core business processes, with a particular focus on Fintech, IoT, eHealth, energy suppliers and cyber intelligence. We often develop our Proprietary Software Solutions products and digital solutions in cooperation with our customers and tailor them to address our customers' specific needs. Typically, we retain exclusive ownership of these products and we make them available to the customers with whom they have been developed on the basis of individually negotiated licensing agreements that limit their ability to sublicense or modify such products as well as to use other competing software products. In addition, we develop and own industry-wide platforms, such as certain IoT software, which we continuously operate and adapt with customer-specific features as needed. As part of our businesses related to Proprietary Software Solutions we provide day-to-day management services with respect to our proprietary products, including consulting services, service desks and help desk support.

In the year ended December 31, 2020, we generated approximately 19.4% of our Revenues (Products and Services) from our businesses related to Proprietary Software Solutions. We believe we typically achieve comparably higher margins from sales generated through our Proprietary Software Solutions business than from our other business lines. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Sales Mix across Businesses and Industry Verticals.*"

**Industry Verticals**

We monitor each of our activity types across six distinct industry verticals, each of which is described in detail below. Our flexible structure and well-diversified products and services offering enable us to cross-sell to our customers in different industry verticals. For instance, we adapt and modify certain of our Digital Services products for customers across our various industry verticals, including by leveraging our digital enabling technologies in the Financial Services vertical. Our two largest industry verticals by Revenues (Products and Services) are Financial Services and Manufacturing, which together accounted for 44.2% of our Revenues (Products and Services).

The contractual relationships with our customers are usually developed by using agreements tailored on a project-to-project basis, however with certain customers (such as Intesa Sanpaolo and Sky) we enter into framework agreements for the supply of IT and consultancy services. Contracts with public entities are typically awarded by appointed public procurement bodies pursuant to competitive public tenders. For more information on the public tender process, see "—*Regulation*."

*Financial Services*

Leveraging on our strong regulatory and market knowledge, as well as our integrated offering of AI, advanced analytics, digital customer engagement, cybersecurity and cloud, we offer customers in our Financial Services industry vertical IT services relating to factoring, leasing, regulatory compliance, risk management and credit management. Through the provision of these services and technologies we assist our customers in transforming data, managing processes, transitioning into digital systems, and optimizing internal processes to reduce friction. In this industry vertical, we primarily serve banking, insurance, capital markets and other financial institutions, including half of the top 20 Italian financial institutions by revenue. In the insurance sector of this industry vertical, our customers include Generali. Despite the typical short-term duration of contracts in our Financial Services industry vertical, which mainly reflects the annual nature of many of our customers budgeting, we benefit from long-standing relationships with our customers. Recently, multi-year contracts with a duration of more than three years are becoming more common in this industry vertical. The demand for our Financial Services products and services is primarily driven by evolving regulatory standards, such as the implementation of the GDPR, our customers' increasing focus on the use of digital technologies to redesign and optimize back office processes, higher demand for remote work and surveillance tools, increasing sales digitalization as well as higher demand from customers in the growing Fintech industry.

Our Proprietary Software Solutions offering in our Financial Services industry vertical comprises of distinct product suites, such as: (i) factoring platform; (ii) leasing platform; (iii) regulatory compliance; and (iv) risk management platform/software. Our proprietary product offering within the factoring business line includes K4F ("**Keystone for Finance**"), an ERP system designed to manage factoring transactions, medium to long-term loans, securitizations and consumer credit dossier management. Our proprietary product offering within the leasing business line includes our Forward product, designed to manage lease transactions for banks. With regard to regulatory compliance, our proprietary product offering includes the Phoenix Compliance Platform, which implements block-chain technologies in relation to GDPR compliance.

The businesses we conduct in relation to our Financial Services industry vertical include the development, customization and integration of software and digital solutions in the areas of regulatory compliance, risk management and governance, as well as digital services, such as banking and insurance, instant payments, and e-commerce. With regard to the digital services industry, we maintain strong relationships with Nexi Payments S.p.A. (specialized in the field of payment services) and SIA S.p.A. (a major provider of ICT services in the finance sector), allowing us to well position ourselves in primary domains, such as Big Data and IT applications.

In the year ended December 31, 2020, we generated Revenues (Products and Services) of €104.0 million, or 24.0% of our total Revenues (Products and Services), from the Financial Services industry vertical.

*Public Sector & Healthcare*

We provide a wide range of IT services, technologies and business process outsourcing solutions to our customers in the public sector, municipalities, central and local public administration and public healthcare organizations while the remaining part is related to private healthcare organizations and state-controlled companies. Our main area of activity is the digital transformation of public administration organizations to improve processes and relations with citizens and businesses. In relation to the transition to e-government, we provide a range of Big Data and AI applications that allow public administration organizations to modernize the way they operate and deliver services to citizens. Our Proprietary Software Solutions offering in our Public Sector & Healthcare vertical includes proprietary software such as Cyber Intelligence Solutions and Electronic Health and Medical Record. The products we offer in the Public Sector industry vertical include smart cities management, e-government, disaster recovery systems, business continuity systems, cybersecurity, document management and digital healthcare management. In addition, we provide certain wiretapping services to Italian Prosecution Offices (*Procure della Repubblica*), which include the rental of wiretapping systems, recording cameras and systems for GPS localization. The demand for our Public Sector & Healthcare products and services is primarily driven by the need for customers operating in the healthcare industry to modernize their IT systems and infrastructures, govern data processing and design digital clinical pathways, often leveraging digital enabling technologies as well as data management platforms, as seen in the recent COVID-19 pandemic.

With over 15 years of experience in the design, implementation, and management of information systems and provision of ICT services, as well as application and infrastructure components for large public clients, we assist public administration organizations through their digital transformation using an end-to-end approach: from needs analysis and design, development of vertical application solutions, right through to the implementation and management of on-premises and/or in-cloud technological infrastructure. We primarily serve municipalities and local public administration organizations and support various regional governments in the digital transformation of their processes and services in many domain areas, such as e-procurement in relation to which our management platform is a standard for many Italian regional administrations. Our customers in the public sector include large companies and entities serving government administrations, such as Poste Italiane, the Italian national postal service, for the provision of digital services. In addition, we support the digital transformation of a large number of regional administrations, including those of Lombardy (in particular, its digital administration company Aria S.p.A.), the cloud-computing data center of Tuscany and the regional healthcare information system of Veneto. In the Health industry vertical, we serve large providers of healthcare services, including various regional governments such as Veneto (Azienda Zero) and hospitals such as *Ospedale Pediatrico Bambino Gesù*. We have been present in the healthcare industry for over 20 years and we serve a significant proportion of major private hospitals and lab outsourcing players.

We are able to meet the needs of the healthcare sector for better patient health management by providing innovative means for reducing clinical risks associated with human error and full digitization of clinical processes, in order to obtain a single and uniform format that can be shared between professionals and the various facilities. With our wHealth and wLab solutions, we offer advanced services that enable the digital transformation processes of private and public clinics and hospitals, with a focus on electronic medical record solutions, management of clinical laboratory processes, development of middleware solutions for in vitro diagnostic operators. In particular, we focus on assisting private healthcare providers with the evolution from data collection to data analysis, providing structured solutions to the large amount of data collected in the clinical and hospital environment with data warehouses, making data available for clinical research. Our core wHealthproduct is wHospital, a software solution for the digitalization clinical records that is integrated into a hospital's IT framework and used, among others, for managing check-in procedures and operating rooms. Our wHospital product is highly recognized in the market as a top solution for clinical record management, with a strong revenue growth and valuable customer base, serving major Italian private hospitals.

In the year ended December 31, 2020, we generated Revenues (Products and Services) of €78.1 million, or 18.0% of our total Revenues (Products and Services) from the Public Sector & Healthcare industry vertical.

*Telecommunications & Media*

We provide our telecommunication and media customers with a complete range of IT technologies, including the provision of IT services to major telecommunication companies in Italy, such as Sky, Vodafone, TIM and Fastweb.

Our media team has developed extensive vertical know-how in the broadcasting and IT field. Our specialized products and services support digital transformation, product innovation and business processes in connection with, among others, data analysis, customer relationship management (CRM) solutions, marketing automation, customer & brand intelligence solutions for social sentiment analysis, content management, automated metadata generation for video content using AI, HD and UHD audio/video contribution and distribution networks, as well as fiber-optic, terrestrial and satellite networks. The demand for our Telecommunications & Media products and services is primarily driven by the digital development that operators in the industry are undergoing in order to protect their existing business and find new revenue streams, trends in the mobile payment business in Italy, increasing demand for remote work and communication tools, the use of IoT capabilities in network infrastructure work as well as the trend in using digitalization for marketing and retention purposes.

Our Proprietary Software Solutions offering in the Telecommunications & Media vertical includes products mainly relating to broadcasting, video encoding and decoding, as well as satellite transmissions. We have development significant expertise in the creation of data lake systems and dashboards for Big Data analysis, to monitor customer satisfaction and extract infrastructure use indicators with an end-to-end approach. Our Intelligent Automation solutions are designed to reduce operating expenses through AI, combining Machine Learning and RPA.

In the year ended December 31, 2020, we generated Revenues (Products and Services) of €78.5 million, or 18.1% of our total Revenues (Products and Services) from the Telecommunications & Media industry vertical.

*Energy & Utilities*

Leveraging on our strong regulatory and market knowledge, we provide customers in our Energy & Utilities vertical, including those operating in the oil, power, gas, commodities, and heating sectors, with IT services and technologies along the entire energy and utilities value chain. The demand for our Energy & Utilities products and services is primarily driven by smart energy initiatives, which include automation, smart metering and IoT, AR/MR/VR for field services as well as increasing demand for Proprietary Software Solutions.

Our Proprietary Software Solutions offering in our Energy & Utilities vertical includes solutions for the meter2cash ERP, as well as for ETRM and commodity trading and risk management. The businesses we conduct in relation to our Energy & Utilities vertical also include the development and customization of software and digital solutions across the entire energy and utilities value chain. Our main contracts in this business include those with Eni, with particular regard to the provision of digital solutions for energy trading and billing software. In addition, we also provide our services to other major energy operators such as Enel, A2A, Italgas and Edison.

In the year ended December 31, 2020, we generated Revenues (Products and Services) of €42.5 million, or 9.8% of our total Revenues (Products and Services).

*Manufacturing*

We provide a wide range of IT and outsourcing services and technologies to customers across various sectors of the manufacturing industry. In our Manufacturing industry vertical, our Proprietary Software Solutions offering includes IoT solutions, RFID tags, time and attendance and access control solutions. With regard to the businesses we conduct in relation to Digital Services in our Manufacturing include the development and customization of software and digital solutions in the areas of digital customer engagement, cybersecurity, as well as cloud-based services. The demand for our Manufacturing products and services is primarily driven by our clients' demand for smart energy initiatives, particularly post-COVID 19 pandemic (for example, automotive). In addition, as a result of the COVID-19 pandemic, we have experienced an increased demand for business continuity, remote work communication tools and tools to secure social distancing and worker health and safety across all sectors in our Manufacturing industry vertical.

We are a leader in the area of product development for manufacturing companies, supporting all phases, from design and production, to product data management, with over thirty years of experience in this particular area of skills, with particular regard to solutions for product lifecycle management (PLM) / computer aided design (CAD), as well as AR / VR solutions. In this industry vertical, our customers include providers of large industrial manufacturers and many automotive supply chains such as FCA and BMW.

These solutions assist our customers not only in the manufacturing of products, but also in their management in after-sales and service activities, as well as in the possibility to combine the sale of services with that of products. Our team has extensive knowledge of the processes companies implement and is a leader in the implementation of ERP solutions for companies in the manufacturing field (with particular regard to the automotive, mechanical, electromechanical, components and construction sectors). A factor that makes our product offering stand out is the coverage of both hardware and software needs in relation to RFID and IoT solutions, as our expertise in the design and implementation of RFID sensor systems, sensor management platforms, and the data deriving from them, allows us to support our customers right through to the processing of data with AI and analytics tools and the integration of platforms with business applications. We are also one of the main technology partners able to manage and define the best solutions for data center management, choice of edge computing solutions, cloud management and data migration.

All of these skills make us a strong market player in creating custom solutions for each individual customer by defining the best combination in the overall architecture, being able to provide support with regard to, among other products and services: industrial IoT solutions; RFID hardware and software; ERP; product lifecycle management (PLM); computer-aided design (CAD); digital catalogs; B2B e-commerce; configure-price-quote (CPQ) solutions; customer data hubs; sales force automation & customer relationship management (CRM); business intelligence & corporate performance management; and cloud services.

In the year ended December 31, 2020, we generated Revenues (Products and Services) of €87.4 million, or 20.2% of our total Revenues (Products and Services) from the Manufacturing industry vertical.

*Retail & Fashion*

In this sector, innovation is introduced to improve the use of essential business aspects, primarily payment, with the acceptance of new payment methods (*e.g.,* mobile payment, self-scanning, self-checkouts, e-wallets such as Apple pay), with advanced omni-channel POS systems at checkout. Store assistants have mobile POS solutions at their disposal, directly integrated or included in the omni-channel order management system, for mobile checkout in the point of sale, order split between payment methods, and acquisition of customer data.

Our systems integrators and digital companies, such as Tecla.IT S.r.l., TEN Tecnologie & Networking S.r.l., ICTeam S.p.A., and Teia Technologies S.r.l., together with the decades of expertise in consultancy and delivery of customer engagement and omni-channel commerce projects, guide our fashion and retail clients in end-to-end digital transformation processes. In particular, we design and monitor solutions that allow the integration of existing IT systems, centralizing data within a single back-office and enabling the implementation of new customer experiences and optimization of information flows. The demand for our Retail & Fashion products and services is primarily driven by higher demand for digital enabling solutions such technologies such as cybersecurity, cloud based services and Big Data. In relation to this industry vertical, our client portfolio includes major industry operators, such as Luxottica and Ferragamo with regard to the fashion sector.

In the year ended December 31, 2020, we generated Revenues (Products and Services) of €42.3 million, or 9.8% of our total Revenues (Products and Services), from the Retail & Fashion industry vertical.

### Suppliers and Partners

We have strong relationships with more than 100 vendor partners, which include major IT and software companies (such as Cisco, Dell Technologies, Hewlett Packard, Microsoft Azure, Google Cloud and AWS). We rely on many of these companies both for the supply of certain services and products necessary for the operation of our business, such as hardware and certain software products and services (in which case, we refer to them as suppliers), and for the provision of products and services that we manage, implement and co-develop to our customers (in which case we refer to them as partners). The IT products and technologies that we manage, implement and co-develop with our partners include, among others, cybersecurity, cloud, AI and RPA. We also cooperate with these partners in connection with the businesses we conduct in relation to Digital Services and End-to-End Technology Enabling. See "*—Our Business—Businesses*."

With regard to our industry verticals, our contractual relationships with suppliers are usually governed by framework agreements providing the general terms and conditions of the relative contractual relationship. Such agreements tend to be complemented by additional arrangements governing the specific aspects relating to the relevant products and services (for instance, our partner program agreements, which provide rules on our eligibility as partners in the program offered by the supplier and facilitate the management, distribution and resale of the products/services through marketing programs, training and incentive subprograms). We also enter into so-called "channel partner agreements," whereby the supplier grants us a non-exclusive, non-transferable license to market, resell and distribute its products and services and engages us to assist in the distribution, sale and support of its products (software, hardware and related products that we acquire or license by the supplier) and services (maintenance, assistance, consulting and repair services). Certain of our agreements for the supply of services and products including with our suppliers and partners contain change of control provisions that, subject to certain conditions, may allow the counterparty to terminate the contract.

We use products and services provided by our suppliers in the provision of our own products and services as follows:

- ***Integration.*** Products and services provided by our suppliers are often complementary to our own products and services, and we are able to integrate our own offerings with those of our suppliers.
- ***Incorporation.*** We enter into agreements for the supply of products and services that are necessary for the operation of our products and services.
- ***Resale.*** We enter into distribution agreements that allow us to sell products and services of our suppliers to our customers.

We benefit from long-lasting multi-year relationships with our suppliers and partners and, given our nature of open partner ecosystem, we constantly continue to expand our partnership network.

### Research and Development

Innovation has always been a key element for our competitiveness, long-term sustainability and success. We continuously invest in development and innovation to support the ongoing improvement of our organization in increasing our competitive capacity and fulfilling the needs of a fluid, rapidly changing market. We believe that investing in R&D will help us continue to grow in the future.

We capitalized €5.7 million of development costs during the year ended December 31, 2020 to develop proprietary solutions. We are involved several research projects within the following key areas, spanning across all our industry verticals: Fintech, eHealth, e-government, digital industry, digital security, smart city, energy, digital media, cloud, Big Data, block-chain and AI. We will continue to invest in R&D, focusing on testing issues that are closely related to our customers' operations in order to provide prompt and innovative solutions.

Our R&D activities are overseen by a dedicated team of researchers and data scientists we employ. We operate our R&D activities in-house, while collaborating with our partners on larger research projects, particularly those sponsored by government entities, such as projects funded by EU grants. Our employees hold best-in-class certifications issued by our partners.

Several of our research projects results in technologies that are used in our IT services, software and digital platforms. The results of our research projects are transforming and improving our offerings to our customers.

Moreover, to better serve our customers, our research activities enable us to form and maintain strong connections with a broad network of industrial and scientific partnerships and global collaborations. We maintain research partnerships with a number of educational institutions and have strategic alliances with dozens of research centers in Europe. We also actively participate in a number of digital industry associations aimed at steering European innovation and promoting European research.

We also deploy a significant amount of resources for the training of our technology engineers, core process specialists and digital scientists who support our entire production cycle. As of December 31, 2020, we had received more than 1,700 certifications from our technology partners, including project management and cybersecurity certifications and over 600 other certifications, including project management and security certification and certification relating to our End-to-End Technology Enabling business line.

We believe that our strong focus on R&D as well as the significant amount of resources deployed to train our technology engineers, core process specialists and digital scientist, coupled with our strategic acquisitions, will allow us to face the constantly increasing talent shortage in the IT industry, representing the key challenge in the IT sector.

**Sales and Marketing**

We market our solutions and services to both existing and potential customers directly through our in-house sales and business development teams. Our sales and marketing strategy targets markets by activity type to deliver key industry-specific and multi-industry service offerings to our customers. We leverage our broad, multi-industry service offerings to develop packaged solutions tailored to achieve a specific scope of work that we then offer to corporate customers, while maintaining a disciplined approach to pricing and contracting. We also focus on developing prospective customer relationships through market research and analysis, renewing expiring contracts and leveraging existing client relationships to offer additional services. Our sales efforts typically involve extended selling cycles and our expertise in specific industries is critical to secure new business opportunities. Our sales force receives a fixed salary and an additional variable portion based on performance.

Our sales force is primarily organized by industry vertical-specific teams that are supported by activity-specific personnel. Significant new business opportunities are reviewed by business and sales leaders from the applicable industry vertical, operations personnel, and members of our finance department. If they determine that the new business is aligned with our strategic objectives and a good use of our resources, then our business development team is authorized to pursue the opportunity. Our sales and marketing teams coordinate to ensure the effective targeting of prospective customers.

**Competition**

The Italian IT services market is highly fragmented and we compete with a variety of smaller local software companies that specialize in specific aspects of the industry. The structural features of the Italian market, including various complexities at a local level (mainly relating to language and market dynamics specific to Italy), have contributed to reduce the pressures of international competition, with global multi-national players (such as Accenture) having to translate their business into a platform that can operate in the Italian market as a local market player. We also believe we have several competitive advantages over a number of our competitors. Our main advantage is our acquisition strategy, with which we have successfully increased our number of customers and expanded our business to new market segments. This strategy, in combination with our focus on developing long-term business relationships with our customers and diversified product offering, allows us to benefit from an increased level of cross-selling opportunities. See "*—Overview*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition.*"

In addition, we believe we were among the first players to enter the cloud technology market in Italy, achieving a significant competitive advantage in terms of products innovativeness and transition to cloud solutions. For more information about the competitive landscape in which we operate, see "*Industry—Competitive Landscape.*"

### Intellectual Property

We provide value to our customers based in part on a differentiated range of proprietary inventions, methodologies, software, reusable knowledge capital and other intellectual property. We recognize the increasing value of intellectual property in the marketplace and create, harvest, and protect this intellectual property. We leverage trade secret, copyright, trademark and patent laws, as well as contractual arrangements to protect our intellectual property. We own a number of patents, trademarks and copyrights worldwide and have pending patent, trademark and copyright applications. We seek patent protection for those inventions likely to be incorporated into our products and services, or where obtaining such proprietary rights is possible and will improve our competitive position.

Our business relies on software. With respect to proprietary software, we claim copyright on all such software, registering works which may be accessible to third parties. In addition, we rely on maintaining source code confidentiality to ensure our market competitiveness. We also use third party intellectual property. We have acquired all material licenses for such software and any other third party intellectual property. We comply with the terms and conditions of these licenses and have not faced any material claims in relation to the breach of any third party copyrights. See "*Risk factors—Risks Relating to our Business and Industry—We may be unable to adequately protect our intellectual property proprietary rights and prevent others from making unauthorized use of such rights.*"

### Quality Assurance

We believe that providing a consistent high-quality service is critical in our customers' decision to retain our services and for us to build long-term relationships with them. Our quality control framework is based on the certification of our operations and processes, regular process audits by our internal compliance team and independent external quality assurance providers, as well as by our customers.

### Regulation

#### *Data protection and cybersecurity*

In providing services and solutions to customers, we often manage, utilize and store sensitive or confidential customer or company data, including personal data, and therefore we must comply with strict data protection and privacy laws, such as the GDPR, and the E-Privacy Directive, in all the jurisdictions in which we operate. 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 through our Proprietary Software Solutions business line, as well as certain technical services used in the surveillance and/or investigation activities of public administration organizations (including wiretapping services to Italian Prosecution Offices (*Procure della Repubblica*)) we may also 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 Relating to our Business and Industry—Some of the industries in which our customers operate are subject to extensive governmental regulation, and changes in these regulations, or the failure by us or any of our third-party suppliers to comply with these regulations, could harm our business.*"

***LD No. 231/2001***

We have taken and will continue to take action to ensure the constant and complete implementation of the best practices for compliance with LD 231/2001. We have adopted a "Code of Ethics" that includes provisions addressing compliance with anti-corruption and anti-bribery laws and regulations and best practices. Lutech and certain of its subsidiaries (but not all) adopted the specific model provided for by LD 231/2001 (*Modello di Organizzazione e Gestione,* "**231 Model**") aimed, among others, at preventing the possibility to commit specifically identified offences in the interest or for the benefit of the Group. In addition, Lutech and the subsidiaries that have adopted the above mentioned model 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. Including our headquarters in Milan, we operate offices in other countries including Italy, Spain, Germany, the Netherlands, Romania and Switzerland. We lease the majority of our facilities, and we own real estate complexes in Italy (Veneto, Lombardy and Puglia), as well as in Germany (*Gummersbach*).

**Environment**

We are committed to respecting the environment also through the reduction of the impact of our business activities on the environment. We have implemented processes to this effect and systematically evaluate the environmental impact of our businesses. We have established contingency plans for the management of emergencies with potentially hazardous outcomes for the environment and through an evaluation of the environmental consequences of our new products and services. We also comply with applicable legislation with respect to the control of emissions into the atmosphere, soil and water.

We deploy resources that we consider sufficient for the implementation of our environmental policies and objectives. In order to reduce the impact on the environment, all electronic waste produced is transferred to specialized and certified firms for the recycling of materials. We maintain a high level of sustainability by guaranteeing that the majority of the electronic waste produced by us is reused in other industrial sectors.

We also comply with applicable regulations concerning the responsible use of energy and the sustainable use of transportation, including Law No. 10 of January 9, 1991, the Decree of the Ministry of the Environment of March 27, 1998 and Legislative Decree No. 152 of April 3, 2006, and we have identified the competent energy manager.

We also support the sustainability goals of the UN Agenda 2030, which aims to ensure a sustainable future for people, business and society by the targeting innovative digital solutions in the fields of energy and mobility transition, sustainable consumption, energy and resource-saving production, and transparent supply chains. Within our Public Sector & Healthcare industry vertical, we offer sustainable city ecosystem platforms through which we advise city administrators on creating new smart services or improving existing smart services for various municipal services such as public transportation and waste management. Our sustainable city solutions allow us to embed innovative technologies into municipal services in a sustainable and transparent way and enable companies and society to focus on their own efficiency and sustainability outcomes.

### Employees

As of December 31, 2020, we had 2,627 employees.

Our relationship with the majority of our employees in Italy is subject to collective bargaining agreements. In general, the collective bargaining agreements include terms that regulate remuneration, minimum salary, salary complements, extra time, benefits, bonuses and partial disability. Our employees in Italy are subject to various collective bargaining agreements ("**CCNL**") including, among the others, CCNL for employees in the trade companies sector, CCNL for employees in the metalworker industrial sector, CCNL for employees in the energy sector and CCNL for employees of the credit sector.

Trade unions and work councils are active at all our premises and as of December 31, 2020, 5.3% of our employees were unionized. We have entered into a company-wide collective agreement with trade unions active in our company regulating annual performance bonuses and employee social security. We have also entered into a further company-wide collective agreement regulating remuneration and health insurance of executives. We consider our relations with employees, trade unions, and work councils to be good and we have not experienced any significant labor issues in the past three years.

### Pensions

Italian law provides that, upon termination of employment, Italian employees are entitled to severance pay (*trattamento di fine rapporto*) based on their annual salary, the duration of their employment and the rate of inflation. We have in place both defined-contribution and defined-benefit pension plans. We make pension contributions on behalf of our employees as required by applicable Italian law. Other than increases in contributions required by law, we do not expect significant pension liabilities going forward.

### Insurance

As an integral part of our risk management program, we maintain insurance coverage for injuries and accidents, civil liability claims (including claims brought in connection with errors and omissions) and IT, such as damage to hardware, software and databases, property damage, professional indemnity, general third party liability, directors' and officers' liability and employers' liability as well as cybersecurity and GDPR breaches liability. Insurance cover for these risks is provided through a combination of self-insured deductibles and annual aggregates. Our insurance coverage is reviewed on an annual basis. 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 cover to ensure that we have adequate coverage and that our deductibles and premiums are at reasonable levels. We do not have insurance protection against the risk of failure by customers to pay. See "*Risk Factors—Risks Relating to our Business and Industry—Our insurance coverage might not be sufficient and we might be subject to uninsured losses*."

### Legal Proceedings

We are subject to claims, lawsuits and legal proceedings in the ordinary course of business. While it is not possible to ascertain the ultimate outcome of such matters, in management's opinion, the liabilities, if any, in excess of amounts provided or covered by insurance for these matters are not expected to have a material adverse effect on our financial condition, results of operations or liquidity.

## Management

The following presents the governance structure of the Issuer as of the date of this Offering Memorandum and the expected board of directors of Lutech following the completion of the Lutech Acquisition. After the Lutech Acquisition, we expect certain changes to the governance of the Group, including in relation to the board of directors of Lutech.

### The Issuer

The Issuer is a joint stock company (*società per azioni*), organized under the laws of Italy on March 29, 2021 and established by the Company for the purpose of facilitating the Transactions. The Issuer is recorded in the Companies' Register of Milano, Monza, Brianza, Lodi under number, tax code and VAT number 11693200963 and has its registered office (*sede legale*) at Via Alessandro Manzoni no. 38, 20121, Milan, Italy.

The following table set forth certain information regarding the members of the board of directors of the Issuer as of the date of this Offering Memorandum.

#### *Board of Directors of the Issuer*

| Name | Year of Birth | Position |
|---|---|---|
| Gabriele Cipparrone . . . . . . . . . | 1975 | Board Member |
| Eleonora Pianta . . . . . . . . . . . . . | 1981 | Board Member |

The business address of the board of directors of the Issuer is: Via Alessandro Manzoni 38, 20121, Milan, Italy.

Set forth below is a biography of the members of the board of directors of the Issuer:

***Gabriele Cipparrone****.* Mr. Cipparrone is a member of the board of directors of the Issuer and is a partner in the technology team at Apax Partners LLP. Mr. Cipparrone joined Apax Partners LLP in 2003. At Apax Partners LLP, Mr. Cipparrone has been involved in a number of key transactions, including Apax's investment in Genius Sports, MatchesFashion, Engineering, Orange Switzerland, Weather Investments, TDC, Sisal and Farmafactoring. Prior to joining Apax Partners LLP, Mr. Cipparrone was a consultant with McKinsey & Company, where he specialized in advising clients in the telecom and utility sectors, and he also spent a brief period at Soros. He holds an MBA from Harvard Business School, an MS in mechanical engineering from Politecnico di Torino and an MS in industrial engineering from École Centrale de Paris.

***Eleonora Pianta****.* Eleonora Pianta is a manager of TMF Group, where she serves as head of the Italian tax team. She joined TMF in 2007 working from 2012 to 2014 in their London office. She has over 15 years of experience in accounting, tax and management services, supporting international clients in a variety of industries, including holding and investment companies. She also holds the roles of director and statutory auditor in several companies. Prior to joining TMF, Eleonora has worked in the audit department of PwC. Having graduated as an Italian certified CPA, Eleonora is a certified chartered accountant and registered auditor.

### Lutech

Lutech is a joint stock company (*società per azioni*), organized under the laws of Italy and recorded in the Companies' Register of Milan, Monza, Brianza, Lodi under number, tax code and VAT number 02824320176, with registered office (*sede legale*) at Via Dante 14, 20121 Milan, Italy.

#### *Board of Directors*

Following the completion of the Lutech Acquisition and on or about the Completion Date, the existing board of directors of Lutech will be reconstituted. The reconstituted board of directors is currently expected to consist of the following members and additional members may be appointed:

| Name | Year of Birth | Position |
|---|---|---|
| Gabriele Cipparrone . . . . . . . . . | 1975 | Board Member |
| Tullio Pirovano . . . . . . . . . . . . . | 1956 | Board Member |
| Albert Costa . . . . . . . . . . . . . . . . | 1983 | Board Member |

See "—*Board of Directors of the Issuer*" for the biography of Mr. Gabriele Cipparrone. The biography of the other expected board of directors of Lutech is as below:

***Tullio Pirovano***. Mr. Pirovano is the Chief Executive Officer of Lutech. He joined Lutech in 2013 and has over 37 years of experience in the IT sector in Italy and internationally. Before joining Lutech, he was associated with, among others, IBM and TXT e-solutions, a public listed software development and consulting company. Mr. Pirovano holds a degree in physics from the University of Milan.

***Albert Costa***. Mr. Costa is a principal in the technology team at Apax Partners LLP. Mr. Costa joined Apax Partners LLP in 2010. At Apax Partners LLP, Mr. Costa has been involved in a number of key transactions, including Apax's investment in Baltic Classifieds Group, Genius Sports, idealista, Neuraxpharm and Takko Fashion. Prior to joining Apax Partners LLP, Mr. Costa was associated with Blackstone, where he worked on a number of transactions and portfolio companies, and he started his career in the investment banking division of Morgan Stanley in the energy and utilities and the media and telecom teams. Mr. Costa holds an MBA from the Wharton Business School, where he was a Palmer Scholar, and a BA from Esade, Spain.

### *Board of Statutory Auditors*

Pursuant to applicable Italian law, Lutech has also appointed a board of statutory auditors (*collegio sindacale*) whose objective is to oversee Lutech's compliance with applicable law and by-laws, monitor the implementation of best practices and assess the adequacy of the internal controls and accounting reporting systems. The board of statutory auditors is expected to remain in place post completion of the Lutech Acquisition.

### *Senior Management*

Lutech's management team is composed of industry professionals and has unique and extensive experience in IT services industry in Italy, including significant experience developed within our organization itself. We believe that Lutech's senior management team is well prepared and has the relevant experience and track-record required to successfully implement our strategy.

The following table sets forth certain information regarding the member of the senior management of Lutech as of the date of this Offering Memorandum. Following the completion of the Lutech Acquisition, these members of the senior management are expected to remain with Lutech.

| Name | Year of Birth | Position |
|---|---|---|
| Tullio Pirovano | 1956 | Chief Executive Officer |
| Luca Donna | 1971 | Chief Financial Officer |
| Alberto Roseo | 1966 | Chief Revenue Officer |
| Francesco Gadaleta | 1965 | Chief Operating Officer |

See "—*Board of Directors*" for the biography of Tullio Pirovano. The biography of the other members of the senior management of Lutech is as below:

***Luca Donna***. Mr. Donna is the Chief Financial Officer of Lutech. He joined Lutech in 2011 and has over twenty years of experience in various international finance roles, with extensive information technology expertise. Before joining Lutech, he was associated with, among others, Italtel, an Italian ICT company, and KPMG, where he trained as a chartered accountant. Mr. Donna holds a degree in management and accounting from Università Cattolica del Sacro Cuore in Milan.

***Alberto Roseo***. Mr. Roseo is the Chief Revenue Officer of Lutech. He joined Lutech in 2007 and has over 28 years of experience in the IT sector. Prior to joining Lutech, Mr. Roseo was associated with, among others, Selex Elsag, an electronics and information technology company, and Intercai Mondiale, a telecommunications and IT consultancy company. Mr. Roseo holds an Electronic Engineering degree from the University of Genoa.

***Francesco Gadaleta***. Mr. Gadaleta is the Chief Operating Officer of Lutech. He joined Lutech in 2015 and has over 30 years of experience in the IT sector. Prior to joining Lutech, Mr. Gadaleta was associated with, among others, Accenture and Exprivia, an international ICT company. Mr. Gadaleta holds a Computer Science degree from the University of Bari Aldo Moro in Bari, Italy.

### *Compensation of Directors*

The total fees paid to the directors of Lutech for the year ended December 31, 2020 was €0.4 million.

### *Management and Control Organizational Model Pursuant to LD 231/2001*

Lutech has adopted a 231 Model in accordance with LD 231/2001. This organizational model maps the structures and business processes of the company, and identifies the areas and business activities which are potential "crime-risks" as well as the procedures and controls in place to avoid such crimes. Such management and organizational model also governs the functions and powers of a dedicated supervisory body (*Organismo di Vigilanza*) which is in charge of supervising the functioning and correct application of Lutech's 231 Model, Lutech's adherence to the 231 Model and to its additional internal procedures, as well as Lutech's commitment to constantly update the 231 Model and those procedures.

## Management Equity Program

As part of the Lutech Acquisition, a portion of the share capital of Lion TopCo S.C.A., an indirect parent company of the Issuer, is to be allocated for equity co-investments by certain current and future members of our senior management team, through an incentive plan to be implemented on completion of the Lutech Acquisition (the "**Incentive Plan**").

According to the terms and conditions set forth in a term sheet agreed with relevant members of our management, the Incentive Plan shall be implemented through the issuance of both strip equity (including preference shares), which shall be *pari passu* with equity held by the sponsor, and sweet equity, through which management will have the opportunity to receive increased returns on exit ("**Sweet Equity**"). The Sweet Equity will vest fully at four years from completion of the Lutech Acquisition, with incremental vesting throughout that period, subject to an initial cliff at one year following Completion.

We currently expect to allocate 80% of the Sweet Equity pool to certain current key members of our senior management team with the remaining 20% being reserved for allocation to future key members.

## Principal Shareholders

The Issuer is a wholly owned subsidiary of the Company. As of the date of this Offering Memorandum, funds advised by Apax indirectly holds 100% of the shareholding of the Company and control the Company. Following the Lutech Acquisition, it is expected that Apax will beneficially own approximately 85% of the shareholding of the Company, with the remaining approximately 15% beneficially owned by the senior management of the Group pursuant to management co-invest and a management equity program instituted at the level of an indirect holding company of the Company. Pursuant to the management equity program, certain preference and ordinary shares in Libra TopCo S.C.A., will be held, either directly or indirectly through a pooling entity, by certain members of the Group's management team. See "*Management—Management Equity Program*."

Apax is a leading global private equity advisory firm. Over its 50-year history, Apax has raised and advised funds with aggregate commitments of over $60 billion. Apax invests in companies across four global sectors of Healthcare, Technology Services and Internet/Consumer. These funds provide long-term equity financing to build and strengthen world-class companies through leveraging its deep sector and sub-sector experience, operating capabilities, and global platform. Some of Apax's recent investments in the technology-enabled services sector include the acquisition of Engineering (a leading Italian IT services company) in 2015, ThoughtWorks (a global leader in high-end digital transformation services) in 2017, Solita (a leading Finnish digital transformation company) in 2018, Fractal (a leading pure play data analytics provider) in 2019, Coalfire (a U.S.-based provider of cybersecurity advisory and assessment services) in 2020, and Herjavec (one of the largest independent managed security service providers) in 2021.

## Certain Relationships and Related Party Transactions

### Ordinary Course of Business Relationships

The Group has entered into various agreements or transactions with certain related parties from time to time. These agreements and transactions are carried out on arm's-length terms and we believe that the terms of these agreements are no more favorable to the related parties and our affiliates than what they would have been with disinterested third parties.

### Transactions with the Management

Following the Lutech Acquisition, we plan to implement a management equity program pursuant to which certain ordinary shares and preference shares in Libra TopCo SCA, an indirect parent of the Company, will be held, either directly or indirectly through a pooling entity, by certain members of the Group's management team. We expect that the terms of the program will be included in a shareholders' agreement and in the articles of association of Libra TopCo SARL. See "*Management—Management Equity Program*."

## Description of Certain Financing Arrangements

*The following contains a summary of the terms of our key items of indebtedness and is presented, unless otherwise indicated, as of the date hereof. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. In addition, capitalized terms not otherwise defined in this section shall, unless the context otherwise requires, have the same meanings set out in the underlying debt documents, as applicable. Capitalized terms defined in this section shall specifically have the meaning given to them in this section and not in the other sections of this Offering Memorandum*

### Revolving Credit Facility Agreement

#### *Overview*

On April 20, 2021, Libra HoldCo SARL (the "**Parent**") and Libra Bidco B.V. ("**Bidco**") as guarantors and Libra GroupCo S.p.A. as original borrower entered into a €75 million multicurrency revolving facility agreement between, among others, Banque Nomura France, BNP Paribas, Italian Branch, Deutsche Bank Aktiengesellschaft, Intesa Sanpaolo S.p.A., National Westminster Bank plc and Unicredit S.p.A. as mandated lead arrangers and BNP Paribas, Italian Branch as agent (the "**Agent**") and security agent (the "**Security Agent**") (as amended and restated, amended, restated, supplemented or otherwise modified from time to time, the "**Revolving Credit Facility Agreement**").

The Revolving Credit Facility Agreement provided a revolving credit facility of €75.0 million (the "**RCF**"). It is intended that the total aggregate commitments under the RCF will be reduced to €45.0 million prior to the date on which the Group receives the proceeds of the Notes (free from escrow or similar arrangements (if applicable)).

#### *Purpose*

Borrowings under the RCF may be applied towards general corporate and working capital purposes of the Group (including, for the avoidance of doubt, capital expenditure and acquisitions). The RCF may be drawn in cash or letter of credit and can be made available by lenders thereunder way of bilateral ancillary facility and fronted ancillary facilities. The RCF is currently available until 65 months following the date that the Parent's senior secured bridge facility is first utilized or, if earlier, the date on which the Group receives the proceeds of the Notes (free from escrow or similar arrangements (if applicable)) (the "**RCF Closing Date**").

#### *Repayments and prepayments*

Repayment of loans drawn under the RCF and related interest payments will be due and payable at the end of the interest period for each loan. The applicable interest period is selected in the relevant utilization request and will either be two weeks or one, two, three or six months subject to certain exceptions.

If it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the Revolving Credit Facility Agreement, such lender under the Revolving Credit Facility Agreement will have the right to cancel its commitments. The relevant borrower shall repay the relevant lender's participation in any loans made to that borrower on the date specified by the relevant lender in the notice delivered to the Parent (being no earlier than the last Business Day of any applicable grace period permitted by law).

On a change of control, a lender may, by notice to the Parent and on the first Business Day falling at least 60 days after such notice, cancel all of its commitments and declare all outstanding amounts owed to it due and payable provided that such request is made within 30 days of the date of the Agent's receipt of the notification from the Parent that such change of control or sale has occurred.

#### *Interest and fees*

Loans under the RCF initially bear interest at a rate equal to the aggregate of LIBOR (in respect of loans drawn in any currency other than Euro and Sterling), compounding overnight SONIA (in respect of loans in Sterling) and EURIBOR (in respect of loans drawn in Euro) and a margin of 3.25% per annum.

All base rates have a zero floor under the Revolving Credit Facility Agreement.

After the date falling six (6) months after the RCF Closing Date, the margin for each loan under the RCF will be subject to adjustment by reference to the Senior Secured Leverage Ratio (as defined below) as shown in the quarterly financial statements or, as the case may be, the annual financial statements for that relevant period and the related compliance certificate, to equal the rate per annum set out in the following table:

| Senior Secured Leverage Ratio | Margin (% p.a.) |
|---|---|
| Greater than 4.00:1 | 3.25 |
| Equal to or less than 4.00:1 but greater than 3.75:1 | 3.00 |
| Equal to or less than 3.75:1 but greater than 3.50:1 | 2.75 |
| Equal to or less than 3.50:1 but greater than 3.25:1 | 2.50 |
| Equal to or less than 3.25:1 | 2.25 |

The Margin will be further reduced by 0.15% p.a. in the case of an ESG agency rating (which has been issued in the prior 12 months) held by the Group which is more favorable than the ESG agency rating held by the Group at the RCF Closing Date or, if no ESG agency rating is held by the Group at the RCF Closing Date, the first ESG agency rating held by the Group following the RCF Closing Date (or four points or more up, depending on the applicable ratings scale, or any equivalent from time to time as determined by the Parent in good faith).

Default interest on the RCF will be calculated as an additional 1.00% p.a. on the overdue amount.

In respect of the RCF a "commitment fee" is payable on the aggregate undrawn and uncancelled amount of the RCF, until the end of the availability period applicable to the RCF, at a rate of 30% of the applicable margin for the RCF. Such commitment fee is payable quarterly in arrear, on the last day of the availability period applicable to the RCF and, if cancelled in full, on the cancelled amount of the relevant lender's commitment at the time the cancellation becomes effective.

The Parent is required to pay customary agency fees to each of the Agent and the Security Agent in connection with the Revolving Credit Facility Agreement.

### *Additional Facilities*

The Parent may elect to request additional facilities either as a new facility and/or an increase in or an additional tranches of the Revolving Credit Facility Agreement (the "**Additional Facilities**"). The Parent and the lenders in respect of the Additional Facilities may agree to certain terms in relation to the Additional Facilities, including the margin, the termination date (each subject to parameters as set out in the Revolving Credit Facility Agreement) and the availability period thereof. Subject to the parameters set out in the Revolving Credit Facility Agreement, unless the indebtedness incurred is otherwise permitted under the Revolving Credit Facility Agreement, the maximum aggregate principal amount of the indebtedness outstanding under all Additional Facilities (after taking into account the application of proceeds of any relevant indebtedness) may not at any time result in a breach of the limitation of indebtedness covenant in the Revolving Credit Facility Agreement.

### *Guarantees*

The Revolving Credit Facility Agreement is guaranteed by the Parent and the Guarantors. The Revolving Credit Facility Agreement requires that (subject to agreed security principles as set out in the Revolving Credit Facility Agreement (the "**Agreed Security Principles**")) each member of the Group which:

(a) is incorporated in Luxembourg, Italy or the Netherlands (each a "**Security Jurisdiction**," together, the "**Security Jurisdictions**"); and

(b) is a “Material Company” (which is generally defined under the Revolving Credit Facility Agreement to include, among others, (i) the Parent, (ii) any other Obligor, (iii) any wholly owned Restricted Subsidiary of the Parent incorporated in a Security Jurisdiction that has earnings before interest, tax, depreciation and amortization representing 5% or more of consolidated EBITDA of the Group), (iv) each holding company that is a member of the Group of a company which is a Material Company under (ii) or (iii) above, and (v) a Restricted Subsidiary of the Parent to which it has been transferred the whole or substantially the whole of the assets of a Restricted Subsidiary that was a Material Company prior to such transfer,

will be required to become a guarantor under the Revolving Credit Facility Agreement within 90 days of the delivery of the Group’s annual audited consolidated financial statements for the relevant year showing that such subsidiary is a Material Company such that the guarantors represent at least 80% of the consolidated EBITDA of the Group (subject to certain exceptions and excluding the EBITDA of any member of the Group not required to become a Guarantor in accordance with the Agreed Security Principles).

In addition, any member of the Target Group which is incorporated in a Security Jurisdiction and is a Material Company (subject to the Agreed Security Principles) is required to become a guarantor under the Revolving Credit Facility Agreement within 120 days of the RCF Closing Date, such that the guarantors represent at least 80% of the consolidated EBITDA of the Group (subject to certain exceptions and excluding the EBITDA of any member of the Group not required to become a Guarantor in accordance with the Agreed Security Principles).

***Security***

Subject to the Agreed Security Principles, the Guarantors have granted or will grant security interests on a first priority basis (to the extent legally possible) in favor of the Security Agent over certain assets as described below:

(a) in the case of each borrower and/or guarantor incorporated in Luxembourg, Italy or the Netherlands, security over any shares held by it in a borrower and/or a guarantor, any material operating bank accounts held by it and any material structural intercompany loans made by it to another borrower and/or a guarantor; and

(b) in the case of each other borrower and/or guarantor, security over any shares held by it in a borrower and/or guarantor.

***Representations and warranties***

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status, power and authority, binding obligations, non-conflict with constitutional documents, applicable laws and certain other obligations, authorizations, no default, accuracy of information and acquisition documents.

***Affirmative covenants***

The Revolving Credit Facility Agreement requires certain members of the Group to observe certain affirmative covenants, including:

(a) compliance with laws;

(b) maintenance of guarantor and security coverage and further assurances; and

(c) procuring the merger of the Borrower with certain Target Group entities following the RCF Closing Date.

The Revolving Credit Facility Agreement also contains an “information covenant” under which, among others and in the first instance, the Parent is required to deliver to the Agent annual financial statements, quarterly financial statements and compliance certificates. Note, however, that the delivery of accounts/financial statements as set out under the caption “*Description of the Notes—Certain Covenants—Reports*” of this Offering Memorandum will satisfy the information covenant.

### *Negative covenants*

The Revolving Credit Facility Agreement contains certain of the incurrence covenants (and related definitions) that are set forth in the Indenture.

### *Financial covenant*

The Revolving Credit Facility Agreement provides that if the sum of certain outstanding senior secured net indebtedness of the Group to the consolidated EBITDA of the Group in respect of each relevant period ending on or after the date falling 12 Months after the RCF Closing Date (the "**Senior Secured Leverage Ratio**") is equal to or less than 9.00:1.00, the financial ratio test for that period will be satisfied and,

*provided that*:

(a) this financial covenant is deemed satisfied for all purposes if (x) on the last day of the applicable relevant period, the amount drawn by way of loan under the RCF (including any additional facilities under the Revolving Credit Facility Agreement) (less cash and cash equivalents and any proceeds of any RCF loan used to fund any original issue discount) is less than or equal to 40% of the aggregate of the commitments under the Revolving Credit Facility Agreement (including any additional facilities under the Revolving Credit Facility Agreement at that time, (y) the commitments under the Revolving Credit Facility Agreement are cancelled in full or (z) as otherwise agreed by the requisite majority of lenders under the Revolving Credit Facility Agreement; and

(b) failure to satisfy the financial covenant ratio shall not (or be deemed to) constitute or result in a breach of any representation, warranty, undertaking or an event of default.

The Parent is permitted to prevent or cure breaches of the net leverage covenant by applying a "cure" amount (generally, amounts received by the Parent in cash pursuant to any new equity or permitted subordinated debt) as if consolidated EBITDA had been increased by such amount. There is no requirement to apply any cure amount in prepayment of the RCF. Different cure amounts may not be taken into account in consecutive financial quarters and no more than five different cure amounts may be taken into account prior to the original termination date of the RCF.

### *Events of default*

The Revolving Credit Facility Agreement contains certain events of default with certain adjustments, as those applicable to the Notes are set forth in the section entitled "*Descriptions of Notes—Events of Default*."

In addition, the Revolving Credit Facility Agreement contains the following events of default:

(a) inaccuracy of a representation or statement when made (subject to materiality qualifications); and

(b) unlawfulness, invalidity rescission and repudiation or unenforceability of the finance documents entered into in connection with the Revolving Credit Facility Agreement.

### *Governing law and jurisdiction*

The Revolving Credit Facility Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law and the courts of England have exclusive jurisdiction to settle any disputes arising out of or in connection with the Revolving Credit Facility Agreement. Without prejudice to the foregoing sentence, the covenants and defaults schedules in the Revolving Credit Facility Agreement shall be construed in accordance with the laws of the State of New York.

## Intercreditor Agreement

### *General*

To establish the relative rights of certain of our creditors under our financing arrangements, Libra HoldCo SARL (the "**Parent**"), Libra GroupCo S.p.A. and Bidco (together with any other entity which accedes or otherwise becomes a party to the Intercreditor Agreement as a debtor, the "**Debtors**") entered into an intercreditor agreement (the "**Intercreditor Agreement**") dated April 20, 2021, with, among others, BNP Paribas, Italian Branch as facility agent and security agent. The Trustee will accede to the Intercreditor Agreement as a Senior Notes Trustee on the Issue Date.

The Intercreditor Agreement is governed by English law and sets out, among others, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the collateral providers, when payments can be made in respect of certain 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.

The Intercreditor Agreement additionally provides for Hedge Counterparties and Operating Facility Lenders (each as defined below) to receive guarantees and indemnities from the Debtors on substantially the same terms (including the relevant limitations) as such guarantees and indemnities are provided by the obligors to the finance parties under the Senior Credit Facilities Agreement; provided that, in the case of the Operating Facility Lenders, this applies only to the extent permitted by the Debt Financing Agreements (and all references in this section titled "Intercreditor Agreement" to Operating Facilities, Operating Facility Documents, Operating Facility Lenders and Operating Facility Liabilities should be construed accordingly).

Capitalized terms set forth and used in this section entitled "—*Intercreditor Agreement*" have the same meanings as set forth in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum. In particular, in this summary the term "Senior Notes" includes the indebtedness to be incurred under the Indenture in respect of the Notes as defined elsewhere in this Offering Memorandum.

### *Definitions*

The following capitalized terms used in this summary of the Intercreditor Agreement have the meaning given to them below:

"**Creditors**" means the Senior Secured Creditors, the Senior Parent Creditors, the Hedge Counterparties, the intra-Group lenders and the investors in the Group.

"**Enforcement Action**" means:

(a) in relation to any liabilities:

  (i) the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Secured Creditor or a Senior Parent Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the debt documents);

  (ii) the making of any declaration that any liabilities are payable on demand;

  (iii) the making of a demand in relation to a liability that is payable on demand;

  (iv) the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;

  (v) the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any liability but excluding any such right which arises as a result of the permitted debt purchase transactions provisions of the Senior Credit Facilities Agreement (or any other similar or equivalent provision of any of the Secured Debt Documents)) and/or any other acquisition of liabilities, acquisition or transaction which any member of the Group is not prohibited from entering into by the terms of the Secured Debt Documents and excluding any mandatory offer arising as a result of a change of control or asset sale (howsoever described) as set out in the Senior Notes finance documents or the Senior Parent Notes Finance Documents (or any other similar or equivalent provision of any of the Secured Debt Documents);

(vi) the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any liabilities other than the exercise of any such right:

(A) as close-out netting by a Hedge Counterparty or by a hedging ancillary lender;

(B) as payment netting by a Hedge Counterparty or by a hedging ancillary lender;

(C) as inter-hedging agreement netting by a Hedge Counterparty;

(D) as inter-hedging ancillary document netting by a hedging ancillary lender; and/or

(E) which is otherwise permitted by the terms of any of the Secured Debt Documents, in each case to the extent that the exercise of that right gives effect to a permitted payment; and

(vii) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any liabilities;

(b) the premature termination or close-out of any hedging transaction under any hedging agreement, save to the extent permitted by the Intercreditor Agreement;

(c) the taking of any steps to enforce or require the enforcement of any transaction security (including the crystallization of any floating charge forming part of the transaction security);

(d) the entry into any composition, compromise, assignment or similar arrangement with any member of the Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities (other than any action permitted under the Intercreditor Agreement or any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the debt documents); or

(e) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, examiner, administrator or similar officer) in relation to the winding up, dissolution, examinership, administration or reorganization of any member of the Group which owes any liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action:

(i) the taking of any action falling within the paragraphs above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; or

(ii) a Senior Secured Creditor or Senior Parent Creditor bringing legal proceedings against any person solely for the purpose of: (a) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party; (b) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages; or (c) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages; or

(iii) bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud; or

(iv) to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or

(v) any person consenting to, or the taking of any other action pursuant to or in connection with, any merger, consolidation, reorganization or any other similar or equivalent step or transaction initiated or undertaken by a member of the Group (or any analogous procedure or step in any jurisdiction) that is not prohibited by the terms of the Secured Debt Documents to which it is a party.

"**First/Second Lien Discharge Date**" means the later to occur of the Senior Discharge Date and the Second Lien Discharge Date.

"**Group**" means the Parent and its Restricted Subsidiaries (as such term is defined in the Senior Credit Facilities Agreement) for the time being.

"**Hedge Counterparty**" means any person that executes or accedes to the Intercreditor Agreement as a Hedge Counterparty.

"**Hedging Liabilities**" means the liabilities owed by any Debtor to Hedge Counterparties in respect of certain hedging agreements.

"**Majority Permitted Parent Financing Creditors**" means, in relation to any Permitted Parent Financing Debt, the requisite number or percentage of Permitted Parent Financing Creditors under the Permitted Parent Financing Agreement on whose instructions the Senior Parent Creditor Representative is required to act in relation to the relevant matter.

"**Majority Permitted Second Lien Financing Creditors**" means, in relation to any Permitted Second Lien Financing Debt, the requisite number or percentage of Permitted Second Lien Financing Creditors under the Permitted Second Lien Financing Agreement on whose instructions the Second Lien Creditor Representative is required to act in relation to the relevant matter.

"**Majority Permitted Senior Financing Creditors**" means, in relation to any Permitted Senior Financing Debt, the requisite number or percentage of Permitted Senior Financing Creditors under the Permitted Senior Financing Agreement on whose instructions the Senior Creditor Representative is required to act in relation to the relevant matter.

"**Majority Second Lien Creditors**" means, at any time, those Second Lien Secured Creditors whose Second Lien Secured Credit Participations (as defined below) at that time aggregate more than 66 2/3% of the total Second Lien Secured Credit Participations at that time.

"**Majority Second Lien Lenders**" has the meaning given to the term "Majority Lenders" in the relevant Second Lien Facility Agreement.

"**Majority Senior Creditors**" means, at any time, those Senior Creditors whose Senior Credit Participations at that time aggregate more than 66 2/3% of the total Senior Credit Participations at that time.

"**Majority Senior Lenders**" means, at any time, subject to certain provisions of the Senior Credit Facilities Agreement, a Senior Lender or Senior Lenders whose Commitments (as defined in the Senior Credit Facilities Agreement) aggregate at least 50.01% (or, for the purposes of acceleration under the Senior Credit Facilities Agreement only, 66 2/3% of the Total Commitments (as defined in the Senior Credit Facilities Agreement)) (or, if the total commitments have been reduced to zero, aggregate at least 50.01% (or, for the purposes of acceleration under the Senior Credit Facilities Agreement only, 66 2/3%) of the Total Commitments immediately prior to that reduction).

"**New Debt Financing**" means any new, additional or increased Liabilities under any Secured Debt Document and/or in connection with any Debt Refinancing (as defined below).

"**New Equity**" means (i) any subscription for shares or other ownership interests in, and any capital contributions to, the Parent, and/or (ii) any other form of equity contribution to the Parent previously agreed to by the Senior Facility Agent (acting reasonably) in writing.

"**Operating Facility**" means any facility or financial accommodation (including, without limitation, any overdraft or other current account facility, any foreign exchange facility, any guarantee, bonding, documentary or standby letter of credit facility, any credit card or automated payments facility, any short-term loan facility and any derivatives facility) provided to a member of the Group by an Operating Facility Lender which is notified to the Security Agent by the Parent in writing as a facility or financial accommodation to be treated as an "Operating Facility" for the purposes of the Intercreditor Agreement.

"**Operating Facility Document**" means, at the election of the Parent, any document relating to or evidencing an Operating Facility.

"**Operating Facility Lender**" means any person that executes or accedes to the Intercreditor Agreement as an Operating Facility Lender.

"**Operating Facility Liabilities**" means the liabilities owed by any Debtor to the Operating Facility Lenders under or in connection with the Operating Facility Documents.

"**Original Transactions Security**" means, in respect of any Supplemental Security, any Transactions Security granted over the same French assets subject to Transaction Security, which ranks ahead of that Supplemental Security at the time such Supplemental Security was created.

"**Permitted Parent Financing Agreement**" means, in relation to any Permitted Parent Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Parent Financing Debt is made available or, as the case may be, issued.

"**Permitted Parent Financing Creditors**" means, in relation to any Permitted Parent Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Parent Financing Debt from time to time (including the applicable Senior Parent Creditor Representative).

"**Permitted Parent Financing Debt**" means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Parent in writing as indebtedness to be treated as "Permitted Parent Financing Debt" for the purposes of the Intercreditor Agreement provided that (i) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (ii) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Parent Financing Debt have agreed to become a party to the Intercreditor Agreement in such capacity, in each case to the extent not already a party in that capacity.

"**Permitted Parent Financing Documents**" means, in relation to any Permitted Parent Financing Debt, the Permitted Parent Financing Agreement, any fee letter entered into under or in connection with the Permitted Parent Financing Agreement and any other document or instrument relating to that Permitted Parent Financing Debt and designated as such by the Parent and the Senior Parent Creditor Representative in respect of that Permitted Parent Financing Debt.

"**Permitted Parent Financing Liabilities**" means all liabilities of any Debtor to any Permitted Parent Financing Creditors under or in connection with the Permitted Parent Financing Documents.

"**Permitted Second Lien Financing Agreement**" means, in relation to any Permitted Second Lien Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Second Lien Financing Debt is made available or, as the case may be, issued.

"**Permitted Second Lien Financing Creditors**" means, in relation to any Permitted Second Lien Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Second Lien Financing Debt from time to time (including the applicable Second Lien Creditor Representative).

"**Permitted Second Lien Financing Debt**" means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Parent in writing as indebtedness to be treated as "Permitted Second Lien Financing Debt" for the purposes of the Intercreditor Agreement provided that the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Second Lien Financing Debt have agreed to become a party to the Intercreditor Agreement in such capacity, in each case to the extent not already a party in that capacity.

"**Permitted Second Lien Financing Documents**" means, in relation to any Permitted Second Lien Financing Debt, the Permitted Second Lien Financing Agreement, any fee letter entered into under or in connection with the Permitted Second Lien Financing Agreement and any other document or instrument relating to that Permitted Second Lien Financing Debt and designated as such by the Parent and the Second Lien Creditor Representative in respect of that Permitted Second Lien Financing Debt.

"**Permitted Second Lien Financing Liabilities**" means all liabilities of any Debtor to any Permitted Second Lien Financing Creditors under or in connection with the Permitted Second Lien Financing Documents.

"**Permitted Senior Financing Agreement**" means, in relation to any Permitted Senior Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Senior Financing Debt is made available or, as the case may be, issued.

"**Permitted Senior Financing Creditors**" means, in relation to any Permitted Senior Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Senior Financing Debt from time to time (including the applicable Senior Creditor Representative).

"**Permitted Senior Financing Debt**" means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Parent in writing as indebtedness to be treated as "Permitted Senior Financing Debt" for the purposes of the Intercreditor Agreement provided that (i) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (ii) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Senior Financing Debt have agreed to become a party to the Intercreditor Agreement in such capacity, in each case to the extent not already a party in that capacity.

"**Permitted Senior Financing Documents**" means, in relation to any Permitted Senior Financing Debt, the Permitted Senior Financing Agreement, any fee letter entered into under or in connection with the Permitted Senior Financing Agreement and any other document or instrument relating to that Permitted Senior Financing Debt and designated as such by the Parent and the Senior Creditor Representative under that Permitted Senior Financing Debt.

"**Permitted Senior Financing Liabilities**" means all liabilities of any Debtor to any Permitted Senior Financing Creditors under or in connection with the Permitted Senior Financing Documents.

"**Permitted Subordinated Debt**" means any loan made to the Parent or other indebtedness incurred by the Parent which would, save for second paragraph of the definition of Indebtedness in the Senior Credit Facilities Agreement, constitute Indebtedness (i) which (a) does not provide for any cash pay interest on or before the date falling six (6) months after the termination date for the Senior Facilities; (b) has a maturity date falling later than six (6) months after the termination date for the Senior Facilities; (c) does not receive any credit support from any member of the Group other than the Parent as borrower on an unsecured basis; and (d) prior to a listing is subject to the terms of the Intercreditor Agreement, or is otherwise subordinated on terms acceptable to the Senior Facility Agent acting reasonably, or (ii) which, if it does not fall within paragraph (i) above, is otherwise on terms acceptable to, and approved by, the requisite majority of lenders under the Senior Credit Facilities Agreement (acting reasonably).

"**Primary Creditors**" means the Senior Secured Creditors and the Senior Parent Creditors.

"**Relevant Original Transaction Security**" means any transaction security granted by any Debtor over its French assets, other than the Supplemental Security.

"**Relevant Original Transaction Security Beneficiaries**" means the Secured Parties which are beneficiaries of the Relevant Original Transaction Security.

"**Second Lien Arranger Liabilities**" means the liabilities owed by the Debtors to any Second Lien Arranger under or in connection with the Second Lien Finance Documents.

"**Second Lien Creditor Representative**" means, in relation to any Permitted Second Lien Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Second Lien Financing Debt.

"**Second Lien Debt**" means any indebtedness outstanding under any Second Lien Facility.

"**Second Lien Discharge Date**" means the date that the Second Lien Lender Liabilities and the Permitted Second Lien Financing Liabilities have been discharged.

"**Second Lien Facility**" has the meaning given to the term "Facility" in the Second Lien Facility Agreement.

"**Second Lien Facility Agreement**" means any facility agreement entered into or to be entered into by a member of the Group which is notified to the Security Agent by the Parent in writing as a facility agreement to be treated as the "Second Lien Facility Agreement" for the purposes of the Intercreditor Agreement.

"**Second Lien Lenders**" means each Lender under and as defined in the Second Lien Facility Agreement.

"**Second Lien Lender Liabilities**" means the liabilities owed by the Debtors to the Second Lien Lenders under the Second Lien Finance Documents.

"**Second Lien Liabilities**" means the Second Lien Lender Liabilities and any Permitted Second Lien Financing Liabilities.

"**Second Lien Secured Creditors**" means the Second Lien Facility finance parties and/or the Permitted Second Lien Financing Creditors, as the context requires.

"**Secured Debt Documents**" means the Senior Facilities Finance Documents (as defined below), the Senior Notes finance documents, the Permitted Senior Financing Documents, the hedging agreements regulated by the Intercreditor Agreement, the Operating Facility finance documents, the Second Lien Finance Documents, the Permitted Second Lien Financing Documents, the Senior Parent Notes Finance Documents and/or the Permitted Parent Financing Documents.

"**Secured Party**" means, to the extent legally possible and subject to the Agreed Security Principles, each of the Security Agent, any receiver or delegate and each of the creditor representatives of the relevant secured creditors, the arrangers under the Senior Credit Facilities Agreement, the Operating Facility Lenders, the Senior Secured Creditors and the Senior Parent Creditors from time to time but, to the extent required by the Intercreditor Agreement, only if it is a party to the Intercreditor Agreement or has acceded to it, in the appropriate capacity, pursuant to its terms.

"**Senior Agent Liabilities**" means the liabilities owed by the Debtors to the Senior Facility Agent under or in connection with the Senior Facilities Finance Documents.

"**Senior Arranger Liabilities**" means the liabilities owed by the Debtors to any Senior Arranger under or in connection with the Senior Facilities Finance Documents.

"**Senior Credit Facilities Agreement**" means the Revolving Credit Facility Agreement as defined in the "Revolving Credit Facility Agreement" above.

"**Senior Creditor Liabilities**" means the Senior Lender Liabilities, the Hedging Liabilities and the Operating Facility Liabilities.

"**Senior Creditor Representative**" means in relation to any Permitted Senior Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Senior Financing Debt.

"**Senior Creditors**" means the Senior Lenders and the Hedge Counterparties.

"**Senior Discharge Date**" means the date that the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes Liabilities and the Permitted Senior Financing Liabilities have been discharged.

"**Senior Facilities**" means the facility under the Senior Credit Facilities Agreement.

"**Senior Financing Agreement**" means the Senior Credit Facilities Agreement, any Second Lien Facility Agreement, any Senior Notes Indenture, any Permitted Senior Financing Agreement and/or any Permitted Second Lien Financing Agreement, as the context requires.

"**Senior Instructing Group Creditors**" means (i) prior to the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Creditors and the Second Lien Secured Creditors) and (ii) on or after the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Lenders and the Second Lien Secured Creditors).

"**Senior Lender**" means each of the lenders, issuing banks and ancillary lenders under the Senior Credit Facilities Agreement.

"**Senior Lender Liabilities**" means the liabilities owed by the Debtors to the Senior Lenders under the Senior Facilities Finance Documents.

"**Senior Liabilities**" means the Senior Creditor Liabilities, the Second Lien Lender Liabilities, the Senior Notes Liabilities, the Permitted Senior Financing Liabilities and the Permitted Second Lien Financing Liabilities (as applicable).

"**Senior Noteholders**" means the registered holders from time to time of the applicable Senior Notes.

"**Senior Notes**" means high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by any member of the Group which are notified to the Security Agent by the Parent in writing as indebtedness to be treated as "Senior Notes" for the purposes of the Intercreditor Agreement.

"**Senior Notes Creditors**" means, on and from the first Senior Notes Issue Date, the Senior Noteholders and each Senior Notes Trustee.

"**Senior Notes Issue Date**" means, in respect of each Senior Notes Indenture, the first date on which a Senior Note is issued pursuant to that Senior Notes Indenture.

"**Senior Notes/Permitted Financing Credit Participations**" means the aggregate of all the Senior Secured Credit Participations at any time of the Senior Notes Creditors and the Permitted Senior Financing Creditors.

"**Senior Notes Trustee**" means any entity acting as trustee under any issue of Senior Notes (to the extent it has acceded in such capacity to the Intercreditor Agreement in accordance with its terms) in each case as the context requires.

"**Senior Parent Creditors**" means, on and from the first Senior Parent Notes Issue Date, the Senior Parent Noteholders, the Senior Parent Notes Trustee and any Permitted Parent Financing Creditors.

"**Senior Parent Creditor Representative**" means in relation to any Permitted Parent Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Parent Financing Debt.

"**Senior Parent Debt Issuer**" means, in relation to any Senior Parent Notes or Permitted Parent Financing Debt, the member of the Group which is the issuer, or, as the case may be, the borrower of those Senior Parent Notes or that Permitted Parent Financing Debt, provided that no member of the Group which is:

(a) an issuer or, as the case may be, a borrower of any outstanding Senior Notes, outstanding Second Lien Debt, outstanding Permitted Senior Financing Debt or outstanding Permitted Second Lien Financing Debt; or

(b) a subsidiary of a member of the Group falling within (a) above (other than a subsidiary which is a financing vehicle), may be a Senior Parent Debt Issuer.

"**Senior Parent Finance Parties**" means any Senior Parent Notes Trustee (on behalf of itself and the Senior Parent Noteholders that it represents), any Senior Parent Noteholder, the Security Agent and the Permitted Parent Financing Creditors.

"**Senior Parent Liabilities**" means the Senior Parent Notes Liabilities and any Permitted Parent Financing Liabilities.

"**Senior Parent Noteholders**" means the registered holders from time to time of the Senior Parent Notes.

"**Senior Parent Notes**" means high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by any member of the Group which are notified to the Security Agent by the Parent in writing as indebtedness to be treated as "Senior Parent Notes" for the purposes of the Intercreditor Agreement.

"**Senior Parent Notes Finance Documents**" means, generally, the Senior Parent Notes, each indenture for Senior Parent Notes, guarantees of the Senior Parent Notes, the Intercreditor Agreement, the relevant security documents securing the liabilities in respect of the Senior Parent Notes and any other document designated as such by the Parent and the applicable Senior Parent Notes Trustee.

"**Senior Parent Notes Liabilities**" means, generally, the liabilities owed by any Debtor to the Senior Parent Notes Creditors and the Security Agent under the finance documents for the Senior Parent Notes (excluding, generally, certain amounts owed to the relevant Senior Parent Notes Trustee in respect of each issuance of Senior Parent Notes).

"**Senior Parent Notes Trustee**" means any entity acting as trustee under any issue of Senior Parent Notes (to the extent it has acceded in such capacity to the Intercreditor Agreement in accordance with its terms) in each case as the context requires.

"**Senior Secured Credit Participation**" means:

(a) in relation to a Senior Creditor, its Senior Credit Participation in relation to the Senior Credit Facilities Agreement and the hedging agreements only;

(b) in relation to a Senior Noteholder, the principal amount of outstanding Senior Notes liabilities held by that Senior Noteholder; and

(c) in relation to a Permitted Senior Financing Creditor, the aggregate amount of its commitments under each Permitted Senior Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Senior Financing Debt held by that Permitted Senior Financing Creditor (as applicable and without double counting).

"**Senior Secured Creditors**" means the Senior Creditors, the Senior Notes Creditors, the Second Lien Lenders, the Permitted Senior Financing Creditors and/or the Permitted Second Lien Financing Creditors, as the context requires.

"**Supplemental Security**" means any security which is granted by a Debtor pursuant to a security document governed by French law:

(a) over any charged property subject to Original Transaction Security in accordance with the section entitled "*—Debt Refinancing—Supplemental Security*" to secure Hedging Liabilities or Operating Facility Liabilities; and/or

(b) over any charged property subject to Original Transaction Security to secure any new debt financing,

it being understood that the Secured Parties which are beneficiaries of Supplemental Security will have all the rights of a Secured Party under the Intercreditor Agreement (including under the provisions set out under the caption "—*Application of Proceeds*") regardless of the ranking of the security stated in the security document creating the Supplemental Security or the chronological order in which such security is granted.

***Debt Refinancing***

The Intercreditor Agreement permits any of the liabilities under the debt documents to be refinanced, replaced, increased, incurred or otherwise restructured in whole or in part including by way of Permitted Senior Financing Debt, Second Lien Debt, Permitted Second Lien Financing Debt and/or Permitted Parent Financing Debt or the issue of additional Senior Notes and/or Senior Parent Notes and the introduction of a "super senior" credit facility (the "**Priority Facility**") or the establishment of new or additional Operating Facilities (each a "**Debt Refinancing**").

Each party to the Intercreditor Agreement shall be required to enter into any amendment to or replacement of the then current Secured Debt Documents and/or take such other action as is required by the Parent in order to facilitate such a Debt Refinancing including changes to, the taking of, or release and retake of any guarantee or security, subject to certain conditions. At the option of the Parent, a Debt Refinancing may be made available on a basis which is senior to, *pari passu* with or junior to any of the other liabilities, shall be entitled to benefit from all or any of the security, may be made available on a secured or unsecured basis (subject to certain restrictions) and may be effected in whole or in part by way of a debt exchange, non-cash rollover or other similar or equivalent transaction, in each case unless otherwise prohibited by the Debt Financing Agreements.

Under the terms of the Intercreditor Agreement each agent, each Secured Party and each Primary Creditor agrees that it shall co-operate with the Parent, each other member of the Group and each agent in order to facilitate any Debt Refinancing (including by way of, at the request and cost of the Parent, executing any document or agreement and/or giving instructions to any person).

In the event of any refinancing or replacement of all or any part of the Senior Lender Liabilities (or any such refinancing or replacement indebtedness from time to time), the Parent shall be entitled to require that the definition of Instructing Group is amended such that the relevant refinancing or replacement indebtedness is treated in the same manner as the Senior Facilities (meaning that for the purpose of calculating the voting entitlement of any person, at the option of the Parent all or any part of the relevant refinancing or replacement indebtedness may be treated as Senior Secured Credit Participations of the Senior Creditors and not Senior Notes/Permitted Financing Credit Participations).

In the event that any Priority Facility becomes subject to the provisions of the Intercreditor Agreement, the Parent shall be entitled to require that all or any part of the liabilities in relation to Hedging Liabilities and/or the Operating Facility Liabilities shall rank in right and priority of payment *pari passu* with that Priority Facility (which, for the avoidance of doubt, may result in such Hedging Liabilities and/or, as the case may be, Operating Facility Liabilities ranking ahead of the Senior Notes liabilities, the Permitted Senior Financing liabilities, the Senior Parent Notes Liabilities and/or the Permitted Parent Financing Liabilities) in each case unless otherwise prohibited by the Debt Financing Agreements.

Any Priority Facility implemented pursuant to a Debt Refinancing shall comply with, among others, the following limitations:

*Ranking of a Priority Facility*

No liabilities or obligations in respect of any Priority Facility may rank in right and priority of payment ahead of the Senior Lender Liabilities (other than amounts of the type set out in paragraphs (i) and (ii) under the caption "—*Application of Proceeds*.")

Subject to the paragraph above and to the extent not otherwise prohibited by the Debt Financing Agreements, any Priority Facility shall rank in right and priority of payment as determined by the Parent.

*Enforcement: Priority Facility*

The right of the lenders or other creditors in respect of a Priority Facility to:

(a) instruct the Security Agent to enforce the security;

(b) give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the security as they see fit; and/or

(c) otherwise provide instructions as, or as part of, an Instructing Group,

shall be generally consistent with, or otherwise not materially less favorable to the other Secured Parties than, those customary for facilities of a similar nature to that Priority Facility (if any), in each case as of the date such Priority Facility is contractually committed by the relevant member(s) of the Group and as determined by the Parent (with any such determination to be conclusive).

*Option to Purchase*

(a) The Senior Notes Creditors and the Permitted Senior Financing Creditors shall be provided with an 'option to purchase' right in relation to any liabilities in respect of a Priority Facility consistent in all material respects with the 'option to purchase' right provided in relation to the Senior Lender Liabilities as set out under the caption "*—Restrictions Relating to Senior Secured Liabilities—Option to Purchase: Senior Notes Creditors and Permitted Senior Financing Creditors*."

(b) The Senior Parent Notes Trustee and any Senior Parent Creditor Representative(s) shall be provided with an 'option to purchase' right in relation to any liabilities in respect of a Priority Facility consistent in all material respects with the 'option to purchase' right as set out under the paragraph captioned "*—Permitted Senior Parent Enforcement—Option to Purchase: Senior Notes Creditors*."

*Supplemental Security*

Without prejudice to the provisions set out under the caption "*—Ranking and Priority*" and "*—Application of Proceeds*" and the other rights of the Debtors under the Intercreditor Agreement and the debt documents, if any member of the Group enters into any hedging agreement or Operating Facility Document at any time after the date of the Intercreditor Agreement (which is not already secured by the Original Transaction Security), any Debtor may, subject to the terms of the Intercreditor Agreement, at any time grant to the relevant Hedge Counterparty or, as the case may be, Operating Facility Lender Supplemental Security securing all or any Hedging Liabilities arising under the relevant hedging agreement or, as the case may be, all or any Operating Facility Liabilities arising under the relevant Operating Facility Document. A Debtor may grant Supplemental Security to any secured party in connection with all or any part of any New Debt Financing.

The Relevant Original Transaction Security Beneficiaries agree that Supplemental Security may be granted by any Debtor in order to secure all or any part of any Hedging Liabilities, any Operating Facility Liabilities and/or any New Debt Financing.

For the avoidance of doubt, nothing set out this caption shall:

(a) restrict the rights of the Relevant Original Transaction Security Beneficiaries to enforce and/or to release all or any part of the Relevant Original Transaction Security in accordance with the terms of the Intercreditor Agreement and the other Debt Documents; or

(b) restrict, limit or prejudice the rights and other benefits of the Debtors or any member of the Group under the Intercreditor Agreement or any other Debt Document.

Each of the Secured Parties agrees not to take any action to challenge the validity or enforceability of the Supplemental Security by reason of it being expressed to be second ranking (or any other lower ranking).

### ***Ranking and Priority***

*Priority of Debts*

Subject to the provisions set out under the caption "—*Senior Parent Liabilities and Security*" below, the Intercreditor Agreement provides that the liabilities owed by the Debtors (other than any Senior Parent Debt Issuer to the extent relating to liabilities in respect of Senior Parent Notes and/or Permitted Parent Financing Debt where that Senior Parent Debt Issuer is the issuer or the borrower) to the Primary Creditors and the Operating Facility Lenders 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 Senior Lender Liabilities, the Senior Notes Liabilities, the Permitted Senior Financing Liabilities, the Hedging Liabilities, the Operating Facility Liabilities, the Second Lien Lender Liabilities, the Permitted Second Lien Financing Liabilities, the Senior Arranger Liabilities, the Second Lien Arranger Liabilities, the Senior Agent Liabilities, amounts due to the Senior Notes Trustee, the Second Lien Agent Liabilities and amounts due to the Senior Parent Notes Trustee *pari passu* and without any preference amongst them; and

(b) **second**, the Senior Parent Notes Liabilities and the Permitted Parent Financing Liabilities *pari passu* and without any preference amongst them,

The liabilities owed by any Senior Parent Debt Issuer (to the extent relating to Liabilities in respect of Senior Parent Notes and/or Permitted Parent Financing Debt where that Senior Parent Debt Issuer is the issuer or the borrower) to the Primary Creditors and the Operating Facility Lenders shall rank *pari passu* in right and priority of payment without any preference amongst them.

*Priority of Security*

The Intercreditor Agreement provides that the security shall secure the liabilities (but only to the extent that such security is expressed to secure those liabilities) in the following order:

(a) **first**, the Senior Lender Liabilities, the Senior Notes Liabilities, the Permitted Senior Financing Liabilities, the Hedging Liabilities, the Operating Facility Liabilities, the Senior Arranger Liabilities, the Senior Agent Liabilities, amounts due to the Senior Notes Trustee, the Second Lien Agent Liabilities and amounts due to the Senior Parent Notes Trustee *pari passu* and without any preference amongst them;

(b) **second**, the Second Lien Lender Liabilities, the Permitted Second Lien Financing Liabilities and the Second Lien Arranger Liabilities *pari passu* and without any preference amongst them; and

(c) **third**, the Senior Parent Notes Liabilities and the Permitted Parent Financing Liabilities *pari passu* and without any preference amongst them.

*Senior Parent Liabilities and Security*

The Senior Parent Liabilities and the Permitted Parent Financing Liabilities owed by a Senior Parent Debt Issuer (to the extent relating to Liabilities in respect of Senior Parent Notes and/or Permitted Parent Financing Debt where that Senior Parent Debt Issuer is the issuer or, as the case may be, the borrower) are senior obligations of that Senior Parent Debt Issuer. Notwithstanding the preceding sentence, the Senior Parent Notes Creditors and the Permitted Parent Financing Creditors agree that, until the First/Second Lien Discharge Date, they may not take any steps subject to the security documents in connection with any Enforcement Action, other than as expressly permitted by the Intercreditor Agreement.

For the avoidance of doubt, the restrictions set out in the preceding paragraph shall not impair the right of the Senior Parent Notes Creditors and/or the Permitted Parent Financing Creditors to institute suit for the recovery of any payment due by a Senior Parent Debt Issuer in respect of the Senior Parent Liabilities and/or the Permitted Parent Financing Liabilities (in each case to the extent relating to liabilities in respect of Senior Parent Notes and/or Permitted Parent Financing Debt where that Senior Parent Debt Issuer is the issuer or, as the case may be, the borrower).

*Intra-Group Liabilities and Investor Liabilities*

The Intercreditor Agreement provides that the intra-Group liabilities and the liabilities of the Group to an investor are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors and the Operating Facility Lenders, but does not purport to rank any of those liabilities as between themselves.

*Additional and/or Refinancing Debt*

The Creditors and the Operating Facility Lenders acknowledge in the Intercreditor Agreement that the Debtors (or any of them) may wish to incur incremental borrowing liabilities (including guarantees of such liabilities) (and/or incur any other indebtedness which be secured or unsecured, ranking *pari passu* with or senior or junior to other indebtedness and with or without the benefit of any guarantee, indemnity, transaction security or other assurance against loss) or refinance or replace borrowing liabilities (including incurring guarantee liabilities in respect of such refinancing or replacement). Such liabilities are intended to rank *pari passu* with any other liabilities and/or share *pari passu* in any security and/or to rank behind any other liabilities and/or to share in any security behind any such other liabilities.

The Creditors and the Operating Facility Lenders undertake in the Intercreditor Agreement (at the cost of the Debtors) to co-operate with the Parent and the Debtors with a view to enabling and facilitating such financing, refinancing or replacement and such sharing in the security (provided it is not prohibited by the terms of the Debt Financing Agreements at such time) to take place in a timely manner. In particular, but without limitation, each of the Secured Parties authorizes and directs each of its respective agents and the Security Agent to execute any amendment to or replacement of the Intercreditor Agreement and such other debt documents and/or (subject to certain pre-conditions) release and retake of security required by the Parent to reflect, enable and/or facilitate any such arrangements (including, as regards the ranking of any such arrangements).

If a Debtor incurs any new, additional or increased liabilities under any Secured Debt Document and/or in connection with any Debt Refinancing, at the option of the Parent, the relevant Debtor may (but subject to the relevant Debt Financing being elected to be secured in accordance with the applicable terms of the Intercreditor Agreement and subject to the agreed security principles) grant to the relevant Secured Parties in respect of all or any part of such Debt Financing additional security by executing additional security documents which will benefit from the order of priority and ranking set out in the Intercreditor Agreement.

***Restrictions Relating to Senior Secured Liabilities***

The Parent and the Debtors may make payments of the Senior Liabilities at any time.

The Intercreditor Agreement provides that the Senior Secured Creditors, the Operating Facility Lenders, the Parent and the Debtors may at any time amend or waive the terms of the finance documents in relation to the Senior Credit Facilities Agreement (the "**Senior Facilities Finance Documents**"), the Senior Notes, the Permitted Senior Financing Debt, the Second Lien Facility (the "**Second Lien Facility Finance Documents**"), the Permitted Second Lien Financing Documents and/or any Operating Facility in accordance with their respective terms from time to time (and subject only to any consent required under them).

*Security and Guarantees: Senior Secured Creditors*

The Senior Secured Creditors and the Operating Facility Lenders may take, accept or receive the benefit of:

(a) any security from any member of the Group in respect of any of the Senior Liabilities in addition to the shared security provided that, to the extent legally possible and subject to certain agreed security principles:

(i) the security provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

(ii) all amounts actually received or recovered by any Senior Secured Creditor or Operating Facility Lender with respect to any such security shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "—*Application of Proceeds*;" and

(iii) any such security may only be enforced in accordance with the provisions set out under the caption "—*Enforcement of Security—Security Held by Other Creditors*."

(b) any guarantee, indemnity or other assurance against loss from any member of the Group regarding any of the Senior Liabilities in addition to those in:

(i) the Senior Credit Facilities Agreement, any Senior Notes Indenture, any Permitted Senior Financing Document, the Second Lien Facility Agreement, any Permitted Second Lien Financing Document or any Operating Facility Document;

(ii) the Intercreditor Agreement; or

(iii) any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to certain agreed security principles, given to, or expressed to be given to, all the senior secured parties in respect of their senior secured liabilities, provided that (except for any guarantee, indemnity or other assurance against loss permitted to be given to any ancillary lender or issuing bank), to the extent legally possible, and subject to certain agreed security principles,

(A) the guarantee provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity); and

(B) such guarantee, indemnity or assurance against loss is expressed to be subject to the Intercreditor Agreement.

(c) any security, guarantee, indemnity or other assurance against loss from any member of the Group in connection with:

(i) any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or

(ii) any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Lender Liabilities, Operating Facility Liabilities, Senior Notes liabilities, Permitted Senior Financing Liabilities and/or Second Lien Liabilities (in each case provided that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement).

All amounts actually received or recovered by any Senior Secured Creditor or Operating Facility Lender with respect to any such security shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "—*Application of Proceeds.*"

Any such Security may only be enforced in accordance with the terms of the Intercreditor Agreement which relate to security held by someone other than the Security Agent.

Any such guarantee, indemnity or assurance against loss is expressed to be subject to the terms of the Intercreditor Agreement.

*Restriction on Enforcement: Senior Lenders, Operating Facility Lenders, Senior Notes Creditors and Permitted Senior Financing Creditors*

The Intercreditor Agreement provides that no Senior Lender, Operating Facility Lender, Senior Notes Creditor or Permitted Senior Financing Creditor may take certain Enforcement Action without the prior written consent of an Instructing Group (as defined below).

Notwithstanding the above restriction or anything to the contrary in the Intercreditor Agreement, after the occurrence of certain specified insolvency events (an "**Insolvency Event**") in relation to the Parent or a Debtor, each Senior Lender, Operating Facility Lender, Senior Notes Creditor and/or

Permitted Senior Financing Creditor may, to the extent it is permitted to do so under the relevant Debt Documents, take certain Enforcement Action and/or claim in the winding up, dissolution, administration, reorganization or similar insolvency event or process in relation to that Debtor for liabilities owing to it (but no Senior Secured Creditor or Operating Facility Lender may direct the Security Agent to enforce the common security in any manner).

*Option to Purchase: Senior Notes Creditors and Permitted Senior Financing Creditors*

Senior Notes Creditors holding at least a simple majority of the Senior Notes liabilities or Permitted Senior Financing Creditors holding at least a simple majority of the Permitted Senior Financing Liabilities (the "**Senior Secured Acquiring Creditors**") may, after the occurrence of an acceleration event which is continuing, by giving not less than ten (10) days' notice to the Security Agent (with the first notice to prevail in the event that more than one set of Creditors serves such a notice), require the transfer to them (or to a nominee or nominees), in accordance with the applicable transfer provisions of the Intercreditor Agreement, of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities and the Operating Facility Liabilities (a "**Senior Liabilities Transfer**") if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Credit Facilities Agreement and the Operating Facility Documents;

(ii) any conditions relating to such a transfer contained in the Senior Credit Facilities Agreement and the Operating Facility Documents are complied with, other than:

  (A) any requirement to obtain the consent of, or consult with, a member of the Group in relation to such transfer, which consent or consultation shall not be required; and

  (B) to the extent to which all the Senior Secured Acquiring Creditors provide cash cover for any letter of credit, the consent of the relevant letter of credit issuing bank relating to such transfer;

(iii) the Senior Facility Agent, on behalf of the Senior Lenders, is paid an amount equal to the aggregate of:

  (A) any amounts provided as cash cover by the Senior Secured Acquiring Creditors for any letter of credit (as envisaged in (ii)(B) above);

  (B) all of the Senior Lender Liabilities at that time (whether or not due), including all amounts that would have been payable under the Senior Credit Facilities Agreement if the Senior Facilities were being prepaid by the relevant Debtors on the date of that payment; and

  (C) all costs and expenses (including legal fees) incurred by the Senior Facility Agent and/or the Senior Lenders and/or the Security Agent as a consequence of giving effect to that transfer;

(iv) the Operating Facility Lenders are paid an amount equal to the aggregate of:

  (A) all of the Operating Facility Liabilities at that time (whether or not due), including all amounts that would have been payable under the Operating Facility Documents if the Operating Facilities were being prepaid by the relevant Debtors on the date of that payment; and

  (B) all costs and expenses (including legal fees) incurred by the Operating Facility Lenders and/or the Security Agent as a consequence of giving effect to that transfer.

(v) as a result of that transfer:

  (A) the Senior Lenders have no further actual or contingent liability to a Debtor under the Senior Facilities Finance Documents; and

  (B) the Operating Facility Lenders have no further actual or contingent liability to a Debtor under the Operating Facility Documents.

(vi) an indemnity is provided from each of the Senior Secured Acquiring Creditors (other than any Senior Agent) or from another third party acceptable to all the Senior Lenders and the

Operating Facility Lenders in a form reasonably satisfactory to each Senior Lender and Operating Facility Lender in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender or Operating Facility Lender in consequence of any sum received or recovered by any Senior Lender or Operating Facility Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender or Operating Facility Lender for any reason;

(vii) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders or the Operating Facility Lenders, except that each Senior Lender and Operating Facility Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer; and

(viii) the Senior Parent Creditors have not exercised their rights to purchase as described under the provisions set out in the paragraph captioned "*—Option to Purchase: Senior Parent Creditors*" or having exercised such rights, have not failed to complete the acquisition of the relevant Senior Secured Liabilities in accordance with such provisions.

Subject to the Intercreditor Agreement, the Senior Secured Acquiring Creditors may only require a Senior Liabilities Transfer if, at the same time, they require a transfer of the Hedging Liabilities in accordance with the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no Senior Liabilities Transfer may be required to be made.

At the request of a Senior Agent (on behalf of the Senior Secured Acquiring Creditors), the Senior Facility Agent and the Operating Facility Lenders shall notify that Senior Agent of the foregoing payable sums in connection with such transfer.

***Instructing Group***

The term "**Instructing Group**" means at any time:

(a) prior to the Senior Discharge Date:

(i) in relation to any instructions to the Security Agent to enforce the Transaction Security or refrain or cease from enforcing the Transaction Security or to take any other Enforcement Action:

(A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than 66⅔ per cent. of the Total Senior Instructing Group Credit Participations at that time; and/or

(B) prior to the Senior Lender Discharge Date, the Majority Senior Creditors,

in each case as applicable in accordance with the provisions set out under the caption "*—Consultation Period*"; or

(ii) in relation to any other matter:

(A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than 66⅔ per cent. of the Total Senior Instructing Group Credit Participations at that time; and

(B) prior to the Senior Lender Discharge Date, the Majority Senior Creditors;

(b) on or after the Senior Discharge Date but prior to the Second Lien Discharge Date, and subject always to the provisions set out under the caption "*—Payment Blockage Provisions—Restrictions on Enforcement by Second Lien Secured Creditors*," those Second Lien Secured Creditors whose Second Lien Secured Credit Participations at that time aggregate to more than 66⅔% of the Total Second Lien Secured Credit Participations at that time; and

(c) on or after the First/Second Lien Discharge Date but prior to the Senior Parent Discharge Date, and subject always to the provisions set out under the caption "*—Payment Blockage Provisions—Restrictions on Enforcement by Senior Parent Creditors*," the Majority Senior Parent Creditors.

In the foregoing definition of "Instructing Group":

"**Majority Senior Parent Creditors**" means, at any time, those Senior Parent Creditors whose Senior Parent Credit Participations at that time aggregate to more than 66⅔% of the total aggregate amount of all Senior Parent Credit Participations at that time.

"**Second Lien Secured Credit Participation**" means:

(a) in relation to a Second Lien Lender, its second lien commitments; and

(b) in relation to a Permitted Second Lien Financing Creditor, the aggregate amount of its commitments under each Permitted Second Lien Financing Agreement (drawn or undrawn and calculated in a manner consistent with the second lien commitments) and/or the principal amount of outstanding Permitted Second Lien Financing Debt held by that Permitted Second Lien Financing Creditor (as applicable and without double counting).

"**Senior Instructing Group Creditors**" means (i) prior to the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Creditors and the Second Lien Secured Creditors) and (ii) on or after the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Lenders and the Second Lien Secured Creditors).

"**Senior Parent Credit Participation**" means:

(a) in relation to a Senior Parent Noteholder, the principal amount of outstanding Senior Parent Notes Liabilities held by that Senior Parent Noteholder; and

(b) in relation to a Permitted Parent Financing Creditor, the aggregate amount of its commitments under each Permitted Parent Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Parent Financing Debt held by that Permitted Parent Financing Creditor (as applicable and without double counting).

"**Senior Secured Credit Participation**" means:

(a) in relation to a Senior Creditor, its Senior Credit Participation in relation to the Senior Credit Facilities Agreement and the hedging agreements only;

(b) in relation to a Senior Noteholder, the principal amount of outstanding Senior Notes liabilities held by that Senior Noteholder; and

(c) in relation to a Permitted Senior Financing Creditor, the aggregate amount of its commitments under each Permitted Senior Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Senior Financing Debt held by that Permitted Senior Financing Creditor (as applicable and without double counting).

"**Total Second Lien Secured Credit Participations**" means the aggregate of all the Second Lien Secured Credit Participations at any time.

"**Total Senior Instructing Group Credit Participations**" means (i) prior to the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Creditors and the Second Lien Secured Creditors), and (ii) on and after the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Lenders and the Second Lien Secured Creditors).

***Restrictions Relating to Second Lien Secured Creditors and Second Lien Liabilities***

*Restriction on Payment and Dealings*

The Intercreditor Agreement provides that, until the Senior Discharge Date, no Debtor shall (and the Parent shall ensure that no member of the Group will) make any payment of the Second Lien Liabilities at any time unless:

(a) that payment is permitted by the provisions set out below under the captions "—*Permitted Second Lien Liabilities Payments*," and the fourth paragraph under the caption "—*Effect of Insolvency Event; Filing of Claims*" or by a refinancing of the Second Lien Debt or the Permitted Second Lien Financing Debt as permitted by the Intercreditor Agreement; or

(b) the taking or receipt of that payment is permitted by the provisions set out below under the caption "—*Permitted Second Lien Enforcement.*"

***Permitted Second Lien Liabilities Payments***

Prior to the Senior Discharge Date, any member of the Group may, directly or indirectly, make payments with respect to the Second Lien Liabilities at any time:

(a) if:

  (i) the payment is of:

    (A) any of the principal amount of the Second Lien Liabilities which is either (1) not prohibited from being paid by the Senior Financing Agreements; or (2) paid on or after the final maturity date of the relevant Second Lien Liabilities (subject to certain conditions); or

    (B) any other amount which is not an amount of principal or capitalized interest;

  (ii) no Second Lien Payment Stop Notice (as defined below) is outstanding;

  (iii) no payment default under the Senior Credit Facilities Agreement, any Senior Notes Indenture or any Permitted Senior Financing Documents (the "**Senior Payment Default**") has occurred and is continuing;

(b) if the Majority Senior Lenders, the Senior Notes Trustee and the Permitted Majority Senior Financing Creditors or the Senior Creditor Representative in respect of that Permitted Senior Financing Debt (as applicable) (the "**Required Senior Consent**") give prior consent to that payment being made; or

(c) if the payment is of Second Lien Agent Liabilities;

(d) of any costs and expenses of any holder of security in relation to protection, preservation or enforcement of such security;

(e) of costs, commissions, taxes, fees and expenses incurred in respect of or in relation to (or reasonably incidental to) any of the Second Lien Debt Documents (including in relation to any reporting or listing requirements under such documents);

(f) if the Payment is funded directly or indirectly with Second Lien Debt, Permitted Second Lien Financing Debt, Permitted Parent Financing Debt and/or the proceeds of any indebtedness incurred under or pursuant to any Second Lien Debt Document and/or Senior Parent Notes;

(g) if the payment is funded directly or indirectly with the proceeds of New Equity or Permitted Subordinated Debt or Available Shareholder Amounts; or

(h) of any other amount not exceeding €5,000,000 (or its equivalent) in aggregate in any financial year of the Parent.

On or after the Senior Discharge Date, the Debtors may make payments to the Second Lien Creditors in respect of the Second Lien liabilities in accordance with the terms of the Second Lien Finance Documents, as applicable.

***Payment Blockage Provisions—Restrictions on Enforcement by Second Lien Secured Creditors***

Until the Senior Discharge Date, except with the Required Senior Consent, no Debtor shall make (and the Parent shall procure that no other member of the Group shall make), and no Second Lien

Secured Creditor may receive from any other member of the Group, any Permitted Second Lien Payment (other than, for the avoidance of doubt, a roll-up or capitalization of any amount and Second Lien Agent Liabilities, and payments permitted under (b) to (f) under the caption "—*Permitted Second Lien Liabilities Payments*") if:

(a) a Senior Payment Default is continuing; or

(b) an insolvency event of default under the Senior Credit Facilities Agreement, any Senior Notes Indenture and/or any Permitted Senior Financing Agreement and/or a breach of the revolving facility financial maintenance covenant under the Senior Credit Facilities Agreement (a "**Material Event of Default**") is continuing, from the date which is one Business Day after the date on which any Senior Agent delivers a notice (a "**Second Lien Payment Stop Notice**") specifying the event or circumstance in relation to that Material Event of Default to the Parent, the Security Agent and the Senior Parent Agents until the earliest of:

  (i) the date falling 120 days after delivery of that Second Lien Payment Stop Notice;

  (ii) in relation to payments of Second Lien Liabilities, if a Second Lien Standstill Period is in effect at any time after delivery of that Second Lien Payment Stop Notice, the date on which that Second Lien Standstill Period expires;

  (iii) the date on which the relevant Material Event of Default has been remedied or waived in accordance with the Senior Credit Facilities Agreement, any Senior Notes Indenture or any Permitted Senior Financing Agreement (as applicable);

  (iv) the date on which the Senior Agent which delivered the relevant Second Lien Payment Stop Notice delivers a notice to the Parent, the Security Agent and the Second Lien Agents cancelling the Second Lien Payment Stop Notice;

  (v) the Senior Discharge Date; and

  (vi) the date on which the Security Agent or a Second Lien Agent takes Enforcement Action permitted under the Intercreditor Agreement against a Debtor.

Unless each of the Second Lien Agents waives this requirement, (i) a new Second Lien Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Second Lien Payment Stop Notice; and (ii) no Second Lien Payment Stop Notice may be delivered by a Senior Agent in reliance on a Material Event of Default more than 75 days after the date that Senior Agent received notice of that Material Event of Default.

The Senior Agents may only serve one Second Lien Payment Stop Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Agents to issue a Second Lien Payment Stop Notice in respect of any other event or set of circumstances. No Second Lien Payment Stop Notice may be served by an Agent in respect of a Material Event of Default which had been notified to the Agents at the time at which an earlier Second Lien Payment Stop Notice was issued.

Any failure to make a payment due under the Second Lien Debt Documents as a result of the issue of a Second Lien Payment Stop Notice or the occurrence of a Senior Payment Default shall not prevent: (i) the occurrence of an Event of Default (as defined under a Second Lien Financing Agreement) as a consequence of that failure to make a payment in relation to the relevant Second Lien Debt Document; or (ii) the issue of a Second Lien Enforcement Notice on behalf of the Second Lien Secured Creditors.

*Payment Obligations and Capitalization of Interest Continue*

No Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under any Second Lien Debt Document by the operation of the provisions set out under each section above under the caption "—*Restrictions Relating to Second Lien Secured Creditors and Second Lien Liabilities*" even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with the Second Lien Debt Documents shall continue notwithstanding the issue of a Second Lien Payment Stop Notice.

*Cure of Payment Stop—Second Lien Secured Creditors*

If:

(i) at any time following the issue of a Second Lien Payment Stop Notice or the occurrence of a Senior Payment Default, that Second Lien Payment Stop Notice ceases to be outstanding and/or, as the case may be, the Senior Payment Default ceases to be continuing; and

(ii) any Debtor then promptly pays to the Second Lien Secured Creditors an amount equal to any Payments which had accrued under the Second Lien Debt Documents and which would have been Permitted Second Lien Payments but for that Second Lien Payment Stop Notice or Senior Payment Default,

then any Event of Default (including any cross default or similar provision under any other Debt Document) which may have occurred as a result of that suspension of Payments shall be waived and any Second Lien Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Second Lien Secured Creditors or any other Creditor or Operating Facility Lender.

*Restrictions on Enforcement by Second Lien Secured Creditors*

Until the Senior Discharge Date, except with the prior consent of or as required by an Instructing Group:

(i) no Second Lien Secured Creditor shall direct the Security Agent to enforce or otherwise require the enforcement of any security; and/or

(ii) no Second Lien Secured Creditor shall take or require the taking of any Enforcement Action in relation to the Second Lien Liabilities,

except as permitted under the provisions set out below under the caption "*—Permitted Second Lien Enforcement*" below, *provided*, *however*, that no such action required by the Security Agent need be taken except to the extent the Security Agent otherwise is entitled under the Intercreditor Agreement to direct such action.

***Permitted Second Lien Enforcement***

Subject to the provisions set out under the caption "—Enforcement on behalf of Second Lien Secured Creditors," the restrictions set out under the caption "—Payment Blockage Provisions—Restrictions on Enforcement by Second Lien Secured Creditors" above will not apply if:

(i) an Event of Default (as defined under a Second Lien Financing Agreement, a "Second Lien Event of Default") (the "**Relevant Second Lien Default**") is continuing;

(ii) each Senior Agent has received a notice of the Relevant Second Lien Default specifying the event or circumstance in relation to the Relevant Second Lien Default from the relevant Second Lien Agent;

(iii) a Second Lien Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Second Lien Default is continuing at the end of the relevant Second Lien Standstill Period.

Promptly upon becoming aware of a Second Lien Event of Default, the relevant Second Lien Agent may by notice (a "**Second Lien Enforcement Notice**") in writing notify the Senior Agents of the existence of such Second Lien Event of Default.

*Second Lien Standstill Period*

In relation to a Relevant Second Lien Default, a Second Lien Standstill Period shall mean the period beginning on the date (the "**Second Lien Standstill Start Date**") the relevant Senior Agent serves a Second Lien Enforcement Notice on each of the Senior Agents in respect of such Second Lien Event of Default and ending on the earlier to occur of:

(i) the date falling 120 days after the Second Lien Standstill Start Date;

(ii) the date the Senior Secured Parties (other than the Second Lien Secured Creditors) take any Enforcement Action in relation to a particular Second Lien Borrower or Second Lien Guarantor, provided, however, that if a Senior Parent Standstill Period ends pursuant to this paragraph, the Second Lien Secured Creditors may only take the same Enforcement Action in relation to the relevant Second Lien Borrower or Second Lien Guarantor as the Enforcement Action taken by the Senior Secured Parties (other than the Second Lien Secured Creditors) against such Second Lien Borrower or Second Lien Guarantor and not against any other member of the Group;

(iii) the date of an Insolvency Event in relation to the relevant Second Lien Borrower or a particular Second Lien Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Second Lien Standstill Period outstanding at the date such first-mentioned Second Lien Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(v) the date on which the consent of each of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), any Senior Notes Trustee (acting on behalf of the Senior Noteholders) and any Senior Creditor Representative (acting on the instructions the Majority Permitted Senior Financing Creditors) has been obtained; and

(vi) a failure to pay the principal amount outstanding under any Second Lien Facility or on any Permitted Second Lien Financing Debt, as the case may be, at the final stated maturity of the amounts outstanding on that Second Lien Facility or on that Permitted Second Lien Financing Debt, as the case may be (provided that, unless the Senior Lender Discharge Date has occurred or as otherwise agreed by the Majority Senior Lenders and the Parent, such final stated maturity does not fall on a date prior to the date falling 85 months after the RCF Closing Date (as defined in the "Revolving Credit Facility Agreement" above)).

*Subsequent Second Lien Facility Defaults*

The Second Lien Secured Creditors may take Enforcement Action under the provisions set out in caption "*—Permitted Second Lien Enforcement*" in relation to a Relevant Second Lien Default even if, at the end of any relevant Second Lien Standstill Period or at any later time, a further Second Lien Standstill Period has begun as a result of any other Second Lien Event of Default.

*Enforcement on behalf of Second Lien Secured Creditors*

If the Security Agent has notified the Second Lien Agents that it is enforcing Security created pursuant to any security document over shares of a Second Lien Borrower or a Second Lien Guarantor, no Second Lien Secured Creditor may take any action referred to under the provisions set out under the caption "*—Permitted Second Lien Enforcement*" against that Second Lien Borrower or Second Lien Guarantor (or any Subsidiary of that Second Lien Borrower or Second Lien Guarantor) while the Security Agent is taking steps to enforce that Security in accordance with the instructions of an Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

*Option to Purchase: Second Lien Secured Creditors*

Subject to the final two paragraphs of this section below, any of the Second Lien Agent(s) (on behalf of the Second Lien Secured Creditors) may, after an acceleration event under any of the Senior Credit Facilities Agreement, any Senior Notes Indenture or in relation to any Permitted Senior Financing Debt which is continuing, by giving not less than 10 days' notice to the Security Agent, require the transfer to the Second Lien Secured Creditors (or to a nominee or nominees) of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities, the Senior Notes Liabilities, any Permitted Senior Financing Liabilities and the Operating Facility Liabilities if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Credit Facilities Agreement (in the case of the Senior Lender Liabilities), any

Senior Notes Indenture(s) pursuant to which any Senior Notes remain outstanding (in the case of the Senior Notes Liabilities), any Permitted Senior Financing Agreement pursuant to which any relevant Permitted Senior Financing Liabilities remain outstanding (in the case of the Permitted Senior Financing Liabilities) and/or any Operating Facility Documents pursuant to which any relevant Operating Facility Liabilities remain outstanding (in the case of the Operating Facility Liabilities);

(ii) any conditions relating to such a transfer contained in the Senior Credit Facilities Agreement (in the case of the Senior Lender Liabilities), any Senior Notes Indenture(s) pursuant to which any Senior Notes remain outstanding (in the case of the Senior Notes Liabilities), any Permitted Senior Financing Agreement pursuant to which any relevant Permitted Senior Financing Liabilities remain outstanding (in the case of the Permitted Senior Financing Liabilities) and/or any Operating Facility Documents pursuant to which any relevant Operating Facility Liabilities remain outstanding (in the case of the Operating Facility Liabilities) are complied with, in each case, other than as specified in the Intercreditor Agreement;

(iii) each of the Senior Facility Agent (on behalf of the Senior Lenders), the applicable Senior Notes Trustee (on behalf of the relevant Senior Noteholders), the applicable Senior Creditor Representative (on behalf of the relevant Permitted Senior Financing Creditors) and the Operating Facility Lenders is paid the amounts required under the Intercreditor Agreement;

(iv) as a result of that transfer the Senior Lenders, the Senior Notes Creditors, the Permitted Senior Financing Creditors and the Operating Facility Lenders have no further actual or contingent liability to the Parent or any other Debtor under the relevant Secured Debt Documents;

(v) an indemnity is provided from each Second Lien Secured Creditor (other than any Second Lien Agent) (or from another third party acceptable to all the Senior Lenders, the Senior Notes Creditors, the Permitted Senior Financing Creditors and the Operating Facility Lenders) in a form reasonably satisfactory to each Senior Lender, Senior Notes Creditor, Permitted Senior Financing Creditor and Operating Facility Lender in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender, Senior Notes Creditor, Permitted Senior Financing Creditor or Operating Facility Lender in consequence of any sum received or recovered by any Senior Lender, Senior Notes Creditor, Permitted Senior Financing Creditor or Operating Facility Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender, Senior Notes Creditor, Permitted Senior Financing Creditor or Operating Facility Lender for any reason; and

(vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, the Senior Notes Creditors, the Permitted Senior Financing Creditors or the Operating Facility Lenders, except that each Senior Lender, Senior Notes Creditor, Permitted Senior Financing Creditor and Operating Facility Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer.

Subject to the terms of the Intercreditor Agreement, a Second Lien Agent (on behalf of all the Second Lien Secured Creditors) may only require a transfer of Senior Secured Liabilities if, at the same time, they require a transfer of hedging liabilities regulated by the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no transfer of Senior Secured Liabilities may be required to be made.

At the request of a Second Lien Agent (on behalf of all the Second Lien Secured Creditors), the Senior Facility Agent, any relevant Senior Notes Trustee, any relevant Senior Creditor Representative and the Operating Facility Lenders shall notify the Second Lien Agents of the foregoing payable sums in connection with such transfer.

### ***Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities***

*Restriction on Payment and Dealings*

The Intercreditor Agreement provides that, until the First/Second Lien Discharge Date, no Senior Parent Debt Issuer shall (and the Parent shall ensure that no member of the Group will):

(a) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Senior Parent Notes Liabilities and any Permitted Parent Financing Liabilities except as permitted by the provisions set out below under the captions "*—Permitted Senior Parent Payments*," "*—Permitted Senior Parent Enforcement*," and the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" or by a refinancing of the Senior Parent Notes or the Permitted Parent Financing Debt as permitted by the Intercreditor Agreement;

(b) exercise any set-off against any Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities, except as permitted by the provisions set out under the caption "*—Permitted Senior Parent Payments*" below, the provisions set out under the caption "*—Payment Blockage Provisions—Restrictions on Enforcement by Senior Parent Creditors*" below or the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" below or by a refinancing of the Senior Parent Notes or the Permitted Parent Financing Debt as permitted by the Intercreditor Agreement; or

(c) create or permit to subsist any security over any assets of any member of the Group or give any guarantee (and the Senior Parent Notes Trustee or Senior Parent Creditor Representative, as the case may be, may not, and no Senior Parent Creditor may, accept the benefit of any such security or guarantee from any member of the Group) for, or in respect of, any Senior Parent Notes liabilities or any Permitted Parent Financing Liabilities other than:

  (i) guarantees by a member of the Group of any obligations of the Group under the Senior Parent Notes Finance Documents and/or the Permitted Parent Financing Documents;

  (ii) at the option of the Parent, all or any of the transaction security (provided that, for the avoidance of doubt, each of the parties agrees that the security shall rank and secure any Senior Parent Notes and any Permitted Parent Financing Debt as set out in "*—Ranking and Priority—Priority of Security*)";

  (iii) any security over any assets of any Senior Parent Debt Issuer (other than, any such assets over which a Senior Parent Debt Issuer has granted security); and

  (iv) any other security or guarantee provided by a member of the Group (the "**Credit Support Provider**") provided that, to the extent legally possible:

    (A) the Credit Support Provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

    (B) all amounts actually received or recovered by the Senior Parent Notes Trustee, the Senior Parent Creditor Representative or the Senior Parent Creditors, as the case may be, with respect to any such security shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "*—Application of Proceeds*";

    (C) any such security may only be enforced in accordance with the provisions set out under the caption "*—Enforcement of Security—Security Held by Other Creditors*"; and

    (D) such guarantee is expressed to be subject to the Intercreditor Agreement; and

  (v) any security, guarantee, indemnity or other assurance against loss from any member of the Group in connection with:

    (A) any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or

(B) any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Lender Liabilities, Operating Facility Liabilities, Senior Notes liabilities and/or any Permitted Senior Financing Liabilities (in each case provided that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement).

***Permitted Senior Parent Payments***

Prior to the First/Second Lien Discharge Date, any member of the Group may, directly or indirectly, make payments with respect to the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities then due in accordance with the finance documents in relation to the Senior Parent Notes and the Permitted Parent Financing Debt (such payments, collectively, "**Permitted Senior Parent Payments**"):

(a) if:

(i) the payment is of:

(A) any of the principal amount of the Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities which is either (1) not prohibited from being paid by the Senior Financing Agreements; or (2) paid on or after the final maturity date of the relevant Senior Parent Notes liabilities and Permitted Parent Financing Liabilities (subject to certain conditions); or

(B) any other amount which is not an amount of principal or capitalized interest;

(ii) no Senior Parent Payment Stop Notice (as defined below) is outstanding;

(iii) no Senior Payment Default has occurred and is continuing; and

(iv) no payment default under the Second Lien Facility Agreement or the Permitted Second Lien Financing Documents has occurred and is continuing;

(b) if the Required Senior Consent has been obtained;

(c) if consent has been obtained from the Majority Second Lien Lenders and the Majority Permitted Second Lien Financing Creditors or the Creditor Representative in respect of that Permitted Second Lien Financing Debt Senior Lenders (as applicable);

(d) if the payment is of certain amounts due to the Senior Parent Notes Trustee for its own account;

(e) if the payment is made by the relevant Senior Parent Debt Issuer and funded directly or indirectly with amounts which have not been received by that Senior Parent Debt Issuer from another member of the Group;

(f) of any costs and expenses of any holder of security in relation to protection, preservation or enforcement of such security;

(g) of costs, commissions, taxes, fees and expenses incurred in respect of or in relation to (or reasonably incidental to) any of the Senior Parent Notes Indenture and any Permitted Parent Financing Documents (including in relation to any reporting or listing requirements under such documents);

(h) if the payment is funded directly or indirectly with Permitted Parent Financing Debt and/or the proceeds of any indebtedness incurred under or pursuant to any Senior Parent Notes;

(i) if the payment is funded directly or indirectly with the proceeds of New Equity or Permitted Subordinated Debt or Available Shareholder Amounts; or

(j) of any other amount not exceeding €5,000,000 (or its equivalent) in aggregate in any financial year of the Parent.

On or after the First/Second Lien Discharge Date, the Debtors may make payments to the Senior Parent Creditors in respect of the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities, in accordance with the Senior Parent Notes Indenture and the Permitted Parent Financing Documents, as applicable.

***Payment Blockage Provisions—Restrictions on Enforcement by Senior Parent Creditors***

Until the Senior Discharge Date, except with the Required Senior Consent, and until the Second Lien Discharge Date, except with the Required Second Lien Consent, no Senior Parent Debt Issuer shall make (and the Parent shall procure that no other member of the Group shall make), and neither the Senior Parent Notes Trustee, any holder of Senior Parent Notes or the Permitted Parent Financing Creditors may receive from any other members of the Group, any Permitted Senior Parent Payment (other than, for the avoidance of doubt, a roll-up or capitalization of any amount and certain amounts due to the Senior Parent Notes Trustee for its own account, payments funded by amounts not received from another member of the Group or payments funded by Permitted Parent Financing Debt and/or the proceeds of any indebtedness incurred or pursuant to any Senior Parent Notes) if:

(a) a Senior Payment Default and/or a Second Lien Payment Default is continuing; or

(b) an event of default under the Senior Credit Facilities Agreement, any Second Lien Facility Agreement, any Senior Notes Indenture, any Permitted Senior Financing Agreement and/or any Permitted Second Lien Financing Agreement (a "**Senior Event of Default**") (other than a Senior Payment Default and/or a Second Lien Payment Default) is continuing, from the date which is one business day after the date on which any of the Senior Facility Agent, the Senior Notes Trustee and any Senior Creditor Representative (together, the "**Senior Agents**") delivers a payment stop notice (a "**Senior Parent Payment Stop Notice**") specifying the event or circumstance in relation to that Senior Event of Default to the Parent, the Security Agent, the Senior Parent Notes Trustee and any Senior Parent Creditor Representative until the earliest of:

    (i) the date falling 179 days after delivery of that Senior Parent Payment Stop Notice;

    (ii) in relation to payments of the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities, if a Parent standstill period is in effect at any time after delivery of that payment stop notice, the date on which that standstill period expires;

    (iii) the date on which the relevant Senior Event of Default has been remedied or waived in accordance with the Senior Credit Facilities Agreement, any Senior Notes Indenture or any Permitted Senior Financing Agreement (as applicable);

    (iv) the date on which the Senior Agent which delivered the relevant Senior Parent Payment Stop Notice delivers a notice to the Parent, the Security Agent, the Senior Parent Notes Trustee and the Senior Parent Creditor Representative cancelling the Senior Parent Payment Stop Notice;

    (v) the First/Second Lien Discharge Date; and

    (vi) the date on which the Security Agent, the Senior Parent Notes Trustee and any Senior Parent Creditor Representative take Enforcement Action permitted under the Intercreditor Agreement against a Debtor.

Unless the Senior Parent Notes Trustee and any Senior Parent Creditor Representative waive this requirement, (i) a new Senior Parent Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Parent Payment Stop Notice, and (ii) no Senior Parent Payment Stop Notice may be delivered by a Senior Agent in reliance on a Senior Event of Default more than 45 days after the date that Senior Agent received notice of that Senior Event of Default.

The Senior Agents may only serve one Senior Parent Payment Stop Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Senior Agents to issue a Senior Parent Payment Stop Notice in respect of any other event or set of circumstances. No Senior Parent Payment Stop Notice may be served by a Senior Agent in respect of a Senior Event of Default which had been notified to the Senior Agents at the time at which an earlier Senior Parent Payment Stop Notice was issued.

Any failure to make a payment due under any Senior Parent Notes Indenture and any Permitted Parent Financing Documents as a result of the issue of a Senior Parent Payment Stop Notice or the occurrence of a Senior Payment Default shall not prevent (i) the occurrence of an Event of Default (as defined in any Senior Parent Notes Indenture or any Permitted Parent Financing Documents, as applicable) as a consequence of that failure to make a payment in relation to the relevant Senior Parent Notes Indenture and any Permitted Parent Financing Documents or (ii) the issue of a Senior Parent Enforcement Notice (as defined below) on behalf of the Senior Parent Creditors.

*Payment Obligations and Capitalization of Interest Continue*

Neither the relevant Senior Parent Debt Issuer nor any other Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under any Senior Parent Notes Indenture and any Permitted Parent Financing Document by the operation of the provisions set out under each section above under the caption "*—Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities*" even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with any Senior Parent Notes Indenture and any Permitted Parent Financing Document shall continue notwithstanding the issue of a Senior Parent Payment Stop Notice.

*Cure of Payment Stop—Senior Parent Creditors*

If:

(i) at any time following the issue of a Senior Parent Payment Stop Notice or the occurrence of a Senior Payment Default, that Senior Parent Payment Stop Notice ceases to be outstanding and/or, as the case may be, the Senior Payment Default ceases to be continuing; and

(ii) the relevant Senior Parent Debt Issuer or the relevant Debtor then promptly pays to the Senior Parent Creditors an amount equal to any payments which had accrued under any Senior Parent Notes Indenture and any Permitted Parent Financing Document and which would have been Permitted Senior Parent Payments but for that Senior Parent Payment Stop Notice or Senior Payment Default,

then any Event of Default (including any cross default or similar provision under any other debt document) which may have occurred as a result of that suspension of payments shall be waived and any Senior Parent Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Senior Parent Creditors or any other Creditor or Operating Facility Lender.

*Restrictions on Amendments and Waivers*

The Intercreditor Agreement provides that the Senior Parent Creditors, the relevant Senior Parent Debt Issuers and other Debtors may amend or waive the terms of the Senior Parent Notes Finance Documents and/or the Permitted Parent Financing Documents in accordance with their respective terms from time to time (and subject only to any consent required under them).

*Restrictions on Enforcement by Senior Parent Creditors*

Until the First/Second Lien Discharge Date, except with the prior consent of or as required by an Instructing Group:

(i) no Senior Parent Creditor shall direct the Security Agent to enforce, or otherwise require the enforcement of, any security; and/or

(ii) no Senior Parent Creditor shall take or require the taking of any Enforcement Action in relation to the guarantees by a member of the Group of any of the obligations of any member of the Group under the Senior Parent Notes Finance Documents and/or Permitted Parent Financing Documents, except as permitted under the provisions set out below under the caption "*—Permitted Senior Parent Enforcement*" below, *provided*, *however*, that no such action required by the Security Agent need be taken except to the extent the Security Agent otherwise is entitled under the Intercreditor Agreement to direct such action.

***Permitted Senior Parent Enforcement***

The restrictions set out under the caption "*—Payment Blockage Provisions—Restrictions on Enforcement by Senior Parent Creditors*" above will not apply if:

(i) an Event of Default (as defined in any Senior Parent Notes Finance Document and any Permitted Parent Financing Agreement, as applicable, each a "Senior Parent Event of Default") (the "**Relevant Senior Parent Default**") is continuing;

(ii) each Senior Agent has received a notice of the Relevant Senior Parent Default specifying the event or circumstance in relation to the Relevant Senior Parent Default from the Senior Parent Notes Trustee or any Senior Parent Creditor Representative (as the case may be);

(iii) a Senior Parent Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Senior Parent Default is continuing at the end of the relevant Senior Parent Standstill Period.

Promptly upon becoming aware of a Senior Parent Event of Default, the Senior Parent Notes Trustee or any Senior Parent Creditor Representative, as the case may be, may by notice (a "**Senior Parent Enforcement Notice**") in writing notify the Senior Agents of the existence of such Senior Parent Event of Default.

*Senior Parent Standstill Period*

In relation to a Relevant Senior Parent Default, a Senior Parent Standstill Period shall mean the period beginning on the date (the "**Senior Parent Standstill Start Date**") the relevant Senior Agent serves a Senior Parent Enforcement Notice on each of the Senior Agents in respect of such Senior Parent Event of Default and ending on the earlier to occur of:

(i) the date falling 179 days after the Senior Parent Standstill Start Date (the "**Senior Parent Standstill Period**");

(ii) the date the Senior Secured Parties take any Enforcement Action in relation to a particular guarantor of the Senior Parent Notes and/or any Permitted Parent Financing Debt (a "**Senior Parent Guarantor**"), provided, however, that if a Senior Parent Standstill Period ends pursuant to this paragraph, the Senior Parent Creditors may only take the same Enforcement Action in relation to the Senior Parent Guarantor as the Enforcement Action taken by the Senior Secured Parties against such Senior Parent Guarantor and not against any other member of the Group;

(iii) the date of an Insolvency Event in relation to the relevant Senior Parent Debt Issuer or a particular Senior Parent Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Senior Parent Standstill Period outstanding at the date such first-mentioned Senior Parent Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(v) the date on which the consent of each of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), the Second Lien Facility Agent (acting on the instructions of the Majority Second Lien Lenders), any Senior Notes Trustee (acting on behalf of the Senior Noteholders), any Senior Creditor Representative (acting on the instructions the Majority Permitted Senior Financing Creditors) and any Second Lien Creditor Representative (acting on the instructions of the Majority Permitted Second Lien Financing Creditors) has been obtained; and

(vi) a failure to pay the principal amount outstanding on any Senior Parent Notes or on any Permitted Parent Financing Debt, as the case may be, at the final stated maturity of the amounts outstanding on the Senior Parent Notes or on the Permitted Parent Financing Debt, as the case may be (provided that: (i) unless the Senior Lender Discharge Date has occurred or as otherwise agreed by the Majority Senior Lenders and the Parent, such final stated maturity does not fall on a date prior to the date falling 85 months after RCF Closing Date (as defined in the "Revolving Credit Facility Agreement" above); and (ii) if any Second Lien Debt has been incurred, unless the Second Lien Lender Discharge Date has occurred or as otherwise agreed by the Majority Second Lien Lenders and the Parent, such final stated maturity does not fall on a date prior to the date falling 85 months after the RCF Closing Date (as defined in the "Revolving Credit Facility Agreement" above)).

*Subsequent Senior Parent Event of Default*

The Senior Parent Finance Parties may take Enforcement Action under the provisions set out in caption "—*Permitted Senior Parent Enforcement*" above in relation to a Relevant Senior Parent Default even if, at the end of any relevant Senior Parent Standstill Period or at any later time, a further Senior Parent Standstill Period has begun as a result of any other Senior Parent Event of Default.

*Enforcement on Behalf of Senior Parent Creditors*

If the Security Agent has notified the Senior Parent Agents that it is enforcing security created pursuant to any security document over shares of a Senior Parent Guarantor, no Senior Parent Creditor may take any action referred to under the provisions set out under the caption "—*Permitted Senior Parent Enforcement*" above against that Senior Parent Guarantor while the Security Agent is taking steps to enforce that security in accordance with the instructions of an Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

*Option to Purchase: Senior Parent Creditors*

Subject to the final two paragraphs of this section below, any of the Senior Parent Notes Trustee and any Senior Parent Creditor Representative (on behalf of the Senior Parent Creditors) may, after an acceleration event under the Senior Credit Facilities Agreement, a Second Lien Facility Agreement, or in relation to any Senior Notes, any Second Lien Debt, Permitted Senior Financing Debt or Permitted Second Lien Financing Debt which is continuing, by giving not less than 10 days' notice to the Security Agent, require the transfer to the Senior Parent Creditors (or to a nominee or nominees) of all, but not part, of the rights, benefits and obligations in respect of the Senior Secured Liabilities and the Operating Facility Liabilities if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Credit Facilities Agreement (in the case of the Senior Lender Liabilities), any Second Lien Facility Agreement (in the case of the Second Lien Lenders Liabilities), any Senior Notes Indenture(s) pursuant to which any Senior Notes remain outstanding (in the case of the Senior Notes liabilities), any Permitted Senior Financing Agreement pursuant to which any relevant Permitted Senior Financing Liabilities remain outstanding (in the case of the Permitted Senior Financing Liabilities), any Permitted Second Lien Financing Agreement pursuant to which any relevant Permitted Second Lien Financing Liabilities remain outstanding (in the case of the Permitted Second Lien Financing Liabilities) and/or any Operating Facility Documents pursuant to which any relevant Operating Facility Liabilities remain outstanding (in the case of the Operating Facility Liabilities) (as applicable);

(ii) any conditions relating to such a transfer contained in the Senior Credit Facilities Agreement (in the case of the Senior Lender Liabilities)), any Second Lien Facility Agreement (in the case of the Second Lien Lenders Liabilities), any Senior Notes Indenture(s) pursuant to which any Senior Notes remain outstanding (in the case of the Senior Notes liabilities), any Permitted Senior Financing Agreement pursuant to which any relevant Permitted Senior Financing Liabilities remain outstanding (in the case of the Permitted Senior Financing Liabilities), any Permitted Second Lien Financing Agreement pursuant to which any relevant Permitted Second Lien Financing Liabilities remain outstanding (in the case of the Permitted Second Lien Financing Liabilities) and/or any Operating Facility Documents pursuant to which any relevant Operating Facility Liabilities remain outstanding (in the case of the Operating Facility Liabilities) are complied with, in each case, other than as specified in the Intercreditor Agreement;

(iii) each of the Senior Facility Agent (on behalf of the Senior Lenders), the Senior Notes Trustee (on behalf of the relevant Senior Noteholders), the applicable Senior Creditor Representative (on behalf of the relevant Permitted Senior Financing Creditors), the Operating Facility Lenders, the Second Lien Facility Agent (on behalf of the Second Lien Lenders) and the applicable Second Lien Creditor Representative (on behalf of the relevant Permitted Second Lien Financing Creditors) is paid the amounts required under the Intercreditor Agreement;

(iv) as a result of that transfer the Senior Lenders, the Second Lien Lenders, the Senior Noteholders, the Permitted Senior Financing Creditors, the Permitted Second Lien Financing Creditors and the Operating Facility Lenders have no further actual or contingent liability to the Parent or any other Debtor under the relevant Secured Debt Documents;

(v) an indemnity is provided from each Senior Parent Creditor (other than any Senior Parent Agent) (or from another third party acceptable to all the Senior Lenders, the Second Lien Lenders, the Senior Notes Creditors, the Permitted Senior Financing Creditors, the Permitted Second Lien Financing Creditors and the Operating Facility Lenders) in a form reasonably satisfactory to each Senior Lender, Second Lien Lender, Senior Notes Creditor, Permitted Senior Financing Creditor, Permitted Second Lien Financing Creditor and Operating Facility Lender in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender, Second Lien Lender, Senior Notes Creditor, Permitted Senior Financing Creditor, Permitted Second Lien Financing Creditor or Operating Facility Lender in consequence of any sum received or recovered by any Senior Lender, Second Lien Lender, Senior Notes Creditor, Permitted Senior Financing Creditor, Permitted Second Lien Financing Creditor or Operating Facility Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender, Second Lien Lender, Senior Notes Creditor, Permitted Senior Financing Creditor, Permitted Second Lien Financing Creditor or Operating Facility Lender for any reason; and

(vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, the Second Lien Lenders, the Senior Notes Creditors, the Permitted Senior Financing Creditors, the Permitted Second Lien Financing Creditors or the Operating Facility Lenders, except that each Senior Lender, Second Lien Lender, Senior Notes Creditor, Permitted Senior Financing Creditor, Permitted Second Lien Financing Creditor and Operating Facility Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer.

Subject to the Intercreditor Agreement, the Senior Parent Notes Trustee or any Senior Parent Creditor Representative (on behalf of all the Senior Parent Creditors) may only require a transfer of Senior Secured Liabilities if, at the same time, they require a transfer of hedging liabilities regulated by the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no transfer of Senior Secured Liabilities may be required to be made.

At the request of the Senior Parent Notes Trustee or any Senior Parent Creditor Representative (on behalf of all the Senior Parent Creditors), the Senior Facility Agent, the Senior Notes Trustee, any relevant Senior Creditor Representative, the Operating Facility Lenders, the Second Lien Facility Agent and any relevant Second Lien Creditor Representative shall notify the Senior Parent Notes Trustee and any Senior Parent Creditor Representative of the foregoing payable sums in connection with such transfer.

***Effect of Insolvency Event; Filing of Claims***

The Intercreditor Agreement provides that, among others, after the occurrence of an Insolvency Event in relation to any Debtor, or, following an acceleration event which is continuing, any member of the Group, any party entitled to receive a distribution out of the assets of that member of the Group in respect of liabilities owed to that party shall (in the case of any Creditor or Operating Facility Lender, only to the extent that such distribution would otherwise constitute a receipt or recovery of a type subject to the provisions set out below under the caption "—*Turnover*" and, in all cases, if prior to a distress event, only if required by the Security Agent acting on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent and to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the Security Agent until the liabilities owing to the Secured Parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption "—*Application of Proceeds*" below.

Subject to certain exceptions, to the extent that any member of the Group's liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Group, any Creditor and any Operating Facility Lender which benefited from that set-off shall (in the case of any Creditor or Operating Facility Lender, only to the extent that such distribution would otherwise constitute a receipt or recovery of a type subject to the provisions set out below under the caption "—*Turnover*" and, in all cases, if prior to a distress event, only if required by the Security Agent acting on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent, pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under the caption "—*Application of Proceeds*" below and subject to certain exceptions.

Subject to the provisions set out under the caption "—*Application of Proceeds*" below, if the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any of the liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the liabilities.

After the occurrence of an Insolvency Event in relation to any Debtor (or, following an acceleration event which is continuing, any member of the Group), each Creditor and each Operating Facility Lender irrevocably authorizes the Security Agent, on its behalf, to:

(i) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;

(ii) demand, sue, prove and give receipt for any or all of that member of the Group's liabilities;

(iii) collect and receive all distributions on, or on account of, any or all of that member of the Group's liabilities; and

(iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that member of the Group's liabilities.

Each Creditor and Operating Facility Lender will (i) do all things that the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) reasonably requests in order to give effect to the matters referred to in this "—*Effect of Insolvency Event; Filing of Claims*" section, and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this "—*Effect of Insolvency Event; Filing of Claims*" section or if the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) requests that a Creditor or Operating Facility Lender take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) may reasonably require, although neither the Senior Notes Trustee nor the Senior Parent Notes Trustee shall be under any obligation to grant such powers of attorney) to enable the Security Agent to take such action.

***Turnover***

Subject to certain exceptions, the Intercreditor Agreement provides that if any Creditor or Operating Facility Lender receives or recovers from any member of the Group:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities which is prohibited under the Intercreditor Agreement or, following the occurrence of a Senior Distress Event which is continuing, any Senior Lender Liabilities, Hedging Liabilities, Senior Notes liabilities, Permitted Senior Financing liabilities or Operating Facility liabilities;

(ii) other than as referred to in the second paragraph of the caption "—*Effect of Insolvency Event; Filing of Claims*" any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) notwithstanding paragraphs (i) and (ii) above, other than as referred to in the second paragraph of the caption "—*Effect of Insolvency Event; Filing of Claims*" any amount:

(A) on account of, or in relation to, any of the liabilities after the occurrence of a distress event (including as a result of any litigation or proceedings against a member of the Group other than after the occurrence of an Insolvency Event in respect of that member of the Group); or

(B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of a distress event,

other than, in each case, any amount received or recovered in accordance with the provisions set out below the caption "—*Application of Proceeds*;"

(iv) the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption "—*Application of Proceeds*;" or

(v) subject to certain exceptions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of Group which is not in accordance with the provisions set out under the caption "—*Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that member of Group,

that Creditor or Operating Facility Lender will, subject to certain exceptions: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

***Enforcement of Security***

*Enforcement Instructions*

The Security Agent may refrain from enforcing the security unless instructed otherwise by: (i) an Instructing Group; (ii) if required as set out in the third paragraph of this section, the Majority Second Lien Creditors; or (iii) if required as set out under the fourth paragraph of this section, the Majority Senior Parent Creditors.

Subject to the security having become enforceable in accordance with its terms: (i) an Instructing Group; (ii) to the extent permitted to enforce or to require the enforcement of the security prior to the Senior Discharge Date as described under the caption "—*Restrictions Relating to Second Lien Secured Creditors and Second Lien Liabilities*" above, the Majority Second Lien Creditors; or (iii) to the extent permitted to enforce or to require the enforcement of the security prior to the First/Second Lien Discharge Date as described under the provisions under the caption "—*Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities*" above, the Majority Senior Parent Creditors, may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

Prior to the Senior Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security, or (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the security which the Majority Second Lien Creditors are then entitled to give to the Security Agent as described under the provisions under the caption "—*Permitted Second Lien Enforcement*" above.

Prior to the First/Second Lien Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or, (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the security which the Majority Senior Parent Creditors are then entitled to give to the Security Agent as described under the provisions under the caption "—*Permitted Senior Parent Enforcement*" above.

Subject to certain provisions of the Intercreditor Agreement, no secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents except through the Security Agent in the manner contemplated by the Intercreditor Agreement.

***Manner of Enforcement***

If the security is being enforced as set forth above under the caption "—*Enforcement of Security—Enforcement Instructions*," the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator, examiner or equivalent officer of any Debtor to be appointed by the Security Agent) as:

(a) an Instructing Group;

(b) prior to the Senior Discharge Date: if (i) the Security Agent has, pursuant to the third paragraph under the caption "—*Enforcement of Security*" above, given effect to instructions given by the Majority Second Lien Creditors to enforce the security; and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Second Lien Creditors; and

(c) prior to the First/Second Lien Discharge Date: if (i) the Security Agent has, pursuant to the fourth paragraph under the caption "—*Enforcement of Security*" above, given effect to instructions given by the Majority Senior Parent Creditors to enforce the security; and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Parent Creditors,

shall instruct or, in the absence of any such instructions, as the Security Agent sees fit (it being understood that, absent such instructions, the Security Agent may elect to take no action).

*Exercise of Voting Rights*

To the fullest extent permitted under applicable law, each Creditor (other than the Senior Notes Trustee and the Senior Parent Notes Trustee) and each Operating Facility Lender shall agree with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group. Notwithstanding the foregoing, no party can exercise or require any other Creditor or Operating Facility Lender under the Intercreditor Agreement to exercise its power of voting or representation to waive, reduce, discharge, extend the due date for payment or otherwise reschedule any of the liabilities owed to that Creditor or Operating Facility Lender.

*Waiver of Rights*

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement, each of the Secured Parties and the Debtors waives all rights it may otherwise have to require that the security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

*Security Held by Other Creditors*

If any security is held by a Creditor or Operating Facility Lender other than the Security Agent, then that Creditor or Operating Facility Lender may only enforce that security in accordance with instructions given by an Instructing Group pursuant to the terms of the Intercreditor Agreement (and for this purpose references to the Security Agent shall be construed as references to that Creditor or Operating Facility Lender).

***Consultation Period***

(a) Subject to paragraphs (b) to (d) below, before giving any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or to take any other Enforcement Action, the creditor representative(s) of the creditors of the Group represented in the Instructing Group concerned (and, if applicable, any relevant Hedge Counterparties) shall consult with each other creditor representative, each other Hedge Counterparty, each Operating Facility Lender and the Security Agent in good faith about the instructions to be given by the Instructing Group for a period of not less than 10 business days (or, in the case of any consultation involving a Senior Notes Trustee, a Senior Parent Notes Trustee or a Creditor Representative in respect of any high yield notes, debt securities or other similar instruments, 30 days) from the date on which details of the proposed instructions are received by such creditor representative(s), Hedge Counterparties, Operating Facility Lenders and the Security Agent (or such shorter period as each creditor representative, Hedge Counterparty, Operating Facility Lender and the Security Agent shall agree) (the "**Consultation Period**"), and only following the expiry of a Consultation Period shall the Instructing Group be entitled to give any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or take any other Enforcement Action.

(b) Subject to paragraph (c) below, in the event conflicting instructions are received from any other Instructing Group, the Security Agent shall enforce the Transaction Security, refrain or cease from enforcing the Transaction Security or, as the case may be, take the relevant other Enforcement Action in accordance with the instructions given by an Instructing Group referred to in paragraph (a)(i)(A) of the definition of Instructing Group (in each case provided that such instructions are consistent with any applicable requirements of this Agreement and the Security Documents) and the terms of all instructions given by any other Instructing Group shall be deemed revoked.

(c) Prior to the Senior Lender Discharge Date, if:

(i) the Senior Creditors have not been fully repaid within six months of the end of the first Consultation Period;

(ii) the Security Agent has not commenced any enforcement of the Transaction Security (or a transaction in lieu thereof) or other Enforcement Action within three months of the end of the first Consultation Period; or

(iii) an Insolvency Event has occurred and the Security Agent has not commenced any enforcement of the Transaction Security (or a transaction in lieu thereof) or other Enforcement Action at that time,

then the Security Agent shall follow the instructions given by the Majority Senior Creditors (in each case provided that such instructions are consistent with any applicable requirements of this Agreement and the Security Documents).

(d) Subject to paragraph (c) above, no Agent or Hedge Counterparty shall be obliged to consult in accordance with paragraph (a) above and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the security or take any other Enforcement Action prior to the end of a Consultation Period (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents) if:

(i) the security has become enforceable as a result of an Insolvency Event; or

(ii) the Instructing Group or any creditor representative of the Creditors represented in the Instructing Group determines in good faith (and notifies each other creditor representative, the Hedge Counterparties and the Security Agent) that to enter into such consultations and thereby delay the commencement of enforcement of the security would reasonably be expected to have a material adverse effect on:

(A) the Security Agent's ability to enforce any of the security; or

(B) the realization proceeds of any enforcement of the security and, where this paragraph (d) applies any instructions shall be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors on behalf of which the relevant Instructing Group is acting in relation to the matters referred to in sub-paragraphs (A) and (B) above; and the Security Agent shall act in accordance with the instructions first received.

(e) As soon as reasonably practicable following receipt of any instructions from an Instructing Group to enforce the security, refrain or cease from enforcing the security or, as the case may be, take any other Enforcement Action, the Security Agent shall provide a copy of such instructions to each Agent, Hedge Counterparty and Operating Facility Lender (unless it received those instructions from that person).

*Duties Owed*

Pursuant to the Intercreditor Agreement, each of the Secured Parties and the Debtors acknowledges that, in the event that the Security Agent enforces, or is instructed to enforce, the security prior to the First/Second Lien Discharge Date, the duties of the Security Agent and of any receiver or delegate owed to the Senior Parent Creditors in respect of the method, type and timing of that enforcement or of the exploitation, management or realization of any of that security shall, subject to the section entitled Distressed Disposals below, be no different to or greater than the duty that is owed by the Security Agent, receiver or delegate to the Debtors under general law.

***Proceeds of Disposals***

*Non-Distressed Disposals*

The Security Agent is irrevocably authorized and instructed (at the request and cost of the relevant Debtor or the Parent) to promptly release (or procure that any other relevant person releases):

(i) any security (and/or any other claim relating to a debt document) over any asset which is the subject of:

(A) a disposal not prohibited by the terms of the Senior Credit Facilities Agreement, any Senior Notes Indenture, any Permitted Senior Financing Agreement, the Second Lien Facility Agreement, any Permitted Second Lien Financing Agreement, any Senior Parent Notes Indenture and any Permitted Parent Financing Agreement (each a "**Debt Financing Agreement**") (including a disposal to a member of the Group, but without prejudice to any obligation of any member of the Group in a Debt Financing Agreement to provide replacement security); or

(B) any other transaction not prohibited by the terms of any Debt Financing Agreement pursuant to which that asset will cease to be held or owned by a member of the Group;

(ii) any security (and/or any other claim relating to a debt document) over any document or other agreement requested in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligations or take any action in relation to that document or agreement (in each case to the extent not prohibited by the terms of any Debt Financing Agreement);

(iii) any security (and/or any other claim relating to a debt document) over any asset of any member of the Group which has ceased to be a Debtor (or will cease to be a Debtor simultaneously with such release); and

(iv) any security (and/or any other claim relating to a debt document) over any other asset to the extent that such release is in accordance with the terms of the Debt Financing Agreements.

In the case of a disposal of shares or other ownership interests in a Debtor (or any holding company of any Debtor), or any other transaction pursuant to which a Debtor (or any holding company of any Debtor) will cease to be a member of the Group or a Debtor (including in connection with the resignation of that Debtor or the Debtor being designated as an Unrestricted Subsidiary), the Security Agent (on behalf of itself and the Secured Parties) shall (at the request and cost of the relevant Debtor or the Parent) promptly release (or procure the release of) that Debtor and its subsidiaries (and its and their assets) from all present and future liabilities under the Secured Debt Documents.

When making any request for a release pursuant to this "—*Non-Distressed Disposals*" section, the Parent shall confirm in writing to the Security Agent that:

(i) in the case of any release requested pursuant to paragraph (i) or (ii) above, the relevant disposal or other action is not prohibited by the terms of any Debt Financing Agreement; or

(ii) in the case of any release requested pursuant to paragraph (iv) above, the relevant release is in accordance with the terms of the Debt Financing Agreements,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The Security Agent shall (at the cost and expense of the relevant Debtor or the Parent but without the need for any further consent, sanction, authority or further confirmation from any Creditor, Operating Facility Lender, other Secured Party or Debtor) promptly enter into and deliver such documentation and/or take such other action as the Parent (acting reasonably) shall require to give effect to any release or other matter described above.

Without prejudice to the foregoing and for the avoidance of doubt, if requested by the Parent in accordance with the terms of any of the Debt Financing Agreements (and provided that the requested action is not expressly prohibited by any of the other Debt Financing Agreements), the Security Agent and the other Creditors and Operating Facility Lenders shall (at the cost of the relevant Debtor, the relevant Additional Security Provider and/or the Parent) promptly execute any guarantee, security or other release and/or any amendment, supplement or other documentation relating to the security documents as contemplated by the terms of any of the Debt Financing Agreements (and the Security Agent is authorized to execute, and will promptly execute if requested by the Parent, without the need for any further consent, sanction, authority or further confirmation from any Creditor or Operating Facility Lender, any such release or document on behalf of the Creditors and the Operating Facility Lenders). When making any request pursuant to this paragraph (d) the Parent shall confirm in writing to the Security Agent that such request is in accordance with the terms of a Debt Financing Agreement (and the requested action is not expressly prohibited by way of any of the other Debt Financing Agreements) and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

In the case of any release of Transaction Security requested by the Parent pursuant to the Senior Credit Facilities Agreement as part of a Permitted Transaction (as that term is defined in the Senior Credit Facilities Agreement) or pursuant to the equivalent provision of any Second Lien Facility Agreement as part of a Permitted Transaction (as that term is defined in the Second Lien Facility Agreement) (each a "**Permitted Transaction Request**"), when making that request the Parent shall confirm to the Security Agent that:

(i) such request is a Permitted Transaction Request (and absent any such statement in a request for a release the Security Agent shall be entitled to assume for all purposes that such request is not a Permitted Transaction Request); and

(ii) it has determined in good faith (taking into account any applicable legal limitations and other relevant considerations in relation to that Permitted Transaction) that it is either not possible or not desirable to implement that Permitted Transaction on terms satisfactory to the Parent by instead granting additional Transaction Security and/or amending the terms of the existing Transaction Security,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents. For the avoidance of doubt and notwithstanding anything to the contrary in any Debt

Document, nothing in any security document shall operate or be construed so as to prevent any transaction, matter or other step not prohibited by the terms of the Intercreditor Agreement or the Debt Financing Agreements (a "**Permitted Action**"). The Security Agent (on behalf of itself and the Secured Parties) hereby agrees (and is irrevocably authorized and instructed to do so without any consent, sanction, authority or further confirmation from any Party) that it shall (at the request and cost of the relevant Debtor or the Parent) promptly execute any release or other document and/or take such other action under or in relation to any Debt Document (or any asset subject or expressed to be subject to any security document) as is requested by the Parent in order to complete, implement or facilitate a Permitted Action. In the event that the Parent makes any request pursuant to and in reliance on the preceding sentence, the Security Agent shall be permitted to request a confirmation from the Parent that the relevant transaction, matter or other step is a Permitted Action and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

If any member of the Group is required or permitted under the Senior Debt Documents to apply the proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of the Senior Liabilities then no such application of those proceeds shall require the consent of any other party or result in any breach of any Senior Parent Finance Documents and such application shall discharge in full any obligation to apply those proceeds in prepayment, redemption or other discharge or reduction of any Senior Parent Liabilities. This paragraph is without prejudice to any right of any member of the Group to apply any proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of any Senior Parent Liabilities to the extent permitted or contemplated by the Intercreditor Agreement or any other Senior Debt Document.

The Security Agent is irrevocably authorized by each Secured Party to (and will on the request and at the cost of the Parent):

(i) release the security; and

(ii) release each investor, each Debtor and each other member of the Group from all liabilities, undertakings and other obligations under the Secured Debt Documents, on the Final Discharge Date (or at any time following such date on the request of the Parent).

*Distressed Disposals*

Generally, a "**Distressed Disposal**" is a disposal of an asset of a member of the Group which is (i) being effected at the request of an Instructing Group in circumstances where a security interest has become enforceable in accordance with the terms of the relevant security document(s), (ii) being effected by enforcement of a security interest in accordance with the terms of the relevant security document(s) or (iii) being disposed of to a third party subsequent to a distress event.

If a Distressed Disposal of any asset of a member of the Group is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor, or the Parent and without any consent, sanction, authority or further confirmation from any Creditor, Operating Facility Lender, other Secured Party or Debtor):

(i) to release the security interest or any other claim over that asset and execute and deliver or enter into any release of that security interest 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 its borrowing liabilities, its guarantee liabilities and its other liabilities;

  (B) any security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

  (C) any other claim of an investor, an intra-group lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor,

on behalf of the relevant Creditors, Operating Facility Lenders, Debtors and certain creditor representatives;

(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, its guarantees liabilities and its other liabilities;

(B) any security interest granted by that holding company or any subsidiary of that holding company over any of its assets; and

(C) any other claim of any investor, any intra-group lender or another Debtor over that holding company's assets or the assets of any subsidiary of that holding company,

on behalf of the relevant Creditors, Operating Facility Lenders, Debtors and certain creditor representatives;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the "**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 all or part of those liabilities 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 (acting in accordance with the Intercreditor Agreement) 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: all (and not part only) of the liabilities owed to the Primary Creditors and Operating Facility Lenders and all or part of any other liabilities and the Debtor liabilities,

on behalf of, in each case, the relevant Creditors, Operating Facility Lenders and Debtors;

(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 (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or 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 or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (if the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of Senior Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption "*—Application of Proceeds*" (to the extent that the asset disposed of constituted charged property), as if those proceeds were the proceeds of an enforcement of the relevant security interest and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

Where Borrowing Liabilities, Guarantee Liabilities and/or Other Liabilities would otherwise be released pursuant to the Intercreditor Agreement, the Creditor or Operating Facility Lender concerned may elect to have those Borrowing Liabilities, Guarantee Liabilities and/or Other Liabilities transferred to the Parent in which case the Security Agent is irrevocably authorized (to the extent legally possible and at the cost of the relevant Debtor or the Parent and without any consent, sanction, authority or further confirmation from any Creditor, Operating Facility Lender, other Secured Party or Debtor) to execute such documents as are required to so transfer those Borrowing Liabilities, Guarantee Liabilities and/or Other Liabilities.

Subject to the immediately following two paragraphs, in the case of a Distressed Disposal effected by or at the request of the Security Agent (acting in accordance with the Intercreditor Agreement), unless the consent of each Senior Agent is otherwise obtained, it is a further condition to any release, transfer or disposal that the proceeds of such disposal are in cash (or substantially all in cash) and such sale or disposal is made pursuant to a public auction in respect of which the Primary Creditors are entitled to participate or where a financial adviser selected by the Security Agent 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, provided that the liability of such financial adviser may be limited to the amount of its fees in respect of such engagement (it being acknowledged that the Security Agent shall have no obligation to select or engage any financial adviser unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

If prior to the Second Lien Discharge Date a Distressed Disposal is being effected such that any Second Lien Liabilities will be released or disposed of, or any security securing the Second Lien Liabilities will be released, it is a further condition to the release that either:

(a) each Second Lien Agent has approved the release; or

(b) where shares or assets of a Second Lien Borrower or a Second Lien Guarantor are sold:

  (i) the proceeds of such sale or disposal are in cash (or substantially in cash); and

  (ii) all claims of the Senior Creditors, the Senior Notes Creditors, the Permitted Senior Financing Creditors and the Operating Facility Lenders (other than in relation to performance bonds or guarantees or similar instruments) against a member of the Group (if any) all of whose shares (other than any minority interest not owned by members of the Group) 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 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 and discharged concurrently with such sale, provided that if each of the Senior Facility Agent, any Senior Notes Trustee and any Senior Creditor Representative (acting reasonably and in good faith):

    (A) determines that the Senior Secured Creditors will recover a greater amount if any such claim is sold or otherwise transferred to the purchaser or one of its Affiliates and not released and discharged; and

    (B) serves a written notice on the Security Agent confirming the same, the Security Agent shall be entitled to sell or otherwise transfer such claim to the purchaser or one of its affiliates; and

  (iii) such sale or disposal is made:

    (A) pursuant to a public auction in respect of which the Primary Creditors are entitled to participate; or

    (B) where a financial adviser selected by the Security Agent 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, provided that the liability of such financial adviser may be limited to the amount of its fees in respect of such engagement (it being acknowledged that the Security Agent shall have no obligation to select or engage any financial adviser unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

If prior to the first date on which the discharge date for the Senior Parent Notes and any Permitted Parent Financing Debt has occurred, a Distressed Disposal is being effected such that, generally, the guarantees of the Senior Parent Notes and the guarantees of any Permitted Parent Financing Debt or any security over the assets of a Senior Parent Debt Issuer or any Senior Parent Guarantor will be released and/or the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities will be released, it is a further condition to the release that either:

- each Senior Parent Agent has approved the release; or
- where shares or assets of a Senior Parent Guarantor or assets of the Senior Parent Debt Issuer are sold:

  (A) the proceeds of such sale or disposal are in cash (or substantially in cash); and

  (B) all claims of the Senior Secured Creditors and the Operating Facility Lenders (other than in relation to performance bonds or guarantees or similar instruments) against a member of the Group (if any), all of whose shares (other than any minority interest not owned by members of the Group) 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 are not assumed by the purchaser or one of its affiliates), and all security interests under the security documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that, if each Senior Agent (acting reasonably and in good faith):

    (I) determines that the Senior Secured Creditors will recover a greater amount if such claim is sold or otherwise transferred to the purchaser or one of its affiliates and not released or discharged; and

    (II) serves a written notice on the Security Agent confirming the same,

  the Security Agent shall be entitled to sell or otherwise transfer such claim to the purchaser or one of its affiliates; and

  (C) such sale or disposal is made:

    (I) pursuant to a public auction in respect of which the Primary Creditors are entitled to participate; or

    (II) where a financial adviser selected by the Security Agent 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, provided that the liability of such financial adviser may be limited to the amount of its fees in respect of such engagement (it being acknowledged that the Security Agent shall have no obligation to select or engage any financial adviser unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

***Application of Proceeds***

The Intercreditor Agreement provides that the rights of Secured Parties shall be subject to the priorities set out in this section.

*Order of Application*

The Intercreditor Agreement provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document or in connection with the realization or enforcement of all or any part of the relevant security interests (for the purposes of this "*—Application of Proceeds*" section and the "*—Equalization of the Senior Secured Creditors*" section, the "**Recoveries**") shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this "*—Application of Proceeds*" section), in the following order of priority:

(i) in discharging any sums owing to the Senior Agent (in respect of the amounts due to the Senior Agent), any Senior Creditor Representative (in respect of amounts due to the Senior Creditor Representative), any Senior Parent Creditor Representative (in respect of amounts due to the Senior Parent Creditor Representative), any Second Lien Agent (in respect of amounts due to Second Lien Agent), any Second Lien Creditor Representative (in respect of amounts due to Second Lien Creditor Representative) or certain amounts due to the Senior Notes Trustee or amounts due to the Senior Parent Notes Trustee, or any sums owing to the Security Agent, any receiver or any delegate on a *pro rata* and *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent, Primary Creditor or Operating Facility Lender in connection with any realization or enforcement of the security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement; and

(iii) in respect of Recoveries resulting from the realization or enforcement of all or any part of the Transaction Security or a transaction in lieu thereof, in payment to:

(A) the Senior Facility Agent on its own behalf and on behalf of the arrangers under the Revolving Credit Facility Agreement and the Senior Lenders;

(B) the Hedge Counterparties; and

(C) the Operating Facility Lenders; and for application towards the discharge of:

(I) the liabilities of the Debtors owed to the arrangers under or in connection with the Senior Credit Facilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Facilities Finance Documents);

(II) the Hedging Liabilities (on a *pro rata* basis between the Hedging Liabilities of each Hedge Counterparty); and

(III) the Operating Facility Liabilities (on a *pro rata* basis between the Operating Facility Liabilities of each Operating Facility Lender);

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) to (III) above;

(iv) in payment to:

(A) the Senior Facility Agent on its own behalf and on behalf of the arrangers under the Senior Credit Facilities Agreement and the Senior Lenders;

(B) the Hedge Counterparties;

(C) the Operating Facility Lenders;

(D) the Senior Notes Trustee on its own behalf and on behalf of the holders of the Senior Notes; and

(E) each Senior Creditor Representative on its own behalf and on behalf of the arrangers with respect to the Permitted Senior Financing Debt and the Permitted Senior Financing Creditors; and for application towards the discharge of:

(I) the liabilities of the Debtors owed to the arrangers under or in connection with the Senior Credit Facilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Facilities Finance Documents);

(II) the Hedging Liabilities (on a *pro rata* basis between the Hedging Liabilities of each Hedge Counterparty);

(III) the Operating Facility Liabilities (on a *pro rata* basis between the Operating Facility Liabilities of each Operating Facility Lender);

(IV) the Senior Notes liabilities (other than sums owing to the Security Agent) (in accordance with the terms of the Indenture and other finance documents for the Senior Notes); and

(V) the liabilities of the Debtors owing to the arrangers of the Permitted Senior Financing Debt and the Permitted Senior Financing Liabilities (other than the liabilities owing to a Senior Creditor Representative) (in accordance with the terms of the Permitted Senior Financing Documents and, if there is more than one Permitted Senior Financing Agreement, on a *pro rata* basis between the Permitted Senior Financing Debt in respect of each Permitted Senior Financing Agreement),

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) to (V) above;

(v) in payment to:

(A) the Second Lien Facility Agent on its own behalf and on behalf of the Second Lien Arrangers and the Second Lien Lenders; and

(B) each Second Lien Creditor Representative on its own behalf and on behalf of the Permitted Second Lien Financing Arrangers and the Permitted Second Lien Financing Creditors, for application towards the discharge of:

(I) the Second Lien Arranger Liabilities and the Second Lien Lender Liabilities (in accordance with the terms of the Second Lien Finance Documents); and

(II) the Permitted Second Lien Financing Arranger Liabilities and the Permitted Second Lien Financing Liabilities (other than the Permitted Second Lien Financing Agent Liabilities) (in accordance with the terms of the Permitted Second Lien Financing Documents and, if there is more than one Permitted Second Lien Financing Agreement, on a *pro rata* basis between the Permitted Second Lien Financing Debt in respect of each Permitted Second Lien Financing Agreement),

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(vi) in payment to:

(A) each Senior Parent Notes Trustee on its own behalf and on behalf of the Senior Parent Noteholders; and

(B) each Senior Parent Creditor Representative on its own behalf and on behalf of the arrangers under the Permitted Parent Financing Debt and the Permitted Parent Financing Creditors, for application towards the discharge of:

(I) the Senior Parent Notes liabilities (other than any sums owing to the Security Agent) (in accordance with the terms of the Senior Parent Notes Finance Documents); and

(II) the liabilities of the Debtors owed to the arrangers of the Permitted Parent Financing Debt and the Permitted Parent Financing Liabilities (other than the liabilities owing to a Senior Parent Creditor Representative) (in accordance with the terms of the Permitted Parent Financing Documents and, if there is more than one Permitted Parent Financing Agreement, on a *pro rata* basis between the Permitted Parent Financing Debt in respect of each Permitted Parent Financing Agreement),

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(vii) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(viii) the balance, if any, in payment to the relevant Debtor.

The Security Agent is authorized under the Intercreditor Agreement to hold any non-cash consideration received or recovered in connection with the realization or enforcement of all or any part of the security until cash is received for any such non-cash consideration, provided that the Security Agent may distribute any such non-cash consideration to a Secured Party which has agreed, on terms satisfactory to the Security Agent, to receive such non-cash consideration and the liabilities owed to that Secured Party shall be reduced by an amount equal to the value of that non-cash consideration upon receipt by that Secured Party of that non-cash consideration.

*Liabilities of the Senior Parent Debt Issuer*

Generally, all amounts from time to time received or recovered by the Security Agent from or in respect of the Senior Parent Debt Issuer pursuant to the terms of any debt document (other than in connection with the realization or enforcement of all or any part of the relevant security interests) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law in the following order of priority:

(i) in accordance with paragraph (i) of the section captioned "—*Order of Application*;"

(ii) in accordance with paragraph (ii) of the section captioned "—*Order of Application*;"

(iii) in accordance with paragraphs (iii) to (vi) of the section captioned "—*Order of Application*," *provided* that payments will be made on a *pro rata* basis and *pari passu* between each of the payments referred to in paragraphs (iv) and (to the extent relating to Liabilities in respect of Senior Parent Notes and/or Permitted Parent Financing Debt where the relevant Senior Parent Debt Issuer is the issuer or, as the case may be, the borrower) (vi);

(iv) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(v) the balance, if any, in payment to the relevant Debtor.

***Equalization of the Senior Secured Creditors***

If, for any reason, any Senior Creditor Liabilities, Senior Notes Liabilities, Permitted Senior Financing Liabilities or Operating Facility Liabilities remain unpaid after the relevant enforcement date and the resulting losses are not borne by the relevant Senior Secured Creditors and the Operating Facility Lenders in the proportions which their respective exposures at the relevant enforcement date bore to the aggregate exposures of all the relevant Senior Secured Creditors and the Operating Facility Lenders at the enforcement date (or, in the case of Recoveries resulting from the realization or enforcement of all or any part of the security or a transaction in lieu thereof, in a manner reflecting the order of priority contemplated in under the section "—*Application of Proceeds—Order of Application*"), the relevant Senior Secured Creditors and the Operating Facility Lenders will make such payments among themselves as the Security Agent shall require to put the relevant Senior Secured Creditors and the Operating Facility Lenders in such a position that (after taking into account such payments) those losses are borne in those proportions (or, as the case may be, to otherwise reflect the order of priority contemplated under the section "—*Application of Proceeds—Order of Application*").

***Turnover of Enforcement Proceeds***

If:

(a) the Security Agent or the relevant Agent is not entitled, for reasons of applicable law, to pay amounts received pursuant to the making of a demand under any guarantee, indemnity or other assurance against loss or the enforcement of the security to the Senior Secured Creditors and the Operating Facility Lenders but is entitled to distribute those amounts to Creditors (such Creditors, the "**Receiving Creditors**") who, in accordance with the terms of the Intercreditor Agreement, are subordinated in right and priority of payment to the Senior Secured Creditors and the Operating Facility Lenders; and

(b) the First/Second Lien Discharge Date has not yet occurred (nor would occur after taking into account such payments), then the Receiving Creditors shall make such payments to the

Senior Secured Creditors and the Operating Facility Lenders as the Security Agent shall require to place the Senior Secured Creditors and the Operating Facility Lenders in the position they would have been in had such amounts been available for application against the Senior Liabilities and the Operating Facility Liabilities, provided this shall not apply to any receipt or recovery that has been distributed by:

(i) a Senior Notes Trustee to the Senior Noteholders in accordance with the Senior Notes finance documents;

(ii) a Senior Parent Notes Trustee to the Senior Parent Noteholders in accordance with the Senior Parent Notes Finance Documents;

(iii) a Senior Creditor Representative to the Permitted Senior Financing Creditors in accordance with the Permitted Senior Financing Documents;

(iv) a Second Lien Creditor Representative to the Permitted Second Lien Financing Creditors in accordance with the Permitted Second Lien Financing Documents; or

(v) a Senior Parent Creditor Representative to the Permitted Parent Financing Creditors in accordance with the Permitted Parent Financing Documents,

unless the Senior Notes Trustee, the Senior Parent Notes Trustee, the Senior Creditor Representative, the Second Lien Creditor Representative or the Senior Parent Creditor Representative (as applicable) had received at least two Business Days' prior written notice (in accordance with the Intercreditor Agreement) that an acceleration event or an insolvency event in relation to a Debtor had occurred or that the receipt or recovery falls within the provisions set out under the caption "—*Turnover*" prior to distribution of the relevant amount.

***Group Pushdown***

The Intercreditor Agreement, generally, provides that on, in contemplation of, or after, a public equity offering (a "**Listing**") of any member of the Group (other than (x) a subsidiary of a borrower or issuer which is restricted from being designated as such by the relevant Debt Financing Agreement and is not replaced prior to such a public equity offering with another Group entity or (y) a subsidiary of the Parent) or any of its holding companies (the "**IPO Entity**"), at the Parent's option:

(i) the Group shall comprise only the IPO Entity and its restricted subsidiaries from time to time;

(ii) the IPO Entity shall take on the Parent's role under the Intercreditor Agreement;

(iii) none of the representations, warranties, undertakings or other provisions of the Intercreditor Agreement shall apply to any holding company of the IPO Entity (whether in its capacity as a Debtor or otherwise);

(iv) no event, matter or circumstance relating to any holding company of the IPO Entity (whether in its capacity as a Debtor or otherwise) shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any representation, warranty, undertaking or other term of the Intercreditor Agreement or a default or an event of default;

(v) each holding company of the IPO Entity shall be irrevocably and unconditionally released from all obligations under the Intercreditor Agreement and the security documents (including any security granted by any such holding company); and

(vi) unless otherwise notified by the Parent:

   (A) each person which is party to the Intercreditor Agreement as an investor shall be irrevocably and unconditionally released from the Intercreditor Agreement and all obligations and restrictions under the Intercreditor Agreement (and from the date specified by the Parent that person shall cease to be party to the Intercreditor Agreement as an investor and shall have no further rights or obligations under the Intercreditor Agreement as an investor); and

   (B) there shall be no obligation or requirement for any person to become party to the Intercreditor Agreement as an investor, such amendments being a "Group Pushdown."

In the event that any person is released from or does not become party to the Intercreditor Agreement as an investor as a consequence of the above paragraph, any term of any debt document which requires or assumes that any person be an investor or that any liabilities or obligations to such person be subject to the Intercreditor Agreement or otherwise subordinated shall cease to apply.

The Parent must provide written notice to the Security Agent in order to implement a Group Pushdown. Such a notice may be revoked prior to the Listing to which it relates provided that (where requested by an Instructing Group) any security which was released is reinstated and any investor which was released from its obligations under the Intercreditor Agreement accedes again.

The parties to the Intercreditor Agreement shall be required to enter into any amendment to or replacement of it and/or take such other action as is required by the Parent to facilitate or reflect any of the matters contemplated by the preceding paragraph and the Security Agent is irrevocably authorized to promptly execute any release or other document and/or take such other action under or in relation to any Debt Document (or any asset subject or expressed to be subject to any security document) as is requested in order to complete, implement or facilitate such matters.

***Required Consents***

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a security document may be amended or waived only with the written consent of:

(i) if the relevant amendment or waiver (the "**Proposed Amendment**") is prohibited by the Senior Credit Facilities Agreement, the Senior Facility Agent (acting on the instructions of the requisite Senior Lenders in accordance with the applicable provisions of the Senior Credit Facilities Agreement);

(ii) if any Senior Notes have been issued and the Proposed Amendment is prohibited by the terms of the relevant Senior Notes Indenture, the Senior Notes Trustee;

(iii) if any Second Lien Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Second Lien Facility Agreement, the Second Lien Facility Agent in respect of that Second Lien Debt (if applicable, acting on the instructions of the requisite Second Lien Lenders in accordance with the terms of that Second Lien Facility Agreement);

(iv) if any Permitted Senior Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Financing Agreement, the Senior Creditor Representative in respect of that Permitted Senior Financing Debt (if applicable, acting on the instructions of the Majority Permitted Senior Financing Creditors);

(v) if any Permitted Second Lien Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Second Lien Financing Agreement, the Second Lien Creditor Representative in respect of that Permitted Second Lien Financing Debt (if applicable, acting on the instructions of the Majority Permitted Second Lien Financing Creditors);

(vi) if any Senior Parent Notes have been issued and the Proposed Amendment is prohibited by the terms of the relevant Senior Parent Notes Indenture, the Senior Parent Notes Trustee;

(vii) if any Permitted Parent Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Parent Financing Agreement, the Senior Parent Creditor Representative in respect of that Permitted Parent Financing Debt (if applicable, acting on the instructions of the Majority Permitted Parent Financing Creditors);

(viii) if a Hedge Counterparty is providing hedging to a Debtor under a hedging agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty and is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable hedging agreement, as notified by the Parent to the Security Agent at the time of the relevant amendment or waiver);

(ix) if an Operating Facility Lender is providing one or more facility to a Debtor under an Operating Facility Document, that Operating Facility Lender (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Operating Facility Lender and is an amendment or waiver which is expressed to require the consent of that Operating Facility Lender under the applicable Operating Facility Document, as notified by the Parent to the Security Agent at the time of the relevant amendment or waiver);

(x) certain investors (as permitted under the Intercreditor Agreement); and

(xi) the Parent.

Notwithstanding the foregoing, any amendment or waiver of any Secured Debt Document that is made or effected in connection with any Debt Refinancing (see "*—Debt Refinancing*"), any incurrence of additional and/or refinancing debt (as referred to in "*—Ranking and Priority—Additional and/or Refinancing Debt*") or Non-Distressed Disposal (see "*—Proceeds of Disposals—Non-Distressed Disposals*") or in connection with any other provision of any Secured Debt Document (provided that such amendment or waiver is not expressly prohibited by the terms of any other Secured Debt Document) shall be binding on all parties to the Intercreditor Agreement.

The Intercreditor Agreement or a security document may be amended by the Parent and the Security Agent without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise for the benefit of all or any of the Secured Parties. Any amendment, waiver or consent which relates only to the rights or obligations applicable to creditors under a particular Debt Financing Agreement (and which does not materially and adversely affect the rights or interests of creditors under other Debt Financing Agreements) may be approved with only the consent of the creditor representative in respect of that Debt Financing Agreement and the Parent.

*Amendments and Waivers: Security Documents*

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorized by an Instructing Group, and if the Parent consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party.

Subject to the second and third paragraphs of the section captioned "*—Exceptions*" below, any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed requires approval as set out under the section captioned "*—Required Consents.*"

*Exceptions*

Subject to the following paragraph of this "*—Exceptions*" section, an amendment, waiver or consent which adversely relates to the express rights or obligations of an agent, an arranger or the Security Agent (in each case in such capacity) may not be effected without the consent of that agent, that arranger or the Security Agent (as the case may be) at such time.

The foregoing shall not apply:

- to any release of security, claim or liabilities; or
- to any consent,

which, in each case, the Security Agent gives in accordance with the provisions set out under the caption "*—Proceeds of Disposals*" above.

The first paragraph of this "*—Exceptions*" section shall apply to an arranger only to the extent that the arranger liabilities are then owed to that arranger.

*Agreement to Override*

The Intercreditor Agreement provides that, unless otherwise expressly stated therein, the Intercreditor Agreement overrides anything in the debt documents to the contrary.

## Description of the Notes

The following is a description of the €275,000,000 aggregate principal amount of 5.00% Senior Secured Notes due 2027 (the "*Notes*"). The Notes will be issued by Libra GroupCo S.p.A., a joint stock company (*società per azioni*) with sole shareholder, incorporated under the laws of Italy, having its registered office at Via Alessandro Manzoni 38, 20121, Milan, Italy and recorded in the Companies' Register of Milan, Monza, Brianza, Lodi under number, tax code and VAT number 11693200963 (the "*Issuer*"), and a direct wholly owned subsidiary of Libra HoldCo SARL, a private limited company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 1-3 boulevard de la Foire, L-1528 Luxembourg, and registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B252446 (the "*Company*"). For purposes of this "*Description of the Notes*," the "Issuer" refers to Libra GroupCo S.p.A., and any successor obligor to Libra GroupCo S.p.A. in respect of the Notes, and not to any of its subsidiaries or to its parent companies, and the "Company" refers to Libra HoldCo SARL, and any successor obligor to Libra HoldCo SARL. in respect of its guarantee of the Notes, and not to any of its subsidiaries or to its parent companies.

The Issuer will issue the Notes under an indenture (the "*Indenture*") to be dated as of the Issue Date among, *inter alios*, the Issuer, the Company, Libra Bidco B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands ("*Bidco*"), and GLAS Trust Company LLC, as trustee (in such capacity, the "*Trustee*"), as paying agent (in such capacity, the "*Paying Agent*"), as transfer agent (in such capacity, the "*Transfer Agent*") and registrar (in such capacity, the "*Registrar*"). The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See "*Transfer Restrictions*." The terms of the Notes include those stated in the Indenture. 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 Indenture will not be qualified under, incorporate provisions by reference to, or otherwise be subject to, the Trust Indenture Act. The Notes are subject to all the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The gross proceeds of the Notes, together with certain other funding, will be used (a) to finance the acquisition of OEP 14 U.A. Cooperatief (the "*Target*" and, together with its subsidiaries, the "*Target Group*") and to fund the acquisition of a minority interest in Kronotech S.r.l., (b) to refinance and cancel certain existing indebtedness of the Target Group, (c) to pay costs, fees and expenses incurred in connection with the Transactions and (d) for general corporate purposes, including acquisitions, as set forth in this Offering Memorandum under the caption "*Use of Proceeds.*" Pending consummation of the Acquisition and the satisfaction of certain other conditions as described below, the Issuer will, concurrently with the closing of the offering of the Notes on the Issue Date, deposit the gross proceeds of the Notes into a segregated bank account (the "*Deposit Account*"). In the event that, in the good faith judgment of the Issuer, (i) the Acquisition will not be consummated on or prior to January 14, 2022 (the "*Longstop Date*"), (ii) the Acquisition Agreement terminates at any time on or prior to the Longstop Date or (iii) certain other events occur, the Issuer will redeem the entire outstanding aggregate principal amount of the Notes at a price equal to 100% of the initial issue price of such Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to (but not including) the Special Mandatory Redemption Date (defined below). See "*—Deposit of Proceeds; Special Mandatory Redemption*."

On the Issue Date and until the Completion Date, the Notes will be secured on a first-priority basis by the Deposit Account Charge. Assuming the Completion Date occurs on or prior to the Longstop Date and the funds are released from the Deposit Accounts, subject to the Agreed Security Principles and the applicable perfection requirements, on or about the Release Date, the Notes and the Notes Guarantees will be secured on a first-ranking basis by the Initial Collateral (as defined below). In addition, (i) as soon as reasonably practicable after the Completion Date, the Notes and the Target Guarantees will be secured on a first priority basis by a Dutch law pledge over any shares held by Bidco in the Target and a Dutch law pledge over the structural loan receivables due from Bidco to the Issuer (if applicable), and (ii) within 120 days from the Completion Date, the Notes and the Notes Guarantees will be secured on a first-ranking basis by the remaining Target Collateral (as defined below), in each case subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements. As described further in "*Description of Certain Financing Arrangements—Intercreditor Agreement,*" the Collateral (as defined below) also secures borrowings under the Revolving Credit Facility Agreement and certain Hedging Obligations (as defined below) on a first-ranking basis. Pursuant to the Intercreditor Agreement, the Notes will receive proceeds from enforcement of security over the Collateral only after certain obligations (including lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations) have been paid in full.

The following is a summary of the material provisions of the Indenture and the Security Documents (as defined below) and refers to the Intercreditor Agreement. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, the Security Documents and the Intercreditor Agreement. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture, the Security Documents and the Intercreditor Agreement in their entirety. You can find the definitions of certain terms used in this description under "*Certain Definitions*."

**Brief Description of the Notes and the Guarantees**

***The Notes***

The Notes will:

- be senior obligations of the Issuer, secured as set forth under "*Security*";
- rank *pari passu* in right of payment with all of the Issuer's existing and future debt that is not subordinated in right of payment to the Notes, including obligations in respect of the Revolving Credit Facility Agreement and certain Hedging Obligations;
- 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;
- be effectively subordinated to any existing and future indebtedness or obligation of the Issuer and its subsidiaries (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligation or indebtedness;
- be structurally subordinated to any future indebtedness of subsidiaries of the Company (including obligations to trade creditors), other than the Issuer, that do not guarantee the Notes;
- be guaranteed on a senior basis by the Guarantors, subject to limitations under applicable law as set forth below under the caption "*—Guarantees*"; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (as defined below). See "*Book-Entry, Delivery and Form*."

Under the terms of the Intercreditor Agreement, the Holders of the Notes will receive proceeds from enforcement of security over the Collateral only after certain obligations (including lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations) have been paid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

***The Notes Guarantees***

Once granted (as described under "*The Notes Guarantees*" below), each Notes Guarantee of each of the Guarantors will:

- be a senior obligation of that Guarantor, secured as set forth under "Security";
- rank pari passu in right of payment with all of that Guarantor's existing and future indebtedness that is not subordinated in right of payment to its Notes Guarantee, including obligations in respect of the Revolving Credit Facility Agreement and certain Hedging Obligations;

- rank senior in right of payment to all of that Guarantor's future indebtedness that is subordinated in right of payment to its Notes Guarantee;
- rank effectively senior to any existing and future unsecured indebtedness of that Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes Guarantees;
- be effectively subordinated to any existing and future indebtedness of that Guarantor (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property and assets securing such obligations or indebtedness;
- be structurally subordinated to any future indebtedness or other obligations of that Guarantor's subsidiaries (including obligations to trade creditors) that do not guarantee the Notes; and
- be subject to the limitations described herein and in "*Risks Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability* and "*Certain Insolvency Law Considerations and Limitations on Guarantees and Security—Limitations on Validity and Enforceability of Guarantees and Security Interests under Italian Law*."

Under the terms of the Intercreditor Agreement, the Holders of the Notes will receive proceeds from enforcement of security over the Collateral only after certain obligations (including lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations) have been paid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*The Notes Guarantees*."

**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 May 15, 2027. The Notes will be issued in global form in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

If the due date for any payment in respect of any Notes is not a Business Day or 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 (or business day at such place, as the case may be), and will not be entitled to any further interest or other payment as a result of any such delay.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream.

**Interest on the Notes**

Interest on the Notes will accrue at the rate of 5.00% per annum and will be payable, in cash, semi-annually in arrear on May 15 and November 15 of each year, commencing on November 15, 2021. Interest on the Notes will be payable to the holder of record of such Notes on the Business Day immediately preceding the related interest payment date.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months on the aggregate principal amount outstanding. Each interest period shall end on (but not include) the relevant interest payment date.

**Additional Notes**

From time to time, subject to the Issuer's compliance with the covenants described under the headings "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*," the Issuer will be permitted to issue additional Notes, without notice to or the consent of Holders of Notes, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate (as defined below) supplied to the Trustee ("*Additional Notes*"):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes may be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes may bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest may be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes may be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the maturity date or dates of such Additional Notes, and the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes may be issued and redeemed;

(8) the status of registration with the SEC of such Additional Notes or the applicable exemption from such registration pursuant to which such Additional Notes may be offered or sold; and

(9) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Such Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires or unless otherwise specified, for all purposes of the Indenture and this "*Description of the Notes*," references to "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes. For all purposes other than U.S. federal income tax purposes, Additional Notes shall be deemed to form one series with any Notes previously issued if they have terms substantially identical in all material respects to such other Notes. In the event that any Additional Notes sold pursuant to Rule 144A are not fungible with any Notes previously issued for U.S. federal income tax purposes, such non-fungible Additional Notes shall be issued with a separate ISIN, Common Code, CUSIP or other securities identification number, as applicable, so that they are distinguishable from such previously issued Notes. Additional Notes sold pursuant to Regulation S from time to time may at the option of the Issuer be issued with the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued without being fungible with such series of initial Notes for U.S. federal income tax purposes. **If you are a U.S. holder (as defined in "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*") considering the purchase of Notes sold pursuant to Regulation S as part of this offering of Notes or in the secondary market, you should consult your tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of such Notes, including with respect to the potential issuance of Additional Notes that are not fungible with the applicable series of initial Notes for U.S. federal income tax purposes, but which nevertheless are not capable of being separately identified.**

### Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes (as defined below) will be payable through one or more Paying Agents by wire transfer of immediately available funds to Euroclear or Clearstream, which will credit the account specified by the Holder (being Euroclear and Clearstream or their nominee).

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents (as defined below) maintained for such purposes. In addition, interest on any Definitive Registered Notes may be paid at the option of the Issuer by bank transfer to the Holder thereof as shown on the register for the Definitive Registered Notes. See "*—Paying Agent, Registrar and Transfer Agent for the Notes*" below.

**Paying Agent, Registrar and Transfer Agent for the Notes**

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes for so long as the Notes are held in registered form. The initial Paying Agent will be GLAS Trust Company LLC.

The Issuer will also maintain (i) one or more registrars (each, a "*Registrar*") and (ii) a transfer agent (the "*Transfer Agent*"). The initial Registrar and initial Transfer Agent will be GLAS Trust Company LLC. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. The Transfer Agent shall perform the functions of a transfer agent.

Upon written notice to the Trustee, the Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the holders of the Notes. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof 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 leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

**Transfer and Exchange**

The Notes will initially be issued in the form of one or more registered notes in global form without interest coupons, as follows:

Each series of the Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*").

The 144A Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and/or Clearstream.

Each series of the Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*").

The Regulation S Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and/or Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Any Book-Entry Interests in the 144A Global Notes that is transferred as described in the immediately preceding paragraph will, upon transfer, cease to be a Book-Entry Interest in the 144A Global Note from which it was transferred and will become a Book-Entry Interest in the Regulation S Global Note to which it was transferred.

In the event Additional Notes are issued pursuant to Regulation S that bear the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued, without being fungible with such series of initial Notes for U.S. federal income tax purposes, Book-Entry Interests in the Regulation S Global Notes that form part of that series (including in respect of investors that hold Book-Entry Interests in the Regulation S Global Notes on or prior to the date of issuance of such Additional Notes) will not be eligible for transfer to Book-Entry Interests in a Rule 144A Global Note (if any) representing Notes of that same series. Such a restriction could adversely impact the liquidity of sales of Book-Entry Interests in the Regulation S Global Notes. See also "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—Additional Notes sold pursuant to Regulation S may not be fungible with existing Notes for U.S. federal income tax purposes*," "*Book-Entry, Delivery and Form—Transfers*" and "*—Additional Notes.*"

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 in aggregate 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 that 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 to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below.

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 aggregate 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, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

The Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent will be entitled to treat the Holder of a Note as the owner of it for all purposes.

### Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Company's Subsidiaries are expected to be "Restricted Subsidiaries" for the purposes of the Indenture. In the circumstances described below under "*Certain Definitions—Unrestricted Subsidiary*," the Company will be permitted to designate Restricted Subsidiaries (other than the Issuer) as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive or affirmative covenants in the Indenture.

### The Notes Guarantees

Assuming the Completion Date occurs on or prior to the Longstop Date and the funds are released from the Deposit Accounts, the Notes will be guaranteed on a senior secured basis: (i) on the Release Date, by the Company and Bidco (the "*Initial Guarantors*" and, such guarantees provided, the "*Initial*

*Notes Guarantees*"), and (ii) subject to the Agreed Security Principles, as soon as reasonably practicable after the Completion Date and in any event within the date that is 120 days from the Completion Date, by the Target, OEP 15 B.V., OEP 15bis B.V., OEP 14 B.V., OEP Italy Solution S.r.l., Lutech S.p.A., Arcares S.p.A., CDM Tecnoconsulting S.p.A., DISC S.p.A. and ICTeam S.p.A. (the "*Target Guarantors*" and, together with the Initial Guarantors, the "*Guarantors*" and, such guarantees, the "*Target Notes Guarantees*" and, together with the Initial Notes Guarantees, the "*Notes Guarantees*") (*provided* that certain Guarantors may cease to exist in connection with the Post-Closing Mergers). The Guarantors will grant the Notes Guarantees and will also, subject to the Agreed Security Principles, guarantee the Revolving Credit Facility Agreement. Any proceeds received upon any enforcement over any Collateral, after all liabilities in respect of obligations under the Revolving Credit Facility Agreement and certain Hedging Obligations have been discharged from such recoveries, will be applied pro rata in payment of all liabilities in respect of obligations under the Indenture and any other Indebtedness of the Company or its Restricted Subsidiaries ranking *pari passu* in right of enforcement with the Notes permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement.

As of and for the year ended December 31, 2020, the Target Guarantors represented 81.7% of the total production revenues, 73.8% of the Adjusted EBITDA and 82.2% of the total assets (on an unconsolidated basis but excluding goodwill, investments and intragroup eliminations), in each case of Lutech S.p.A. and its consolidated subsidiaries (which excludes the holding companies of Lutech S.p.A.). As of December 31, 2020, as adjusted to give effect to the Transactions, the Issuer and the Guarantors would have had total indebtedness in the aggregate amount of €283.1 million, none of which was secured over assets other than the Collateral.

In addition, if required by the covenant described under "*—Certain Covenants—Additional Notes Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee in the future. The term "*Notes Guarantees*" or "*Guarantors*" shall also be deemed to refer to any such future additional Guarantee or Guarantees that may be granted from time to time in accordance with the Indenture.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility Agreement and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory, regulatory or other legal limitations or requirements, financial assistance, corporate benefit, liquidity maintenance requirements, justified corporate interest (where applicable), fraudulent preference, "thin capitalization" rules, retention of title claims and similar matters, including fiduciary duties of management (a guarantee or security interest will not be required if giving such guarantee or taking such security would expose the directors of the relevant company to a potential risk of personal liability). See "*—Security—Summary of Agreed Security Principles*."

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under the fraudulent conveyance provisions of applicable law or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. Additionally, the Notes Guarantees will be subject to the limitations set out in "*Risks Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*" and "*Certain Insolvency Law Considerations and Limitations on Guarantees and Security—Limitations on Validity and Enforceability of Guarantees and Security Interests under Italian Law*." 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. The Indenture will limit all Notes Guarantees of the Target Guarantors in accordance with the foregoing paragraph.

Prior to the completion of the Post-Closing Mergers, the Issuer will be dependent on cash flows from the Proceeds Loan and other payments or distributions from the Target Group to meet its obligations, including its obligations under the Notes. The Company, the Issuer and Bidco are holding companies which were also formed for the purposes of facilitating the Transactions and have no revenue generating operations of their own and no material assets other than the equity interests in their respective subsidiaries. See "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Issuer is a holding company that has no revenue-generating operations of its own and will be dependent on cash flows from the Proceeds Loan or other payments or distributions from the Target Group to service the Notes." and "Risk Factors—Risks Relating to the Transactions—Our right to receive payments under any Proceeds Loan or other shareholders loan may be subordinated by law to the obligations of other creditors.*"

Not all of the subsidiaries of the Target will guarantee the Notes. As of December 31, 2020, as adjusted to give effect to the Transactions, the subsidiaries of the Target that are not expected to guarantee the Notes would have had €1.5 million of third party debt outstanding. See "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Company that do not guarantee the Notes.*"

The Notes Guarantee of a Subsidiary Guarantor and, other than in the cases of clauses (1), (2), (4) and (7) described below, the Notes Guarantee given by the Company, will terminate and be released:

(1) upon the sale, exchange, transfer or other disposition (including by way of consolidation, merger or amalgamation) of ownership interests in the relevant Guarantor (directly or through a Holding Company of such Guarantor) such that the Guarantor does not remain a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), in each case if such sale, exchange, transfer or other disposition does not violate the Indenture;

(2) upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

(3) upon defeasance or satisfaction and discharge of the Notes, as provided in "*Defeasance*" and "*Satisfaction and Discharge*";

(4) as described in the third paragraph of the covenant described below under "*Certain Covenants—Additional Notes Guarantees*";

(5) in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement (as defined below);

(6) as described under "*Amendments and Waivers*";

(7) with respect to any Guarantor which is not the continuing or surviving Person in the relevant consolidation or merger, as a result of a transaction permitted by "*Certain Covenants—Merger and Consolidation*" and the Indenture;

(8) with respect to any Guarantor, in connection with a solvent liquidation of such Guarantor pursuant to which substantially all of the assets of such Guarantor remain owned by the Issuer or a Guarantor;

(9) in the case of any Guarantor that is a Holding Company of the IPO Pushdown Entity, pursuant to the provisions described below under "*IPO Pushdown*"; or

(10) upon payment in full of principal and interest and all other obligations on the Notes.

At the request and expense of the Issuer and, if applicable, at the request of the Security Agent, the Trustee shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release or amendment of a Notes Guarantee in accordance with these provisions. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee. The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate certifying that such release complies with the Indenture.

## Security

### *The Collateral*

On the Issue Date and until the Completion Date, the Notes will be secured on a first-priority basis by the Deposit Account Charge.

On the Release Date, subject to the operation of the Agreed Security Principles, the applicable perfection requirements and Permitted Collateral Liens, the Notes will be secured on an equal and ratable first-priority basis by:

- an Italian law share pledge over the shares in the Issuer;
- a Dutch law share pledge over the shares in Bidco; and
- a Dutch law bank account pledge over the material operating bank accounts of Bidco, if applicable,

(such items collectively, the "*Initial Collateral*").

In addition, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, the applicable perfection requirements and Permitted Collateral Liens, the Notes and the Notes Guarantees will be secured on a first-priority basis:

- as soon as reasonably practicable after the Completion Date,
    - by a Dutch law pledge over any shares held by Bidco in the Target; and
    - by a Dutch law pledge over structural loan receivables owed to the Issuer by Bidco (if applicable); and
- as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date by security over,
    - in the case of each Guarantor incorporated in Luxembourg, Italy or the Netherlands, security over any shares held by it in a Guarantor, any material operating bank accounts held by it and any material structural intercompany loans made by it to a Guarantor (*provided* that certain Guarantors may cease to exist in connection with the Post-Closing Mergers), and
    - in the case of each other Guarantor, security over any shares held by it in a Guarantor

(such items collectively, the "*Target Collateral*" and together with the Initial Collateral, the "*Collateral*").

In particular, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, the applicable perfection requirements and Permitted Collateral Liens, each subsidiary of the Company that accedes to the Revolving Credit Facility Agreement as a guarantor thereof after the Issue Date and grants security in connection with such accession shall also enter into a supplemental indenture as a Guarantor with respect to the Notes and accede to the Intercreditor Agreement, and security will be granted in favor of the Notes over the assets that will secure borrowings under the Revolving Credit Facility Agreement. The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the Holders of the Notes and holders of the other secured obligations that are secured by the Collateral. Any other security interests that may in the future be granted to secure obligations under the Notes, any Notes Guarantees and the Indenture would also constitute "Collateral." All Collateral shall be subject to the operation of the Agreed Security Principles, the applicable perfection requirements and any Permitted Collateral Liens.

### *Summary of Agreed Security Principles*

Notwithstanding the foregoing, certain assets will not be pledged (or the Liens not perfected), in accordance with the Agreed Security Principles, including:

- if providing such security would be prohibited by general statutory or regulatory limitations, financial assistance, capital maintenance, corporate benefit, liquidity maintenance, fraudulent preference, "thin capitalization" rules, tax restrictions, retention of title claims and similar matters or providing security would be outside the applicable pledgor's legal capacity or conflict with fiduciary duties of directors, officers or other legal representatives or contravene any legal prohibition, bona fide contractual restriction or regulatory condition or cause material risk of personal or criminal liability, in each case, after the use of reasonable endeavors to overcome such obstacle;

- if the cost of providing security is not proportionate to the benefit accruing to the holders of the Notes and provided that no guarantee or security shall be granted:
  - in respect of pledges over participations held in Italian limited liability companies (*provided that*, without prejudice to the other provisions of the Agreed Security Principles, this paragraph shall not apply to any security where the only secured obligations are the relevant pledgor's own obligations as borrower (*obbligazioni proprie del costituente*) and, as a consequence of the secured obligations being so limited, no registration or other tax is payable in connection with that security (other than a fixed registration tax of €200); and/or
  - under Italian law which would entail registration costs and/or payment of an ad valorem registration tax in order for such guarantee or security to be enforceable against third parties if such guarantee or security would otherwise secure the obligations of third parties;
- if there is material incremental cost involved in creating security over all assets of a Guarantor in a particular category of assets, only the material assets in that category will be subject to security;
- if it is expressly acknowledged that it may be either impossible or impractical to create security over certain categories of assets, security will not be taken over such assets;
- if providing such security requires consent before such assets may be secured or where providing such security would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the Company, the Issuer or any of their Subsidiaries in respect of those assets or require any of them to take any action materially adverse to their interests and where (subject to certain conditions being met) such consent cannot be obtained after the use of reasonable endeavors;
- if providing or perfecting such security would have a material adverse effect (as reasonably determined in good faith by such Subsidiary) on the ability of such Subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the indenture 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 principle;
- if the assets are, or the relevant member of the group is, located outside the security jurisdictions, which are Luxembourg, Italy and the Netherlands or the relevant member of the group is not a Guarantor;
- in the case of security from or over, or over assets of, any joint venture or similar arrangement, any minority interest or any entity that is not wholly owned; and
- in the case of assets subject to security in favor of a third party.

The Collateral will also secure the liabilities under the Revolving Credit Facility Agreement and certain Hedging Agreements and the lenders under the Revolving Credit Facility and counterparties to hedging agreements will receive proceeds from the enforcement of the Collateral in priority to holders of the Notes. Pursuant to the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and any Hedging Obligations permitted to be incurred under the covenant "*Certain Covenants—Limitation on Indebtedness*" and permitted to be secured on the Collateral on a super priority basis to the Notes (see "*—Certain Definitions—Permitted Collateral Liens*") will receive priority over the Holders of the Notes with respect to any proceeds received upon any enforcement action over any Collateral. Subject to certain conditions, including compliance with the covenants described under "*Certain Covenants—Limitation on Liens*" and "*Certain Covenants—Impairment of Security Interest*," the Company is permitted to grant security over the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the indenture and the Intercreditor Agreement. Any proceeds received upon any enforcement over any Collateral, after all liabilities in respect of obligations under the Revolving Credit Facility Agreement and certain Hedging Obligations have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and the Notes and any other Indebtedness of the Company or its

Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement that is not subordinated in right of payment to the Notes. In the future, pursuant to the operation of the Agreed Security Principles, the lenders under the Revolving Credit Facility Agreement and/or counterparties to certain Hedging Agreements and any other indebtedness permitted to be Incurred pursuant to the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and secured by a Permitted Collateral Lien may also benefit from security which does not secure the Notes offered hereby.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Certain Insolvency Law Considerations and Limitations on Guarantees and the Collateral*" and "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability.*"

***Administration of Security and Enforcement of Liens***

The Security Documents and the Collateral will be administered by the Security Agent, in each case pursuant to the Intercreditor Agreement for the benefit of all holders of secured obligations. In addition, in certain jurisdictions, due to the laws and jurisprudence governing the creation and perfection of security interests, the Intercreditor Agreement provides for the creation of a parallel debt which will form part of the secured obligation. The parallel debt construct has not been tested under law or before courts in certain of these jurisdictions. The enforcement of the Security Documents will be subject to the procedures set forth in the Intercreditor Agreement. For a description of the Intercreditor Agreement, see "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the Issuer's or a Guarantor's bankruptcy. In addition, the enforcement of the Collateral will be limited to the maximum amount required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of a Guarantor's obligation under its Notes Guarantee could be significantly less than the total amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*—The Notes Guarantees*," "*Certain Insolvency Law Considerations and Limitations on Guarantees and the Collateral*" and "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The insolvency laws of Italy, the Netherlands, Luxembourg and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar*."

Subject to the terms of the Security Documents, the Issuer, the Guarantors and any other Collateral provider will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the holders of the Notes, the payment of obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and any other Indebtedness of the Company or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all. See "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Collateral is limited to certain specific assets, the value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such collateral may be reduced or diluted under certain circumstances*."

In addition, the Intercreditor Agreement and the Security Documents place limitations on the ability of the Security Agent to cause the sale of some of the Collateral. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed the Security Agent to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);
- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, power and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below) and each Holder will also be deemed to have authorized the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement.

***Priority***

The relative priority with regard to the Collateral as between (a) the lenders under the Revolving Credit Facility Agreement and other future indebtedness, (b) the counterparties under certain Hedging Obligations, (c) the Trustee and the holders of the Notes under the Indenture and (d) the creditors of certain other Indebtedness permitted to be secured by the Collateral (including Indebtedness that may be incurred in the future), respectively, is established by the terms of the Intercreditor Agreement and the Security Documents, which provide, among other things, that the obligations under the Notes will receive proceeds or enforcement of security over the Collateral only after the claims of lenders under the Revolving Credit Facility and certain hedging contracts are satisfied. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

***Release of Liens***

The Security Agent will take any action necessary and reasonably required by, and at the cost of, the Issuer to effectuate any release of Collateral required by a Security Document in accordance with the provisions of the Indenture, the Intercreditor Agreement and/or any Additional Intercreditor Agreement:

(1) upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or satisfaction and discharge or defeasance thereof in accordance with the Indenture;

(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) in connection with any sale or other disposition of Collateral, directly or indirectly, to (a) any Person other than the Company or any Restricted Subsidiary (but excluding any transaction subject to "*Certain Covenants—Merger and Consolidation*") if such sale or other disposition does not violate the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited by the Indenture or (b) the Company or any Restricted Subsidiary in a manner consistent with the Intercreditor Agreement;

(4) as described under "*Amendments and Waivers*";

(5) automatically without any action by the Trustee, as described in the second paragraph of the covenant described below under "*Certain Covenants—Limitation on Liens*";

(6) as otherwise provided in the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "*Certain Covenants—Merger and Consolidation*";

(8) with respect to assets held by or the Capital Stock of any Restricted Subsidiary, in connection with a solvent liquidation of such Restricted Subsidiary, pursuant to which substantially all of the assets of such Restricted Subsidiary remain owned by the Issuer or a Guarantor;

(9) 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; and

(10) as otherwise permitted in accordance with the Indenture, including under the covenant described under "*Certain Covenants—Impairment of Security Interest*."

Each of these releases shall be effected by the Security Agent and, to the extent required or necessary, the Trustee, without the consent of the holders of the Notes. The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and, at its option, an Opinion of Counsel, certifying which circumstances give rise to the release of Collateral and that such release complies with the Indenture.

The Issuer, the Restricted Subsidiaries and any other Collateral provider may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral, including, without limitation, (i) selling, pledging or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien under the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) selling, pledging, transferring or otherwise disposing of current assets in the ordinary course of business; and (iii) any other action permitted by the Security Documents or the Intercreditor Agreement.

In the event of a conflict between the Indenture, the Security Documents, the Intercreditor Agreement and/or any Additional Intercreditor Agreement, the Intercreditor Agreement or such Additional Intercreditor Agreement (as the case may be) will prevail. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

**Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements**

In connection with the Incurrence of any Indebtedness by the Issuer or any Restricted Subsidiary that is permitted to share the Collateral, the Trustee and the Security Agent shall, at the request of the Issuer, enter into with the Issuer, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives), one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "*Additional Intercreditor Agreement*"), on substantially the same terms as the Intercreditor Agreement (or terms that are not materially less favorable to the holders of the Notes as compared to the Intercreditor Agreement) and substantially similar as applies to sharing of the proceeds of security and enforcement of security, priority and release of security; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, that such transaction would comply with the covenant described herein under "*Certain Covenants—Limitation on Restricted Payments*."

The Indenture will also provide that, at the written direction of the Issuer and without the consent of holders of the Notes, 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 Intercreditor Agreement that may be Incurred by the Company or the Restricted Subsidiaries that are subject to any such Intercreditor Agreement (*provided* that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision to implement any Permitted Collateral Liens or to implement a pushdown in relation to an IPO Event in accordance with the terms of the Indenture or (6) make any other change to any such agreement that does not adversely affect the holders of Notes in any material respect.

The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*Amendments and Waivers*" or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or 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 any Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee and the Security Agent to enter into the Intercreditor Agreement and any Additional Intercreditor Agreement on each Holder's behalf.

***IPO Pushdown***

(1) On, in contemplation of, or following an IPO Event, the Issuer shall be entitled to require (by written notice to the Trustee and the Security Agent (a "*Pushdown Notice*")) that the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement) shall operate (with effect from the date specified in the relevant Pushdown Notice) on the basis that: (i) references to the Company and Restricted Subsidiaries (and all related provisions) shall apply only to the IPO Pushdown Entity and its Subsidiaries which are Restricted Subsidiaries from time to time; (ii) all financial ratio, basket calculations and financial definitions shall exclude any Holding Company of the IPO Pushdown Entity and all reporting obligations shall be assumed at the level of the IPO Pushdown Entity; (iii) each reference in the Indenture and/or the Intercreditor Agreement (or any Additional Intercreditor Agreement) to the "Company" shall be deemed to be a reference to the IPO Pushdown Entity (to the extent applicable and unless the context requires otherwise, and *provided further* that nothing in this clause (1), including the deeming construct contemplated by this sub-clause (iii) and any action taken by the IPO Pushdown Entity prior to it being deemed to be the Company, shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the indenture or a Default or an Event of Default); (iv) none of the representations, warranties, undertakings, covenants or Events of Default in the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) or the Security Documents shall apply to any entity of which the IPO Pushdown Entity is a Subsidiary (whether in its capacity as a Guarantor or otherwise); (v) no event, matter or circumstance relating to any Holding Company of the IPO Pushdown Entity (whether in its capacity as a Guarantor or otherwise) shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (vi) each Holding Company of the IPO Pushdown Entity shall be irrevocably and unconditionally released from all obligations under the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) and any security granted by any such Holding Company; (vii) unless otherwise notified by the Issuer: (A) each person which is party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an "Investor" shall be irrevocably and unconditionally released from the Intercreditor Agreement (or any Additional Intercreditor Agreement) and all obligations and restrictions under the Intercreditor Agreement (or any Additional Intercreditor Agreement) (and from the date specified by the Issuer that person shall cease to be party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an Investor and shall have no further rights or obligations under the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an Investor); and (B) there shall be no obligation or requirement for any person to become party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an Investor; (viii) in

the event that any person is released from or does not become party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an Investor as a consequence of this clause (1), any term of the indenture and/or the Intercreditor Agreement (or any Additional Intercreditor Agreement) which requires or assumes that any person be an Investor or that any liabilities or obligations to such person be subject to the Intercreditor Agreement (or any Additional Intercreditor Agreement) or otherwise subordinated shall cease to apply and (ix) such IPO Pushdown Entity shall adopt by means of supplemental indenture all of the obligations of the Issuer under the Notes and the Indenture. A Pushdown Notice may not be delivered if a Default or Event of Default has occurred and is continuing (disregarding any Default or Event of Default that could be deemed to arise in connection with the transactions contemplated by this provision).

(2) The Trustee and the Security Agent shall be required to enter into any amendment to the Indenture or amendment to or replacement of the Intercreditor Agreement (or any Additional Intercreditor Agreement) or the Security Documents required by the Issuer and/or take such other action as is required by the Issuer in order to facilitate or reflect any of the matters contemplated by clause (1) above; *provided* that such amendment, replacement or other document or instrument does not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or Security Agent (as applicable), does not affect the rights, duties, liabilities, indemnities or immunities of the Trustee or the Security Agent (as applicable) under such amendment, replacement or other document or instrument. The Trustee and the Security Agent are each irrevocably authorized and instructed by the Holders (without any consent by the Holders) to execute any such amended or replacement documents and/or take other such action on behalf of the Holders (and shall do so on the request of and at the cost of the Issuer).

(3) For the purpose of this covenant, the "*IPO Pushdown Entity*" shall be any Restricted Subsidiary of the Company notified to the Trustee by the Issuer in writing as the person to be treated as the IPO Pushdown Entity in relation to the relevant IPO Event, *provided* that the IPO Pushdown Entity shall be a Restricted Subsidiary of the Company which will issue shares, or whose shares are to be sold, pursuant to that IPO Event (or a Holding Company of such Restricted Subsidiary), and, *provided further*, that the Issuer may not designate a Subsidiary of Lutech S.p.A. as the IPO Pushdown Entity.

(4) If the Issuer delivers a Pushdown Notice to the Trustee and Security Agent pursuant to clause (1) above in relation to a contemplated IPO Event, it shall be entitled to revoke that Pushdown Notice at any time prior to the occurrence of the relevant IPO Event by written notice to the Trustee and Security Agent. In the event that any Pushdown Notice is revoked in accordance with this clause (4): (i) the provisions of sub-paragraphs (1)(i) to (1)(vii) above shall cease to apply in relation to that Pushdown Notice; (ii) if any security has been released pursuant to clause (1) above in reliance on that Pushdown Notice, subject to the Agreed Security Principles, the Issuer, the Company or the relevant Restricted Subsidiary shall as soon as reasonably practicable execute a replacement Security Document in respect of that security; and (iii) if any person party to the Intercreditor Agreement as an "Investor" has been released from the Intercreditor Agreement pursuant to sub-clause (1)(vii) above in reliance on that Pushdown Notice, that person shall as soon as reasonably practicable accede to the Intercreditor Agreement as an Investor.

For the avoidance of doubt: (A) nothing in this clause (4) shall prohibit or otherwise restrict the Issuer from delivering a further Pushdown Notice in relation to any actual or contemplated IPO Event; and (B) revocation of a Pushdown Notice shall not, and shall not be deemed to, directly or indirectly constitute or result in a breach of any representation, warranty, undertaking or other term in the Indenture or the Intercreditor Agreement (or any Additional Intercreditor Agreement) or a Default or an Event of Default (whether by reason of any action or step taken by any person, or any matter or circumstance arising or committed, while that Pushdown Notice was effective or otherwise).

**Deposit of Proceeds; Special Mandatory Redemption**

Concurrently with the closing of the offering of the Notes on the Issue Date, the Issuer will deposit with a bank the gross proceeds of the Notes sold on the Issue Date into the Deposit Account. The Deposit Account will be established with an Initial Purchaser or one or more of their respective banking affiliates and will be segregated from the Issuer's other funds and will be controlled by the Issuer. The

Issuer will assign as security its rights, title and interest in the credit balance in the Deposit Account to the Trustee for the benefit of the Holders pursuant to security documents dated the Issue Date between the Issuer and the Security Agent, in this case, as representative, and for the exclusive benefit, of the Trustee (such grant of security, the "*Deposit Account Charge*"), which Deposit Account Charge will provide that the funds will be segregated and held for the purposes specified herein. The initial funds deposited in the Deposit Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Deposit Account (less any property or funds paid to the bank holding the Deposit Account as ordinary course charges or fees incurred in connection with the Deposit Account) are referred to, collectively, as the "*Deposited Property*." See "*Risk Factors—Risks Related to the Transactions—The Lutech Acquisition is subject to uncertainties and risks and, if it is not completed on or prior to the Longstop Date, the Issuer will be required to redeem the Notes at 100% of the initial issue price of the Notes, plus accrued and unpaid interest and additional amounts, if any*."

Before the Deposited Property may be removed from the Deposit Account (the "*Release*"), the Issuer must determine, on or before the Longstop Date, that:

(1) (i) the Acquisition will be consummated promptly following the release of the Deposited Property and (ii) no material term or condition of the Acquisition Agreement has been amended or waived in a manner or to an extent that would be materially prejudicial to the interests of Holders, other than any amendment or waiver made with the consent of Holders of a majority of the outstanding Notes; and

(2) as of the Release Date (defined below), there are no events of bankruptcy, insolvency or court protection with respect to the Issuer.

The Release will occur as soon as reasonably practicable following the determination described above (the date of such determination, the "*Release Date*"). Upon the Release, the Deposited Property may be paid out at the Issuer's discretion.

In the event that (i) Completion Date does not take place on or prior to the Longstop Date, (ii) in the good faith judgment of the Issuer, the Acquisition will not be consummated on or prior to the Longstop Date, (iii) the Acquisition Agreement terminates at any time on or prior to the Longstop Date or (iv) there is an event of bankruptcy, insolvency or court protection (as set out in clause (5) under "—Events of Default") with respect to the Issuer on or prior to the Longstop Date (the date of any such event being the "*Special Termination Date*"), the Issuer will redeem the entire outstanding aggregate principal amount of the Notes (the "*Special Mandatory Redemption*") at a price (the "*Special Mandatory Redemption Price*") equal to 100% of the initial issue price of the Notes, plus accrued but unpaid interest and Additional Amounts, if any, from the Issue Date to (but not including) the Special Mandatory 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).

Notice of the Special Mandatory Redemption will be delivered by the Issuer, no later than one Business Day following the Special Termination Date, to the Trustee and the Paying Agent, and will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Issuer (the "*Special Mandatory Redemption Date*"). On the Special Mandatory Redemption Date, the Issuer shall pay to the Paying Agent for payment to each Holder the Special Mandatory Redemption Price for such Holder's Notes and shall be entitled to use the Deposited Property to make such payments. Notice of such Special Mandatory Redemption shall be given to the Holders of the Notes at least five Business Days before the Special Mandatory Redemption Date.

In the event that the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Deposited Property, one or more of the Initial Investors will be required to fund the accrued and unpaid interest, and Additional Amounts, if any, owing to the holders of the Notes, pursuant to a commitment provided by such Initial Investors.

To secure the payment of the Special Mandatory Redemption Price, the Issuer will grant to the Trustee for the benefit of the Holders a security interest over the Deposited Property. Receipt by the

Trustee from the Issuer of either an Officer's Certificate in connection with the Release or a notice of Special Mandatory Redemption shall constitute deemed consent by the Trustee for the release of the Deposited Property from the Deposit Account Charge.

The Issuer from time to time may open one or more replacement or additional accounts at an alternative bank or banks, which in each case must be an Initial Purchaser or one or more of their respective banking affiliates, and may transfer any portion of the Deposited Property to any such replacement or additional accounts (a "*Transfer*") without such Transfer being deemed a Release, provided the Issuer provides a substantially equivalent security interest to the Trustee for the benefit of the Holders over such replacement or additional account or accounts as was granted in connection with the relevant original Deposit Account and provided that use of the funds from any such account shall be subject to the same conditions as applied to the original Deposit Account. In such an event, any replacement or alternative accounts into which Deposited Property is transferred shall be deemed to be a Deposit Account. Receipt by the Trustee from the Issuer of an Officer's Certificate in connection with a Transfer shall constitute deemed consent by the Trustee for the transfer of the Deposited Property from the Deposit Account.

If at the time of such Special Mandatory Redemption, the Notes are listed on the Official List of the Luxembourg Stock Exchange, and if and to the extent that the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange that the Special Mandatory Redemption has occurred and any relevant details relating to such Special Mandatory Redemption.

**Optional Redemption**

Except as set forth herein and under "*Redemption for Taxation Reasons*" and "*—Deposit of Proceeds; Special Mandatory Redemption*," the Notes are not redeemable at the option of the Issuer.

At any time prior to May 15, 2023, the Issuer may redeem at its option, upon not less than ten nor more than 60 days' prior notice, during each 12 month period commencing after the Issue Date, up to 10% of the aggregate principal amount of the Notes (calculated after giving effect to the issuance of any Additional Notes forming part of the same series as the Notes) at a redemption price equal to 103% of the principal amount redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

At any time prior to May 15, 2023, the Issuer may redeem the Notes at its option, upon not less than ten nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes, plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

At any time and from time to time on or after May 15, 2023, the Issuer may redeem the Notes, in whole or in part, at its option, upon not less than ten nor more than 60 days' prior notice, at a redemption price equal to the percentage of the aggregate principal amount of the Notes so redeemed set forth below plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to, but excluding, the applicable redemption date if redeemed during the periods beginning on May 15 of the years indicated below:

| Year | Percentage |
|---|---|
| 2023 | 102.50% |
| 2024 | 101.25% |
| 2025 and thereafter | 100.000% |

At any time and from time to time prior to May 15, 2023, the Issuer may, at its option, on any one or more occasions redeem Notes issued under the Indenture with the Net Cash Proceeds received by the Company from any Equity Offering, upon not less than ten nor more than 60 days' prior notice, at a redemption price equal to 105.00% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the redemption date in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including any Additional Notes forming part of the same series as the Notes), as the case may be, *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original principal amount of the Notes (including any Additional Notes forming part of the same series as the Notes) issued under the Indenture remains outstanding after each such redemption.

Notice of any redemption upon any Equity Offering may be given prior to the completion of any such Equity Offering.

### *General*

Notice of redemption will be provided as set forth under "*Selection and Notice*" below. Any redemption and notice of redemption (other than a Special Mandatory Redemption) may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, but not limited to, an Equity Offering, an Incurrence of Indebtedness, a Change of Control or any other transaction). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at 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.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer (as defined below) or Asset Disposition Offer (as defined below), if Holders of Notes of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than ten nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part following such purchase at a price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, such redemption date.

We may repurchase Notes at any time and from time to time in the open market or otherwise.

If and for so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and if and to the extent the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any such notice to the Holders of the relevant Notes and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

## Sinking Fund

Other than the Special Mandatory Redemption, the Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

## Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Paying Agent or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee, the Paying Agent and the Registrar, as applicable, by the Issuer, and in compliance with the requirements and procedures of Euroclear and Clearstream (as applicable), 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 prescribe no method of selection, on a *pro rata* basis by use of a pool factor; *provided, however*, that no 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. None of the Trustee, the Paying Agent, the Transfer Agent or the Registrar will be liable to any person for any selections made by it in accordance with this paragraph.

Notices of redemption will be delivered electronically or mailed by first-class mail at least ten days but not more than 60 days before the redemption date (other than in connection with a Special Mandatory Redemption) to each Holder of Notes to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

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 which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original 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 (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on Notes or portions of them called for redemption on the applicable redemption date.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of redemption in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

**Redemption for Taxation Reasons**

The Issuer may redeem at its discretion the Notes of a series in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders, with a copy to the Trustee and Paying Agent (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 by the Issuer 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 or a Guarantor determine in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, rulings or protocols promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations, rulings or protocols (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

the Issuer or any Guarantor is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts with respect to the 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 Issuer or the relevant Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable but not including assignment of the obligation to make payment with respect to the Notes); *provided* that none of the Issuer or any Guarantor shall be required to take any measures that in the Issuer's good faith determination would result in the imposition on the Issuer or a Guarantor of any legal or regulatory burden or the incurrence of additional costs, or would otherwise result in any adverse consequences to the Issuer or a Guarantor. In the case of redemption due to withholding or deduction as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding or deduction as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of a Successor Issuer (as defined below) or the predecessor of a successor of a Guarantor. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or the relevant Guarantor, or a successor to either, where applicable, will deliver to the Trustee and the Paying Agent (a) an Officer's Certificate stating that the Issuer or the relevant Guarantor, or a successor to either, where applicable, 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 a tax counsel of recognized standing and reasonably acceptable to the Trustee (such acceptance not to be unreasonably withheld) to the effect that the Issuer or the relevant Guarantor, or a successor to either, where applicable, has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee and the Paying Agent will be able to rely absolutely and without further inquiry 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.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer 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 Guarantees, and any political subdivision or taxing authority or agency thereof or therein.

**Withholding Taxes**

All payments made by the Issuer or a Guarantor (a "*Payor*") on the Notes or the Guarantees 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. 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 or Guarantee is made by the Payor or its agents (including, up until the Release Date, the jurisdiction in which the Deposit Account is located), or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which the Payor is incorporated or organized, 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 from any payments made by or on behalf of a Payor with respect to any Note or Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each Holder after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received by each Holder in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national or domiciliary of, incorporated in, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment, or the exercise or enforcement of rights under such Note or Notes Guarantee;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder or beneficial owner, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes, but only to the extent the Holder or beneficial owner is legally entitled to do so;

(3) 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 and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997 and any related implementing regulations) and any related implementing regulations, *provided* that Additional Amounts shall be payable in circumstances where the procedures required under Italian Legislative Decree No. 239 of April 1, 1996 and Italian Legislative Decree No. 461 of November 21, 1997 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due solely to the actions or omissions of the Payor or their agents;

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes or any Guarantee;

(5) any estate, inheritance, gift, value added, sales, excise, transfer, personal property or similar Taxes, assessment or other governmental charge;

(6) any Taxes imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version that is substantially comparable), any agreements entered into pursuant to Section 1471(b) of the Code and any intergovernmental agreements (and related legislation or official administrative guidance) implemented with respect to the foregoing;

(7) any Taxes imposed or withheld in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Taxes by presenting the relevant Note to, or otherwise accepting payment from, another paying agent; or

(8) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is permitted or required for payment) within 15 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (8) inclusive above.

In addition, no Additional Amounts shall be paid with respect to any payment to any Holder who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor and will provide such certified copies to the Trustee (with a copy to the Paying Agent). Such copies shall be made available to the Holders upon request.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture, the Guarantees or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer will pay to the Holders any present or future transfer, stamp, issue, registration, court or documentary taxes, or any other property or similar taxes, charges or levies (including any related interest or penalties with respect thereto), that arise in any Relevant Taxing Jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Guarantees, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than in connection with a transfer or exchange of the Notes), and the Issuer agrees to indemnify the Holders for any such Taxes paid by such Holders.

The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

**Change of Control**

The Indenture will provide that if a Change of Control Triggering Event occurs, unless (i) a third party makes a change of control offer as described herein or (ii) the Issuer has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as described under "*Optional Redemption*," the Issuer will make an offer to purchase all of the Notes (equal to €100,000 in principal amount or in integral multiples of €1,000 in excess thereof; *provided* that Notes of €100,000 or less in principal amount may only be purchased in whole and not in part) pursuant to the offer described below (the "*Change of Control Offer*") at a purchase price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the date of repurchase. Within 60 days following any

Change of Control Triggering Event, the Issuer will deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the applicable procedures of Euroclear and Clearstream or by first-class mail, with a copy to the Trustee, to each Holder of Notes at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than ten days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice, except in the case of a conditional Change of Control Offer made in advance of a Change of Control Triggering Event as described below.

To the extent that the provisions of any securities laws, rules or regulations, including Rule 14e-1 under the Exchange Act, conflict with the 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 described in the Indenture by compliance therewith. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

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 Triggering Event, the Issuer will mail a notice of 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 Triggering Event has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount 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) (the "*Change of Control Payment Date*");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control Triggering Event;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control Triggering Event, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control Triggering Event.

On the Change of Control Payment Date, if the Change of Control Triggering Event shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to a Change of Control Offer in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Except as described above with respect to a Change of Control Triggering Event, 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 occurrence of events which would constitute a Change of Control (even if it does not constitute a Change of Control Triggering Event) or a Change of Control Triggering Event may require prepayment and cancellation or other consequences in respect of the Revolving Credit Facility Agreement. Future Indebtedness of the Issuer or the Restricted Subsidiaries may also contain prohibitions on, or entail consequences arising from, certain events which would constitute a Change of Control or a Change of Control Triggering Event or require such Indebtedness to be repurchased or repaid upon a Change of Control or a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control or the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on the Issuer.

The Issuer's ability to pay cash to the Holders of Notes following the occurrence of a Change of Control Triggering Event may be limited by its then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. The Change of Control Triggering Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control Triggering Event purchase feature is a result of negotiations between the Initial Purchasers and us.

Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenants described under "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens.*" Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described under "*Optional Redemption*," unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event.

The definition of "*Change of Control*" includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control Triggering Event has occurred and the decision whether to make an offer to repurchase the Notes as described above will in such circumstance be made in the good faith judgment of the Issuer.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

**Certain Covenants**

***Limitation on Indebtedness***

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness), *provided* that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, on the Applicable Test Date and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries is greater than 2.00 to 1.00; *provided* that the then outstanding aggregate principal amount of Indebtedness (including Acquired Indebtedness) that may be Incurred by Restricted Subsidiaries of the Company that are not Guarantors or the Issuer pursuant to this paragraph and clause (12) of the second paragraph of this covenant shall not exceed the greater of (x) €12.0 million and (y) 20% of Consolidated EBITDA.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under or pursuant to any Credit Facility), and any Refinancing Indebtedness in respect of such Indebtedness and Guarantees in respect of such Indebtedness, in a maximum aggregate principal amount at any time outstanding not exceeding (a) the greater of (x) €75 million and (y) 100% of Consolidated EBITDA, *plus* (b) in the case of any refinancing or other replacement 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 or replacement (*provided* that, for the avoidance of doubt, Refinancing Indebtedness shall not otherwise be subject to any limit set out in this clause (1));

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary; or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary, in each case so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided* that (a) 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 Company or a Restricted Subsidiary; and (b) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes) and any Guarantees thereof, (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3) of this paragraph) of the Company or any Restricted Subsidiary outstanding on the Issue Date (or Incurred after the Issue Date under local lines of credit, bilateral facilities, operating facilities, working capital facilities and/or other arrangements which are in place on the Issue Date), and any Guarantee thereof after giving pro forma effect to the Transactions and the application of the proceeds therefrom (as described under "*Use of Proceeds*" in this Offering Memorandum), (c) Refinancing Indebtedness (including with respect to the Notes and any Guarantee thereof) Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances and MEP Payments;

(5) Indebtedness (a) of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or another Restricted Subsidiary or is merged,

consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary; or (b) Incurred to provide all or any 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 Company or a Restricted Subsidiary; *provided* that, with respect to each of (a) and (b) of this clause (5), at the time of such acquisition or other transaction the aggregate amount of such Indebtedness Incurred did not exceed (i) an amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this sub-clause (i) and then outstanding, does not exceed the greater of (x) €12.0 million (or its currency equivalent) and (y) 20% of Consolidated EBITDA; *plus* (ii) any additional Indebtedness to the extent that after giving effect to such acquisition or other transaction (I) the Company or a Restricted Subsidiary would be able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (II) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such acquisition or other transaction as a consequence of that acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes of the Company or any Restricted Subsidiary;

(7) Indebtedness (a) represented by Capitalized Lease Obligations or Purchase Money Obligations (or any other financing incurred for a similar or equivalent purpose, including in connection with the purchase of any Person owning any relevant assets), or (b) otherwise arising in connection with any lease, concession or license of assets and/or any sale and leaseback transaction (or in each case any Guarantee thereof), and in the case of each of (a) and (b) of this clause (7), any Refinancing Indebtedness in respect thereof, 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 outstanding the greater of (x) €18.0 million (or its currency equivalent) and (y) 30% of Consolidated EBITDA;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business; (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business; (c) the financing of insurance premiums in the ordinary course of business; and (d) any cash management, cash pooling, net balance or balance transfer or netting or setting off arrangements in the ordinary course of business or any Settlement Indebtedness;

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that in the case of any disposition the maximum liability of the Company 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 Company and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within 45 days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 Business Days to banks and other financial institutions Incurred in the ordinary course of business of the Company and/or any of its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and/or any of its Restricted Subsidiaries; and

(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 (or other similar or equivalent instruments or obligations), in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, does not exceed (a) the greater of (x) €24.0 million (or its currency equivalent) and (y) 40% of Consolidated EBITDA, *plus* (b) the Accordion Amount;

(12) 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 (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock or otherwise contributed to the equity (in each case, other than through the issuance of Disqualified Stock, Designated Preference Shares, Excluded Amounts, the Equity Contribution or an Excluded Contribution) of the Company (the "*Relevant Net Cash Proceeds*"), in each case, subsequent to the Issue Date; *provided* that for the purpose of this clause (12) only, at the Company's option (and in such amounts as elected by the Company), the Relevant Net Cash Proceeds received by the Company may be deemed to include any Available Shareholder Amounts at time of the relevant Incurrence of Indebtedness or, at the option of the Company, if earlier, at the time the relevant Indebtedness is established, and *provided, further,* that (a) any such Relevant Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Company and its Restricted Subsidiaries Incur Indebtedness in reliance thereon; and (b) any Relevant Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing or Receivables Facility;

(14) Indebtedness under daylight borrowing facilities Incurred in connection with the Transaction or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred;

(15) Indebtedness under any overdraft, working capital, current account, letter of credit, local credit line, bilateral financing line, foreign exchange, SWIFT and/or other similar or equivalent facilities or financial accommodation, *provided* that the maximum aggregate principal amount of Indebtedness outstanding under this clause (15) does not exceed the greater of (x) €18.0 million (or its currency equivalent) and (y) 30% of Consolidated EBITDA;

(16) Guarantees of the obligations of any joint venture; *provided* that the maximum aggregate principal amount of Indebtedness outstanding under this clause (16) does not exceed the greater of (x) €12.0 million (or its currency equivalent) and (y) 20% of Consolidated EBITDA;

(17) Indebtedness incurred under any instrument issued to or for the benefit of current, former or future management or employees of the Company or any Restricted Subsidiary in respect of any bonus or similar payment and Indebtedness arising in connection with any deposit or advance of funds with or to the Company or any Restricted Subsidiary by a trust or other entity in respect of any MEP, incentive scheme or similar arrangement;

(18) Indebtedness outstanding under any loan notes issued (or other deferred consideration arrangements entered into) in connection with any acquisition which is not prohibited by the terms of the Indenture or which was effected by a member of the Target Group prior to the Issue Date;

(19) any Indebtedness arising in connection with a Permitted Investment;

(20) any Indebtedness arising under clause (4) of the definition of "Indebtedness";

(21) any Indebtedness to the extent that the principal amount outstanding is covered by (a) a Bank Guarantee, or (b) a guarantee or similar instrument, in each case issued under the Revolving Credit Facility Agreement or under an ancillary facility (or any equivalent facility) made available under the Revolving Credit Facility Agreement (or any equivalent facility under any Refinancing Indebtedness in respect thereof);

(22) Indebtedness under leasing, vendor financing or similar arrangements entered into in the ordinary course of business (including any such arrangements subsisting in any entity acquired pursuant to an acquisition not prohibited by the terms of the Indenture);

(23) any Indebtedness arising in relation to the discounting or factoring (or other similar or equivalent arrangement) of receivables, bills of exchange and/or inventory (or any other receivables based financing arrangements) up to a maximum aggregate amount (in terms of the outstanding principal amount of Indebtedness at any time and excluding any amount Incurred pursuant to arrangements entered into in the ordinary course of business) of the greater of (x) €15.0 million (or its currency equivalent) and (y) 25% of Consolidated EBITDA;

(24) Indebtedness under any BACS or similar facility or any other intra-day exposure;

(25) any Indebtedness arising under or pursuant to a declaration of joint and several liability (*hoofdelijke aansprakelijkheid*) as referred to in Article 2:403 of the Dutch Civil Code (including any liability arising under or in connection with a declaration of joint and several liability (*hoofdelijke aansprakelijkheid*) issued for the purpose of Section 2:403 Dutch Civil Code (and any residual liability (*overblijvende aansprakelijkheid*) under such declaration arising pursuant to Section 2:404(2) Dutch Civil Code)), or any similar or equivalent provisions in any other applicable jurisdiction; and

(26) any Indebtedness arising by operation of law as a result of the existence of a fiscal unity of which any member of the Group is a member and any Indebtedness of the Company or any of the Restricted Subsidiaries arising in connection with any Permitted Tax Restructuring.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to, this covenant:

(1) in the event that all or any portion of Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness (or any portion thereof) and will only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant; provided that all Indebtedness outstanding under the Revolving Credit Facility Agreement on the Issue Date shall be deemed Incurred under clause (1) of the second paragraph of this covenant (and not clause (4)(b)) and may not be reclassified pursuant to this clause;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to the first paragraph above or clause (1), (7), (11) or (12) of the second paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Company 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;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP;

(7) with respect to any Indebtedness incurred pursuant to a clause limited by reference to a fixed euro amount in the second paragraph of this covenant, if at any time that the Company would be entitled to have Incurred any then outstanding item of Indebtedness pursuant to the first paragraph of this covenant, such item of Indebtedness shall be automatically reclassified into an item of Indebtedness Incurred pursuant to the first paragraph of this covenant;

(8) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA at the time of an Applicable Test Date, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the Applicable Test Date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of 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.

For purposes of determining compliance with any Euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on its currency equivalent at the Applicable Test Date, *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 aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced, (b) the Euro Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the currency equivalent of such amount on the Issue Date and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euro, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. Subject to the immediately preceding paragraph, the principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

***Limitation on Restricted Payments***

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or as Subordinated Shareholder Funding;

(b) dividends or distributions payable to the Company 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 Company or another Restricted Subsidiary on no more than a pro rata basis, measured by value); and

(c) dividends or distributions paid to any Parent Holding Company in respect of Indebtedness of such Parent Holding Company which is guaranteed by the Company;

(2) purchase, redeem, defease, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent Holding Company held by Persons other than the Company or a Restricted Subsidiary of the Company (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement, (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and (c) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement that is a Permitted Investment);

(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 this paragraph are referred to herein as a "*Restricted Payment*"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment (or, in the case of clause (a) below, at the option of the Company, at the time the relevant Restricted Payment is committed to):

(a) an Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under 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 clauses (5), (6), (10) and (12) of the succeeding paragraph below, but excluding all other Restricted Payments permitted by the succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first financial quarter commencing prior to the Issue Date to the end of the most recent financial quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company or, as the case may be, the relevant Holding Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit, *provided* that the amount taken into account pursuant to this clause (i) shall not be less than zero);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of assets or marketable securities, received by the Company 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 (excluding for this purpose only any amount of an Equity Contribution used to purchase shares in the Target pursuant to the Transactions, as determined by the Company in good faith) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Issue Date (other than (x) Net Cash Proceeds or assets or marketable securities received from an issuance or sale of such Capital Stock or Subordinated Shareholder Funding to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Restricted Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds 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 succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Restricted Subsidiary for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value of assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange);

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided* 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 Company's option) included under this clause (iv);

(v) the amount of the cash and the fair market value of assets or of marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Restricted Subsidiary for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and

(B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Company or a Restricted Subsidiary (other than any cash received and used in accordance with clause (6) of the succeeding paragraph);

*provided* 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 Company's option) included under this clause (v) and *provided further* that such amount under this clause (v) shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); and

(vi) the greater of (x) €12.0 million and (y) 20% of Consolidated EBITDA.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares (together "Retired Share Capital"), Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Amounts or an Excluded Contribution) of the Company (such Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness, to the extent of the application of such net proceeds for such purposes, "Refunding Share Capital") and if immediately prior to the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Retired Share Capital, the declaration and payment of dividends or other amounts thereon or with respect thereto was permitted under clause (7) of this paragraph, the declaration and payment of dividends or other amounts on the Refunding Share Capital in an aggregate amount per annum not exceeding the aggregate amount of dividends and other amounts per annum that could have been declared and paid pursuant to clause (7) of this paragraph on or with respect to such Retired Share Capital immediately prior to such retirement, *provided* that to the extent so applied, the Net Cash Proceeds, or fair market value of assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*";

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company 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";

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness, Disqualified Stock or Preferred Stock:

(a) (1) from Net Available Cash to the extent permitted under the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock,*" but, to the extent applicable, only if the Company 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, Disqualified Stock or Preferred Stock and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums);

(b) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (1) if (and to the extent required) the Company 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, Disqualified Stock or Preferred Stock; and (2) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums); or

(c) (1) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such acquisition) and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums);

(5) (a) any dividends or other distributions paid within 60 days after the date of declaration if at such date of declaration such dividend or other distribution would have complied with this covenant and (b) any payments associated with the Transactions;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent Holding Company (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent Holding Company to permit any Parent Holding Company to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent Holding Company (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 any Parent Holding Company (including any options, warrants or other rights in respect thereof), in each case from Management Investors;

(7) the declaration and payment of dividends and other amounts (directly or indirectly) to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, or on Refunding Share Capital in excess of the dividends declarable and payable thereon pursuant to clause (1) of this paragraph, 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 Holding Company or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required (x) for any Parent Holding Company to pay any Parent Holding Company Expenses or any Related Taxes; and (y) to enable a Holding Company of the Company (or any other company which acts as the host of any MEP, incentive scheme or similar arrangement) to:

(i) pay Taxes, duties or similar amounts;

(ii) pay fees, expenses and other costs incurred in acting as, or maintaining its existence as, a Holding Company of the Group and/or host of any MEP, incentive scheme or similar arrangement or arising by operation of law or in the ordinary course of administration of its business as a Holding Company of the Group (including remuneration payable to employees, directors and officers);

(iii) meet substance requirements for Tax purposes; and/or

(iv) to make any payment for or on account of Tax as a result of the existence of a fiscal unity for Dutch tax purposes;

(b) the amounts constituting or to be used directly or indirectly for purposes of making payments to the extent specified in the second paragraph under "—*Limitation on Affiliate Transactions*" or in connection with Permitted Parent Transactions;

(10) the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent Holding Company to pay, dividends on the common stock or common equity interests of the Company or any Parent Holding Company following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any financial year the greater of (a) 7% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Amounts or an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Funding to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (x) 7% of the Market Capitalization and (y) 7% of the IPO Market Capitalization, provided that after giving pro forma effect to such loans, advances, dividends or distributions the Consolidated Total Secured Leverage Ratio shall be equal to or less than 4.00 to 1.00; and (ii) the greater of (x) 5% of the Market Capitalization and (y) 5% of the IPO Market Capitalization, provided that after giving pro forma effect to such loans, advances, dividends or distributions the Consolidated Total Secured Leverage Ratio shall be equal to or less than 4.25 to 1.00;

(11) so long as no Event of Default is continuing (or would result from the making of such payments) at the time of payment (or, at the option of the Company, at the time the relevant payment is committed to), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time (excluding capitalized interest) not to exceed the greater of (x) €18.0 million (or its currency equivalent) and (y) 30% of Consolidated EBITDA, provided that if an Investment is made pursuant to this clause (11) in a Person that is not a Restricted Subsidiary of the Company and such Person is subsequently designated a Restricted Subsidiary of the Company 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 (11);

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent Holding Company to make payments, to holders of Capital Stock of the Company or any Parent Holding Company in lieu of the issuance of fractional shares of such Capital Stock provided 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 of the Company);

(13) Investments 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 to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (a) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date and (b) the declaration and payment of dividends to any Parent Holding Company 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 Holding Company issued after the Issue Date provided that, in the case of (a) and (b), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock, Excluded Amounts or an Excluded Contribution or, in the case of Designated Preference Shares by Parent Holding Company or an Affiliate, the issuance of Designated Preference Shares) of the Company or loaned as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing or Receivables Facility;

(17) payments to fund any amounts which may be required to be paid out in respect of guarantees provided in relation to any contracts entered into by any member of the Group;

(18) any step or action provided that no payment (whether in cash or in kind) is made to a Person which is not a member of the Group (including a declared but unpaid dividend and provided that, for the avoidance of doubt, any payment obligation arising from any such step or action may be capitalized or remain outstanding as Subordinated Shareholder Funding);

(19) to make payment to a member of any MEP (including payments to members leaving any MEP) or any trust or other person in respect of any MEP, incentive scheme or similar arrangement or pay any costs and expenses properly incurred in the establishing and maintaining of any MEP, incentive scheme or similar arrangement (*provided* that, for the avoidance of doubt, nothing in the Indenture shall prohibit any payments to, or the acquisition of shares or other interests or investments of, employees or management);

(20) for repayment or refinancing of amounts outstanding under any loan made in connection with an MEP, incentive scheme or similar arrangement or capitalization of such loans;

(21) any payment, step, action or matter arising in connection with any actual, proposed or future payment of Tax (including as a consequence of any 'group contributions' or similar or equivalent arrangements);

(22) so long as no Event of Default is continuing at the time of payment (or, at the option of the Company, at the time the relevant payment is committed to), any Restricted Payment; *provided* that the Consolidated Net Leverage Ratio on a pro forma basis after giving effect to any such dividend, distribution, loan or other payment does not exceed 3.75 to 1.00;

(23) any payment in connection with the Transaction and payment of, and any dividend or other loan or distribution by the Company or any Restricted Subsidiary of the Company to fund the payment of, fees and expenses incurred in connection with the Transaction or owed to or in respect of Affiliates, in each case, to the extent permitted by the covenant described under "*—Limitation on Affiliate Transactions*";

(24) distributions or deemed distributions pursuant to arrangements made between the Company and/or any of its Restricted Subsidiaries and any Parent Holding Company for the purposes of sharing tax losses or other tax relief with any Parent Holding Company; and

(25) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Group that is not prohibited by the terms of the Indenture.

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, is permitted pursuant to the first or second paragraphs of this covenant or constitutes a Permitted Investment, the Company 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 a Permitted Investment.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the Applicable Test Date for such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company 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 as described under "*Certain Definitions—"fair market value.*" Any amounts (such amounts, the "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of clause (c) of the first paragraph of this covenant will be excluded to the extent (1) such amounts result from the receipt of Net Cash Proceeds or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control Triggering Event, (2) the purpose of, or the effect of, the receipt of such Net Cash Proceeds or assets or marketable securities was to reduce the Consolidated Net Leverage Ratio of the Company so that there would not be an occurrence of a Change of Control

Triggering Event that would have occurred without the receipt of such Net Cash Proceeds or assets or marketable securities and (3) no Change of Control Offer is made in connection with such event in accordance with the requirements of the Indenture.

Notwithstanding anything else set forth in this covenant or in the definition of "*Permitted Investments*," neither the Company nor any Restricted Subsidiary shall distribute or transfer, directly or indirectly, any material intellectual property rights owned or licensed to any Affiliate of the Company (other than a Restricted Subsidiary) by way of a Restricted Payment, Permitted Payment or a Permitted Investment (including transferring such material intellectual property rights to a Restricted Subsidiary in contemplation of designating it as an Unrestricted Subsidiary).

***Limitation on Liens***

The Issuer will not directly or indirectly, create, Incur or suffer to exist any Lien on the Deposit Account Charge, other than as set forth under clause (11) of the definition of "Permitted Liens."

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien, in each case, to secure any Indebtedness, upon any of its assets (including Capital Stock of a Restricted Subsidiary of the Company), 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 (1) in the case of any asset that does not constitute Collateral, (a) Permitted Liens or (b) Liens on assets that are not Permitted Liens if, subject to the Agreed Security Principles, the Notes and the Indenture (or a Notes Guarantee in the case of Liens in respect of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (2) in the case of any asset that constitutes Collateral, Permitted Collateral Liens.

Any Lien created in favor of the Notes, the Notes Guarantees and the Indenture pursuant to clause (1)(b) of the preceding paragraph will be automatically and unconditionally released and discharged (i) upon the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and/or under the relevant Security Document.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "Increased Amount" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Company will not, and will not permit any Restricted Subsidiary that is not the Issuer or a Guarantor to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company;

(2) make any loans or advances to the Company; or

(3) sell, lease or transfer any of its property or assets to the Company,

*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 Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date or on any applicable date on which any Permitted Collateral Lien securing the Notes is granted;

(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 Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company 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 Company or was merged, consolidated or otherwise combined with or into the Company 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, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company 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* 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 Company);

(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, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges 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 Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its 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 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 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 than (i) the encumbrances and restrictions contained in the Revolving Credit Facility Agreement and the Intercreditor Agreement, together with the Security Documents associated therewith as in effect on the Issue Date, or those contained in any Additional Intercreditor Agreement or (ii) in comparable financings (as determined in good faith by the Company) or where either (x) the Company determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes or (y) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument;

(12) any encumbrance or restriction existing by reason of any Lien permitted under "—*Limitation on Liens*"; or

(13) restrictions effected in connection with a Qualified Receivables Financing or a Receivables Facility that, in the good faith determination of the Company, are necessary or advisable to effect such Qualified Receivables Financing or such Receivables Facility.

***Limitation on Sales of Assets and Subsidiary Stock***

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or a Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap); and

(2) an amount equal to the Required Percentage (as defined below) of the Net Available Cash from such Asset Disposition is directly or indirectly applied by the Company or any relevant Restricted Subsidiary, as the case may be:

    (a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a Restricted Subsidiary that is not a Guarantor or the Issuer (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary), Indebtedness under the Revolving Credit Facility Agreement and/or Indebtedness Incurred under clauses (1) and/or (15) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*" (or in each case any Refinancing Indebtedness in respect thereof) within 548 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided* that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), where applicable, the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness, including, but not limited to, the Revolving Credit Facility) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums) to the date of such prepayment, repayment or purchase; *provided* that the Company shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Company either (A) reduces the aggregate principal amount of the Notes on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) by, at its option, (x) redeeming Notes as provided under "*Optional Redemption*" and/ or (y) purchasing Notes through open market purchases or in privately negotiated transactions at market prices (which may be below par) and/or (B) makes (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof); (iii) to purchase Notes through open market purchases or in privately negotiated transactions at market prices (which may be below par); (iv) to make (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof); and/or (v) to redeem any series of Notes as described under "*Optional Redemption*"; or

(b) to the extent the Company or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) or otherwise in the business of the Group within 548 days from the later of (x) the date of such Asset Disposition and (y) the receipt of such Net Available Cash; *provided* that (i) any such reinvestment made pursuant to a definitive binding agreement or a commitment that is executed or approved within such time; and (ii) any such reinvestment designated by the Company within such time, will satisfy this requirement, so long as such investment is consummated within twelve calendar months of such 548th day; or

(c) to make a capital expenditure within 548 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided* that any such capital expenditure made pursuant to a definitive binding agreement or a commitment that is executed or approved within such time will satisfy this requirement, so long as such capital expenditure is consummated within twelve calendar months of such 548th day; or

(d) to the extent the Company or such Restricted Subsidiary elects, in or towards any payment (whether by way of dividend, distribution, loan, repayment or otherwise), transaction or other arrangement (including, without limitation, any payments or other transactions or arrangements of a type contemplated by the covenant described herein under "*Certain Covenants—Limitation on Restricted Payments*"); *provided* that the Consolidated Net Leverage Ratio on a pro forma basis after giving effect to that payment does not exceed 4.00 to 1.00 as of the Applicable Test Date; or

(e) any combination of the foregoing;

*provided, further,* that (1) pending the final application of any such Net Available Cash in accordance with clause (a) through (e) above, the Company and the Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture, and (2) the Company (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (*provided* that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive binding agreement or commitment for the relevant Asset Disposition or consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (b) above with respect to such Asset Disposition.

Notwithstanding the foregoing, to the extent that a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Company or another Restricted Subsidiary (to the extent necessary to comply with this covenant) is prohibited or delayed by applicable local law (including financial assistance and corporate benefit restrictions and fiduciary and statutory duties of the relevant directors) or would result in material adverse Tax consequences to the Company or any of the Restricted Subsidiaries, in each case, as determined by the Company in its sole discretion, the portion of such Net Available Cash so affected will not be required to be applied in compliance with this covenant.

Subject to the two following paragraphs, any Net Available Cash from Asset Dispositions that is not applied or invested, committed or designated to be applied or invested as provided for in clause (2) of the first paragraph of this covenant will be deemed to constitute "*Excess Proceeds*" under the Indenture. On the 549th day after an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds the greater of

(x) €12.0 million and (y) 20% of Consolidated EBITDA and has not been committed in accordance with clauses (2)(b) or (2)(c) of the first paragraph of this covenant (or if so committed, has not been applied or invested in accordance with such commitment within the relevant period), the Company will be required to make an offer (an "*Asset Disposition Offer*") to all Holders of Notes issued under the Indenture and, to the extent the Company elects, to holders of all or any other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be repaid, prepaid or 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, at an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums), if any, to, but not including, the date of repayment, prepayment or purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, and, in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

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 Company may use any remaining Excess Proceeds for any purpose not prohibited by the terms of the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness tendered 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, prepaid 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 aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Euro Equivalent determined as of a date selected by the Company 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 deemed to be reset at zero. To the extent that any portion of Net Available Cash payable in respect of the Notes or Pari Passu Indebtedness is denominated in a currency other than the currency in which the relevant Notes or Pari Passu Indebtedness are denominated, the amount thereof payable in respect of tendered Notes and Pari Passu Indebtedness shall not exceed the net amount of funds in the currency in which such Notes and Pari Passu Indebtedness are denominated that is actually received by the Company or a Restricted Subsidiary upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than five Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Company will purchase (or procure the purchase of) the aggregate principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be repaid, prepaid or purchased pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company 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 such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and, in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company 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 of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase, and the Company will promptly issue a new Note (or amend the Global Note), and the Trustee (or its authenticating agent), upon delivery of an Officer's Certificate from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of €100,000 and in integral multiples of €1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Company to the Holder thereof.

For the avoidance of doubt, there shall be no requirement to offer to apply any Excess Proceeds in prepayment of the Revolving Credit Facility.

For the purpose of this covenant, "*Required Percentage*" shall mean:

(1) if at the time of application the Consolidated Senior Secured Leverage Ratio (adjusted to give effect to any relevant purchase, prepayment and/or other application assuming that all relevant holders of Indebtedness accept that prepayment and/or other application) is greater than 4.00 to 1.00, 100%;

(2) if at the time of application the Consolidated Senior Secured Leverage Ratio (adjusted as if any relevant prepayment and/or other application had taken place on the last day of the relevant measurement period and assuming that all relevant holders of Indebtedness accept that prepayment and/or other application) is greater than 3.50 to 1.00 but less than or equal to 4.00 to 1.00, 50%; and

(3) if at the time of application the Consolidated Senior Secured Leverage Ratio (adjusted as if any relevant prepayment and/or other application had taken place on the last day of the relevant measurement period and assuming that all relevant holders of Indebtedness accept that prepayment and/or other application) is less than or equal to 3.50 to 1.00, 0%.

For the avoidance of doubt, any amount of Net Available Cash from any Asset Disposition which is not required to be applied in accordance with clause (2) of the first paragraph of this covenant as a result of such amount being in excess of the Required Percentage shall not constitute Excess Proceeds.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

***Limitation on Affiliate Transactions***

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into 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 Company (an "*Affiliate Transaction*") involving aggregate value in excess of the greater of (x) €3.0 million (or its currency equivalent) and (y) 5% of Consolidated EBITDA, unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company 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 (x) €6.0 million (or its currency equivalent) and (y) 10% of Consolidated EBITDA, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company.

The provisions of the preceding paragraph will not apply to:

(1) (a) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payment (other than pursuant to clause (9)(b) of the second paragraph of the covenant described under "*—Limitation on Restricted Payments*") or (b) any Permitted Investment (other than Permitted Investments as defined in paragraph 14(a) of the definition of Permitted Investments);

(2) any issuance or sale of Capital Stock, 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 to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent Holding Company 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 Company, in each case in the ordinary course of business;

(3) any Management Advances, any transaction pursuant to or in connection with an MEP, incentive scheme or similar arrangement (including any MEP Payment) and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(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 Company, any Restricted Subsidiary or any Parent Holding Company (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Company or any Restricted Subsidiary under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering, and the performance of any agreement, the entry into which satisfies the requirements of this covenant;

(7) the execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the management of the Company 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 Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary 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 Company or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the

members of the Board of Directors of the Company in their reasonable determination or (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Holding Company) of fees and/or expenses in an aggregate amount not to exceed in each fiscal year the greater of €3.0 million (or its currency equivalent) and 5% of Consolidated EBITDA; and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Holding Company) for financial advisory, consulting, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors of the Company in good faith;

(12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries;

(13) any transaction effected as part of a Qualified Receivables Financing or a Receivables Facility;

(14) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any Restricted Subsidiary permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" or entered into with any Business Successor, in each case, that the Company determines in good faith is either fair to the Company or otherwise on customary terms for such type of arrangements in connection with similar transactions; and

(15) transactions in which the Company or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph.

***Reports***

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 180 days after the end of the first fiscal year of the Company ending after the Issue Date, and within 120 days after the end of each of the Company's fiscal years thereafter, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Company as of the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Company for the most two recent fiscal years, including customary footnotes to such financial statements and the report of the independent auditors on the financial statements, *provided* that in respect of any period commencing prior to the Issue Date, the audited consolidated financial statements of the Target shall be provided in place of the audited consolidated financial statements of the Company; (b) unaudited pro forma income statement information and balance sheet information of the Company (to the extent pro forma information has not previously been provided by the Company, and which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies, with a similar scope to that included in this Offering Memorandum; (d) a description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) within 90 days after the end of the first two fiscal quarters (other than the fourth quarter) of the Company ending after the Issue Date and within 60 days after the end of each of the Company's

fiscal quarters thereafter (excluding the fourth quarter), all quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet of the Company as of the end of such quarter and unaudited condensed statements of income and cash flow of the Company for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year period of the Company, together with condensed footnote disclosure, *provided* that in respect of any period commencing prior to the Issue Date, the unaudited consolidated financial statements of the Target shall be provided in place of the unaudited consolidated financial statements of the Company; (b) unaudited pro forma income statement information and balance sheet information of the Company (to the extent pro forma information has not previously been provided by the Company, which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Company, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Company or change in auditors of the Company or any other material event that the Company or any Restricted Subsidiary announces publicly, a report containing a description of such event.

All financial statement and pro forma financial information shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect); *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods. Except as provided for in this covenant, no report need include separate financial statements for any Subsidiaries of the Company. The filing of an Annual Report on Form 20-F within the time period specified in clause (1) will satisfy such provision so long as such report is also provided to the Trustee. At the Company's election it may also comply with the provisions of this covenant by including financial statements of a Parent Holding Company of the Company or those of the Target (as applicable) in lieu of those for the Company and as if references to the Company above were to such Parent Holding Company or the Target; *provided* that, if the financial statements of such a Parent Holding Company or the Target (as applicable) are included in such report, a reasonably detailed description of material differences between the financial statements of such Parent Holding Company or the Target (as applicable) and the Company shall be included in such respect for any period commencing after the Issue Date. During any period in which the Capital Stock of the Company, the Target or a Parent Holding Company is listed on a recognized stock exchange, the requirements of this covenant shall be considered to have been fulfilled for all purposes if the Company, the Target or such Parent Holding Company (as applicable) complies with the reporting requirements of such stock exchange.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if and only if the entity or business acquired or disposed of represents greater than 25% of the Company's pro forma adjusted EBITDA as of and for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include a reasonably detailed presentation, either in the financial statements or in a supplement thereto, of (i) the financial condition and results of operations of the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries or (ii) the financial condition and results of operations of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise).

Substantially concurrently with the issuance to the Trustee of the reports or statement specified in clauses (1), (2) and (3) of the first paragraph or the second paragraph of this covenant, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports or statement on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports or statement available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports or statement to the Holders and, upon request, prospective purchasers of the Notes. The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and if and to the extent that the rules of the Luxembourg Stock Exchange so require.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Delivery of any information, documents and reports to the Trustee pursuant to this section is for information purposes, and the Trustee's receipt shall not constitute constructive notice of any information contained therein, including the Company's compliance with any of its covenants under the Indenture.

***Merger and Consolidation***

*The Issuer and The Company*

Neither the Issuer nor the Company will consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) either the Issuer or the Company is the surviving entity or the resulting, surviving or transferee Person (the "*Successor Issuer*" in the case of such a transaction involving the Issuer or the "*Successor Company*" in the case of such a transaction involving the Company) will be a Person organized and existing under the laws of any member state of the European Union, the United Kingdom or the United States of America, any state or commonwealth of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) or the Successor Company (if not the Company), as the case may be, will expressly assume (in each case subject to any limitations contemplated by the Agreed Security Principles) (a) by supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture or of the Company under its Notes Guarantee, as the case may be, and (b) all obligations of the Issuer under the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or Successor Company or any Subsidiary of the Successor Issuer or Successor Company, as applicable, as a result of such transaction as having been Incurred by the Successor Issuer or the Successor Company, as applicable, or such Subsidiary of the Successor Issuer or Successor Company, as applicable, at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) on the Applicable Testing Date, either (a) the Company or the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such transaction; and

(4) the Issuer or the Successor Issuer, or the Company or the Successor Company, as applicable, shall have delivered to the Trustee an Officer's Certificate to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) complies with the Indenture, and that

all conditions precedent provided for therein relating to such transaction have been complied with or satisfied, and that the assumption (if any) of obligations under clause (1) above constitutes the legal, valid and binding obligation of the Successor Issuer or the Successor Company, as applicable. The Trustee shall be entitled to rely conclusively on such Officer's Certificate without independent verification.

Any Indebtedness that becomes an obligation of the Company 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 the purpose 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 Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Issuer or the Successor Company, as the case may be, will succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the Company, as the case may be, under the Indenture, but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph and clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company, (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary and (c) the Company and the Restricted Subsidiaries may undertake the Transactions. Notwithstanding the preceding clauses (2), (3) and (4) (which do not apply to the transactions referred to in this sentence), the Issuer or the Company, as the case may be, may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer or the Company, as applicable, reincorporating the Issuer or the Company, as the case may be, in another jurisdiction, or changing the legal form of the Issuer or the Company, as the case may be.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new Subsidiary as a Restricted Subsidiary or to the Post-Closing Mergers.

*Subsidiary Guarantors*

No Guarantor that is a Subsidiary of the Company (a "*Subsidiary Guarantor*") may:

(1) consolidate with or merge with or into any Person;

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Subsidiary Guarantor, unless:

    (A) the other Person is the Company or any Restricted Subsidiary that is a Guarantor (or becomes a Guarantor concurrently with the transaction); or

    (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes (in each case subject to any limitations contemplated by the Agreed Security Principles) all of the obligations of the Guarantor under its Guarantee and the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement); and

(2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding the preceding clause (B) and the provisions described above under "*—Merger and Consolidation—The Issuer and the Company*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Subsidiary Guarantor, (b) any Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Subsidiary Guarantor and (c) the Subsidiary Guarantors may undertake the Transactions and the Post-Closing Mergers. Notwithstanding the preceding clause (B)(2) (which does not apply to the transactions referred to in this sentence), a Subsidiary Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Subsidiary Guarantor reincorporating the Subsidiary Guarantor in another jurisdiction, or changing the legal form of the Subsidiary Guarantor.

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.

***Additional Notes Guarantees***

The Company will not cause or permit any of its Restricted Subsidiaries that is not a Guarantor (other than the Issuer), directly or indirectly, to Guarantee any Indebtedness under the Revolving Credit Facility Agreement (or any other Credit Facility that is Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*") or any Public Debt, in whole or in part, unless, in each case, but subject to the Agreed Security Principles, such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Notes Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*The Notes Guarantees*." A Notes Guarantee of a future Guarantor may also be released at the option of the Company if at the date of such release 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, reasonably requested by, and at the cost of, the Company to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

Each such additional Notes Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Company shall not be obligated to cause any Restricted Subsidiary to Guarantee the Notes or provide security to the extent and for so long as the Incurrence of such Notes Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any 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); (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 (1) of this paragraph undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Company or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement or the Agreed Security Principles. The validity and enforceability of the Notes Guarantees and the security interests with respect to the Collateral and the liability of each Guarantor will be subject to the limitations as described and set out in "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*" and "*Certain Insolvency Law Considerations and Limitations on Guarantees and the Collateral.*"

**Impairment of Security Interest**

The Company shall not, and shall not permit any Restricted Subsidiary to, take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens, or the confirmation or affirmation of security interests in respect of the Collateral, 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 Company 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, any Lien over any of the Collateral that is prohibited by the covenant entitled "*—Limitation on Liens*"; *provided* that the Company and any Restricted Subsidiary may Incur any Lien over any of the Collateral that is not prohibited by the covenant entitled "*—Limitation on Liens*," including Permitted Collateral Liens, and the Collateral may be discharged, transferred, used up, subject to wear or damage, or released in any circumstances not prohibited by the Indenture, the Intercreditor Agreement or the applicable Security Documents.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any Lien in accordance with the Indenture and the Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; (iv) undertake a Permitted Reorganization, the Post-Closing Mergers or a Permitted Tax Restructuring or (v) make any other change thereto that does not adversely affect the Holders in any material respect; *provided* that (except where permitted by the Indenture or the Intercreditor Agreement or to effect or facilitate the creation of Permitted Collateral Liens for the benefit of the Security Agent and holders of other Indebtedness Incurred in accordance with the Indenture), no Security Document may be amended, extended, renewed, restated or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an Independent Financial Advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same asset), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting any such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release, or (3) an Opinion of Counsel (subject to any qualifications customary for this type of 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, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected 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 and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that the Company, the Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such actions without the need for instructions from the Holders.

**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 the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*—Limitation on Indebtedness*," "*—Limitation on Restricted Payments*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Sales of Assets and Subsidiary Stock*," "*—Limitation on Affiliate Transactions*," "*—Additional Guarantees*" and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer or the Company*," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and the 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 be of any effect with regard to actions of the Company properly taken during the continuance of a Suspension Event and no default will be deemed to have occurred solely by reason of an Applicable Transaction made during the continuance of a Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of a Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." The Company shall notify the Trustee that the conditions under this covenant have been satisfied, although such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify Holders of such event.

**Financial Calculations**

When calculating the satisfaction of or availability under any Applicable Metric in the Indenture in connection with any Applicable Transaction, the date of determination of such Applicable Metric shall, at the option of the Company, be any Applicable Test Date. If the Company elects to determine any Applicable Metric as of any Applicable Test Date, it shall give pro forma effect to any other Applicable Transactions that have occurred up to (and including) such Applicable Test Date; *provided* that the pro forma calculation may exclude any non-recurring fees, costs and expenses attributable to any Applicable Transaction.

If compliance with an Applicable Metric is established in accordance with the preceding paragraph, such Applicable Metric shall be deemed to have been complied with (or satisfied) for all purposes; *provided* that (a) the Company may elect, in its sole discretion, to recalculate any Applicable Metric on the basis of a more recent Applicable Test Date, in which case, such date of redetermination shall thereafter be deemed to be the relevant Applicable Test Date for purposes of such Applicable Metrics; and (b) save as contemplated in clause (a) above, compliance with any Applicable Metric shall not be determined or tested at any time after the relevant Applicable Test Date for such transaction and any actions or transactions related thereto.

If any Applicable Metric for which compliance was determined or tested as of an Applicable Test Date would at any time after the Applicable Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in such Applicable Metric (or any other Applicable Metric), such Applicable Metric will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations.

If any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the Applicable Test Date would at any time after the Applicable Test Date not have been complied with or satisfied (including due to the occurrence or continuation of a Default or an Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing).

If an item of Indebtedness (or any portion thereof) is committed, incurred or issued, any Lien is committed or incurred or any other transaction is undertaken or any Applicable Metric is tested in reliance on a ratio-based basket based on the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Leverage Ratio, the Consolidated Net Leverage Ratio or any other ratio based Applicable Metric, such ratios shall be calculated without regard to the Incurrence of any Indebtedness to finance the working capital needs of the Company and its Restricted Subsidiaries under any revolving facility, letter of credit facility, bank guarantee facility and/or other debt facility which is available to be re-drawn (including under any Revolving Credit Facility or any ancillary facility under the Revolving Credit Facility Agreement) and, for the avoidance of doubt, any undrawn commitments for Indebtedness (including under the Revolving Credit Facility) shall be disregarded for the purposes of testing the Applicable Metric.

If a proposed action, matter, transaction or amount (or a portion thereof) is incurred or entered into pursuant to a numerical permission and at a later time would subsequently be permitted under a ratio-based permission, unless otherwise elected by the Company, such action, matter, transaction or amount(or a portion thereof) shall automatically be reclassified to such ratio-based permission.

For any relevant Applicable Metric set by reference to a fiscal year, a calendar year, a four-quarter period or any other similar annual period (each an "*Annual Period*"):

(i) at the option of the Company, the maximum amount so permitted under such Applicable Metric during such Annual Period may be increased by: (A) an amount equal to 100% of the difference (if positive) between the permitted amount in the immediately preceding Annual Period and the amount thereof actually used or applied by the Group during such preceding Annual Period (the "*Carry Forward Amount*"); and/or (B) an amount equal to 100% of the permitted amount in the immediately following Annual Period and the permitted amount in such immediately following Annual Period shall be reduced by such corresponding amount (the "*Carry Back Amount*"); and

(ii) to the extent that the maximum amount so permitted under such Applicable Metric during such Annual Period is increased in accordance with clause (i) above, any usage of such Applicable Metric during such Annual Period shall be deemed to be applied in the following order: (A) first, against the Carry Forward Amount; (B) second, against the maximum amount so permitted during such Annual Period prior to any increase in accordance with clause (i) above; and (C) third, against the Carry Back Amount.

In the Indenture, "*currency equivalent*" shall mean the equivalent in any currency (the "*first currency*") of an amount in another currency (the "*second currency*") as determined by the Company by reference to an amount in the first currency which could be purchased with that amount in the second currency at an exchange rate that is any of the following, at the option of the Company: (i) the prevailing rate of exchange as determined by the Company (acting reasonably); (ii) the weighted average exchange rate for the applicable measurement period used by the Company to calculate

Consolidated EBITDA (as determined by the Company); (iii) any applicable conversion rate used in any relevant financial statements or management accounts; (iv) any applicable conversion rate selected by the Company (acting reasonably and in good faith) as of the relevant date of determination; or (v) any applicable conversion rate under any Currency Agreement or other currency hedging arrangement entered into by any member of the Group.

**Events of Default**

Each of the following is an Event of Default under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in any payment of the principal amount of or premium, if any, on any Note issued under the Indenture within 5 Business Days from its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company or any of the Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any other agreement or obligation 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 Company or any Restricted Subsidiary (or the payment of which is Guaranteed by the Company or any Restricted Subsidiary) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(a) is caused by a failure to pay principal at Stated Maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate 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 €25.0 million (or its currency equivalent) or more;

(5) certain events of bankruptcy, insolvency or court protection of the Company, the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and the Restricted Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and the Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €25.0 million (exclusive of any amounts covered by indemnities provided by a solvent insurance company or 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 receipt of notice as described in the next succeeding paragraph after such judgment becomes final and due, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed (the "*judgment default provision*");

(7) any security interest under the Security Documents on any Collateral having a fair market value in excess of €25.0 million 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) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or such Security Document or any such security interest created

thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 30 days (the "security default provisions");

(8) any Notes Guarantee of the Company or 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 ten days (the "*guarantee provisions*"); and

(9) the failure by the Company to consummate the Special Mandatory Redemption to the extent required, as described under "*—Deposit of Proceeds; Special Mandatory Redemption*."

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 aggregate principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (3), (4) and (6), the Company 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.

Notwithstanding any other term of the Indenture or the Intercreditor Agreement or any Security Document (i) no Permitted Reorganization or Post-Closing Mergers and (ii) no Excluded Event, shall (or shall be deemed to) constitute, or result in, a breach of any representation, warranty, undertaking or other term in the Indenture or any Security Document, or a Default or an Event of Default.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by written notice to the Company or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Company 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, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, 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, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. The Trustee shall not be deemed to have notice of any Default or Event of Default unless a written notice of any event which is in fact such a Default or Event of Default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and the Indenture.

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, including Additional Amounts, if any, 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.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any, on any Note held by a non-consenting Holder, which may only be waived with the consent of Holders of not less than 90% of the aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences (including the payment default that resulted from such acceleration) if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "*Initial Default*") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured, and any declaration of acceleration of the Notes resulting therefrom shall be automatically annulled, upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee and, if requested, the Trustee has received, indemnity and/or security and/or cost and fee cover (including by way of pre-funding) satisfactory to the Trustee against any loss, liability, fees 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 written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing and, if requested, provided to the Trustee security and/or indemnity and/or cost and fee cover (including by way of pre-funding) satisfactory to it against any loss, liability, fees or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity and/or cost and fee cover (including by way of pre-funding); and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security and/or cost and fee cover satisfactory to it against all losses, liabilities, fees and expenses caused or incurred 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 Company, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year (or in the case of the first fiscal year of the Company ending after the Issue Date, within 150 days of the end thereof), an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company 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 Company is taking or proposes to take in respect thereof.

The Notes 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 and/or compensated (including by way of pre-funding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity, security and/or cost or fee cover (including by way of pre-funding) to it, and it will be for Holders to take action directly.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

**Amendments and Waivers**

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, to the extent permitted by applicable law, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that, if any amendment, waiver or other modification will only amend only one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 90% (or, in the case of clauses (8) and (9) below, 75%) of the then outstanding aggregate principal amount of Notes affected, an amendment or waiver may not, with respect to any such series of the Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*Optional Redemption*", "*Redemption for Taxation Reasons*" or "*Deposit of Proceeds; Special Mandatory Redemption*";

(5) make any such Note payable in currency other than that stated in such Note;

(6) impair the contractual right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amount, if any, on or with respect to such Holder's Notes on or after the due dates thereof;

(7) make any change in the provision of the Indenture described under "*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all security interests granted for the benefit of the Holders in the Collateral (taken as a whole) other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement and the Indenture; provided that, for the avoidance of doubt and without prejudice to the covenant described under the heading "*Certain Covenants—Impairment of Security Interest*," the release of less than all or substantially all security interests granted for the benefit of the Holders in the Collateral (taken as a whole) shall only require 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 the Notes);

(9) 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;

(10) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any (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); or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

For the avoidance of doubt, no amendment to, or deletion of, or actions taken in compliance with, the covenants described under "*Certain Covenants*" shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or interest or premium, if any, on the Notes.

Notwithstanding the foregoing, without the consent of any Holder, the Company, any Guarantor, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency, conform any provision to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Company or any Guarantor under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 4701(b)(1)(B) of the Code);

(4) 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 Company or any Restricted Subsidiary;

(5) make any change that would provide additional rights or benefits to the Trustee or the Holders or make any change (including changing the ISIN or other identifying number on any Notes) that does not adversely affect the rights of the Trustee or any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes permitted under the Indenture;

(7) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Additional 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 Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents;

(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 pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note 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 Agreement, in any property which is required by the Revolving Credit Facility Agreement (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 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;

(10) facilitate any transaction that complies with the covenants described under the headings "*Certain Covenants—Merger and Consolidation*" and "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" relating to mergers, consolidations and sales of assets; or

(11) as provided in "*Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements*."

In formulating its decisions on such matters, the Trustee shall be entitled to receive and rely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel in forms reasonably satisfactory to the Trustee.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note 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, to the extent permitted by applicable law. The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

**Acts by Holders**

A Note does not cease to be outstanding because the Company, an Affiliate of the Company, or any fund or other entity controlled, managed or advised by any direct or indirect shareholder of the Company (or, in each case, any successor thereof) holds the Note; *provided* that in determining whether the holders of the requisite majority of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Company or a Restricted Subsidiary or Holding Company of the Company (or, in each case, any successor thereof) shall be disregarded and deemed not to be outstanding if a responsible officer of the Trustee has received written notice of such ownership at least two Business Days prior to the date of such determination. Prior to the receipt of such notice, the Trustee shall be entitled to assume that none of the Notes are owned by the Company or a Restricted Subsidiary or Holding Company of the Company (or in, each case, any successor thereof). For the avoidance of doubt, provision of such notice shall not be an obligation of the Company.

**Defeasance**

The Company at any time may terminate all its, the Issuer's and each Guarantor's obligations under any series of 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 Company, the Issuer and each Guarantor 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 Company exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Company at any time may terminate its, the Issuer's and the Guarantors' obligations under the covenants described under "*Certain Covenants*" (other than with respect to clauses (1) and (2) of the covenant described under "*Certain Covenants—Merger and Consolidation—The Issuer or The Company*" and clause (A), (B) and (C) of the covenant described under "*Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*") and "*Change of Control*" and 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 Company and its Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*Events of Default*" above ("*covenant defeasance*").

The Company at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the applicable series of Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Company exercises its covenant defeasance option with respect to any series of the Notes, payment of such Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*Certain Covenants—Merger and Consolidation—The Issuer or the Company*" and clauses (A), (B), (C) of the covenant described under "*Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*"), (4), (5), (6) (with respect only to Significant Subsidiaries (other than the Issuer)), (7), (8) or (9) under "Events of Default" above.

In order to exercise either defeasance option, the Company or the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof 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, subject to customary assumptions and exclusions, to the effect that Holders, in their capacity as Holders, 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 amounts 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 must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the applicable series of Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Company or the Issuer, as the case may be, with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Company; and

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

**Satisfaction and Discharge**

The Indenture and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes and rights of the Trustee, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Company) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company; (2) the Company or the Issuer has deposited or caused to be deposited with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose), money in euros or European Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee 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 Company and the Issuer have paid or caused to be paid all other sums payable under the Indenture; (4) the Company or the Issuer (as the case may be) has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel in forms reasonably satisfactory to the Trustee 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 Company, the Trustee and Paying Agent (which request may be included in the applicable notice of redemption pursuant to the above referenced Officer's Certificate) shall distribute any amounts deposited to the Holders prior to Stated Maturity or the redemption date, as the case may be; *provided*, *however*, that the Holders shall have received at least three Business Days' notice from the Company of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the maturity or 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 depositary for a clearing system, any payment to the beneficial holders of such Notes holding interests as a participant of such clearing system shall be subject to the then applicable procedures of such clearing system.

The Trustee shall be entitled to rely conclusively on such Officer's Certificate and Opinion of Counsel in forms satisfactory to the Trustee without independent verification, provided that any such counsel may rely on an Officer's Certificate as to matters of fact.

**Meeting of Holders**

All meetings of Holders of the Notes will be held in accordance with applicable Italian laws and regulations in force from time to time and the by-laws of the Issuer in force from time to time. In addition to and without prejudice to the provisions described above under the caption "*Amendments and Waivers,*" in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders to consider any matter affecting their interests, including, without limitation, the modification, waiver or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. Accordingly, any such provisions contained in the Indenture shall be deemed to be amended, replaced and supplemented to the extent that any Italian laws and regulations dealing with the meetings of the Holders or the relevant provisions in the By-laws of the Issuer are amended at any time while the Notes remain outstanding. In accordance with Article 2415 of the Italian Civil Code, the meeting of Holders is empowered to resolve upon the following matters: (i) the appointment and revocation of the Noteholders' Representative (as defined below), (ii) any amendment to the terms and conditions of the Notes, (iii) motions for the composition with creditors (concordato) of the Issuer; (iv) establishment of a fund for the expenses necessary for the protection of the common interests of the Holders and the related statements of account; and (v) any other matter of common interest to the Holders.

A meeting may be convened either (i) by the Board of Directors of the Issuer or (ii) by the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened by either of them upon request by holders of at least 5.0% of the aggregate principal amount of the then outstanding Notes. If the board of directors of the Issuer defaults in convening such a meeting following such request of the Holders, the same shall be convened by the board of statutory auditors of the Issuer (or other equivalent corporate body) or, in the case of failure, by a decree of the competent court if the default is unjustified upon request by such Holders, in accordance with the provisions of Article 2367, paragraph 2, of the Italian Civil Code. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code and the By-laws of the Issuer in force from time to time.

In accordance with Italian law, such a meeting will be validly held if: (i) in case of a first meeting, there are one or more persons present being or representing Holders holding more than one half of the aggregate principal amount of the then outstanding Notes, or (ii) in the case of a second meeting or any subsequent meeting, there are one or more persons present being or representing Holders holding more than one third of the aggregate principal amount of the outstanding Notes, *provided that* (x) the quorum shall always be at least one half of the aggregate principal amount of the outstanding Notes for the purposes of considering certain proposals, as set out under Article 2415 paragraph 1, item 2, of the Italian Civil Code (namely, the amendment of the terms and conditions of the Notes) and (y) the Issuer's By-laws may in each case (to the extent permitted under the applicable Italian law) provide for a higher quorum.

The majority required to pass a resolution at any meeting of the Holders will be (i) in case of a first meeting for voting on any matter, including certain proposals, as set out under Article 2415 paragraph 1, item 2, of the Italian Civil Code (namely, the amendment of the terms and conditions of the Notes), at least one half of the aggregate principal amount of the outstanding Notes; or (ii) in case of a second meeting (x) for voting on any matter other than certain proposals, as set out under Article 2415 paragraph 1, item 2, of the Italian Civil Code (namely, the amendment of the terms and conditions of the Notes), one or more persons holding or representing Holders holding at least two thirds of the aggregate principal amount of the Notes represented at the meeting and (y) for voting on certain proposals, as set out under Article 2415 paragraph 1, item 2, of the Italian Civil Code (namely, the amendment of the terms and conditions of the Notes), one or more persons holding or representing Holders holding at least one half of the aggregate principal amount of the outstanding Notes, unless a different majority is required pursuant to Article 2369 the Italian Civil Code and *provided that* the Issuer's by laws may in each case from time to time (to the extent permitted under applicable Italian law) provide for a larger majority.

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 to 75% or 90% (as applicable) of the aggregate principal amount of the outstanding Notes. See "*Risk factors—Risks related to the Notes—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders*." 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 2416, 2377 and 2379 of the Italian Civil Code. The Indenture will provide that the provisions described under this "*—Meeting of Holders*" will be in addition to, and not in substitution of, the provisions described under "*—Amendments and waivers*." As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meeting of Holders*" 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 the Security Agent as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "*Security Representative*") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture each holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of the Security Agent, as Security Representative.

Moreover, a representative of the Holders (*rappresentante comune*) (the "*Noteholders' Representative*") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders in order to, inter alia, represent the Holders' interests under the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to the resolutions passed at a meeting of the Holders. If the Noteholders' Representative is not appointed by a meeting of such Holders, the Noteholders' Representative shall be appointed by a decree of the competent court at the request of one or more Holders or at the request of the Board of Directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three financial years but may be reappointed again thereafter and shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

**No Personal Liability of Directors, Officers, Employees, Incorporators and Shareholders**

No director, officer, employee, incorporator or shareholder of, the Issuer, the Company or any of its Subsidiaries or Affiliates, as such, including the Target Group, shall have any liability for any obligations of, the Issuer, the Company or any of its Subsidiaries, including the Target Group, under the Note 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**

GLAS Trust Company LLC is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. Further, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder has offered to the Trustee, and the Trustee has received, customary protections and indemnification.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Company, 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 and any agent under the Indenture will be permitted to engage in other transactions with the Company 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 Company and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes 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. The right of the Trustee or the Security Agent to require an Opinion of Counsel shall not imply that the Security Agent or Trustee should seek such an Opinion of Counsel and such Security Agent or Trustee is entitled to rely on such other evidence as it deems appropriate. Each of the Trustee and the Security Agent shall be entitled to rely solely and conclusively on any Officer’s Certificate in formulating its opinion or in taking any action (including, without limitation, release of a Guarantee or Collateral) under the Indenture, and may rely on such Officer’s Certificate without need for investigation or verification (including for the avoidance of doubt the receipt of Opinions of Counsel), except as may otherwise be expressly required under the terms of the Indenture.

**Notices**

All notices to Holders of Notes will be validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Luxembourg Stock Exchange and if and for so long as the rules of the Luxembourg Stock Exchange so require, the Company will notify the Luxembourg Stock Exchange of any notice with respect to the Notes and, if the rules of the

Luxembourg Stock Exchange so require, will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream in accordance with the applicable procedures of Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph, which will give such notices to the Holders of Book-Entry Interests. Such notices may instead be published in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or if, in the opinion of the Company such publication is not practicable, an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given via Euroclear or Clearstream, it will be deemed to have been duly given on the day the notice is given to Euroclear or Clearstream.

**Prescription**

Claims against the Issuer, the Company or any Guarantor for the payment of principal, or premium, if any, or Additional Amounts, if any, on the Notes will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer, the Company or any Guarantor for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

**Listing**

The Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof. There can be no assurance that such listing will be maintained, and settlement of the Notes was not conditioned on obtaining this listing or admission.

**Currency Indemnity and Calculation of Euro-denominated Restrictions**

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, any paying agent or by the Trustee, in respect of any sum expressed to be due to it in euro 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, any paying agent or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient, any paying agent or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note, any paying agent or the Trustee to certify in a manner reasonably satisfactory to the Company (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, any paying agent or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro- denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

**Enforceability of Judgments**

Since, as of the Issue Date, substantially all the assets of each of the Company, the Issuer and the Target Group are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Company, the Issuer, or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Guarantees, may not be collectable within the United States.

The Netherlands does not have a treaty with the United States providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability would not be directly enforceable in the Netherlands. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in the Netherlands, such party may submit to a Dutch court the final judgment that has been rendered in the United States. If the Dutch court finds that (a) the jurisdiction of the court in the federal or state court in the United States has been based on grounds which are internationally acceptable, (b) proper legal procedures have been observed, (c) the final judgment is — according to the law of the jurisdiction of the court — formally capable of being enforced, (d) the final judgment is not irreconcilable with a decision of a Dutch court rendered between the same parties or with an earlier decision of a foreign court rendered between the same parties in proceedings involving the same cause, provided that earlier decision can be recognized in the Netherlands, and (e) the final judgment does not contravene public policy in the Netherlands, the Dutch court will, in principle, give binding effect to the final judgment which has been rendered in 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 and the Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

**Governing Law**

The Indenture and the Notes, including any Notes Guarantees, and the rights and duties of the parties thereunder will 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. The provisions described under "*Amendments and Waivers*," "*Meeting of Holders*" and "*Security Representative and Noteholders' Representative*" and the provisions of the Indenture concerning the meetings of Holders and the appointment of a Noteholders' Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy. The Security Documents will be governed by the law of the location of the relevant asset that is part of the Collateral.

**Certain Definitions**

"*Accordion Amount*" means Indebtedness and other obligations Incurred under a Credit Facility not exceeding the greater of (a) €30.0 million (or its currency equivalent) and (b) 50% of Consolidated EBITDA, tested at the time of (and taking into account) the relevant Incurrence of Indebtedness or, at the Company's option, if earlier, at the time the Company or a Restricted Subsidiary enters into any commitment to Incur or issue Indebtedness (in such case assuming for this purpose only that such Indebtedness is utilized in full) and, if such Indebtedness is to be used to fund, directly or indirectly, any transaction, on a pro forma basis for such transaction.

"*Account Bank Agreement*" means the agreement governing the Deposit Account.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, (2) assumed in connection with the acquisition of assets from any Person or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary, *provided* that in the case of clauses (1) and (2) of this definition whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition, *provided, further,* that Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) above, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) above, on the date of completion of such acquisition of assets and, with respect to clause (3) above, on the date of the relevant merger, consolidation or other combination.

"*Acquisition*" means an acquisition of shares in the Target pursuant to or otherwise in connection with the Agreement on the Sale and Transfer of all Interests in the Target among OEP 14 LP, as seller, and Bidco, as may be amended, supplemented or otherwise modified from time to time.

"Acquisition Agreement" means the agreement on the sale and transfer dated March 14, 2021 entered into among, the Company and OEP 14 L.P.

"*Additional Assets*" means:

(1) any assets (other than Indebtedness and Capital Stock) used or to be used by the Company or a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on assets already used in a Similar Business or to replace any assets that are the subject of the relevant Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary of the Company; or

(3) Capital Stock constituting a minority interest in any Person that at the relevant time is a Restricted Subsidiary of the Company.

"*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, whether so affiliated at the Issue Date or at any other time. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the Agreed Security Principles as set out in a schedule to the Revolving Credit Facility Agreement as in effect on the Issue Date, as applied, mutatis mutandis, with respect to the Notes in good faith by the Company.

"*Annual Period*" has the meaning given to it under "*—Financial Calculations*."

"*Applicable Metric*" means any financial covenant or financial ratio or Incurrence-based permission, test, basket or threshold in the Indenture (including any financial definition or component thereof and any financial ratio, test, basket or threshold or permission based on the calculation of Consolidated EBITDA, the Consolidated Senior Secured Leverage Ratio, the Consolidated Net Leverage Ratio, the Consolidated Total Secured Leverage Ratio or the Fixed Charge Coverage Ratio), any occurrence of any Change of Control Triggering Event, any Default, Event of Default or other relevant breach of the Indenture.

"*Applicable Premium*" means, with respect to any Note, the greater of:

(1) 1% of the principal amount of such Note; and

(2) the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Note at May 15, 2023 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*—Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Note to and including May 15, 2023 (excluding accrued but unpaid interest), computed upon the date notice of redemption is given, using a discount rate equal to the applicable Bund Rate at such date plus 50 basis points; *less*

(b) the outstanding principal amount of such Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. Calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, the Paying Agent, the Registrar or the Transfer Agent.

"*Applicable Reporting Date*" means, as at any date of determination, at the Company's election (which election the Company may revoke and re-make at any time and from time to time):

(1) the last day of the most recent fiscal quarter in respect of which a report or financial statements have been delivered pursuant to clause (1), (2) or (3) of the first paragraph of the covenant described under "*—Certain Covenants—Reports*," with such Applicable Metric determined by reference to such report or financial statements, whichever is more recent; or

(2) the last day of the most recently completed Annual Period for which the Group has sufficient available information to be able to determine such Applicable Metric, with such Applicable Metric determined by reference to such available information.

"*Applicable Test Date*" means the Applicable Transaction Date or, at the Company's election (which election the Company may revoke and re-make at any time and from time to time), the Applicable Reporting Date prior to any Applicable Transaction Date.

"*Applicable Transaction*" means any Investment, acquisition, disposition, sale, merger, joint venture, consolidation or other business combination transaction, Incurrence, Change of Control, assumption, commitment, issuance, repayment, repurchase or refinancing of Indebtedness (including for the avoidance of doubt an additional facility under the Revolving Credit Facility Agreement), Disqualified Stock or Preferred Stock and the use of proceeds thereof, any creation of a Lien, any Restricted Payment, any Affiliate Transaction, any designation of a Restricted Subsidiary or Unrestricted Subsidiary, any Asset Disposition or any other transaction for which an Applicable Metric falls to be determined; provided that, if any such transaction (the "*first transaction*") is being effected in connection with another such transaction (the "*second transaction*"), the second transaction shall also be an Applicable Transaction with respect to the first transaction.

"*Applicable Transaction Date*" means, in relation to any Applicable Transaction, at the Company's election (which election the Company may revoke and re-make at any time and from time to time):

(a) the date of any letter, definitive agreement, instrument, put option, scheme of arrangement or similar arrangement in relation to such Applicable Transaction (unilateral, conditional or otherwise);

(b) the date that any commitment, offer, announcement, communication or declaration (unilateral, conditional, or otherwise) with respect to such Applicable Transaction is made or received;

(c) the date that any notice, which may be revocable or conditional, of any repayment, repurchase or refinancing of any relevant Indebtedness is given to the holders of such Indebtedness;

(d) the date of consummation, Incurrence, payment or receipt of payment in respect of the Applicable Transaction;

(e) any other date determined in accordance with the Indenture; or

(f) any other date relevant to the Applicable Transaction determined by the Company in good faith.

"*Asset Disposition*" means any direct or indirect sale, lease (other than a lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), assets (each referred to for the purposes of this definition as a "*disposition*") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction.

Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company 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 or other assets (including Settlement Assets) in the ordinary course of business;

(4) a disposition of:

  (a) obsolete, surplus or worn out equipment or other assets or equipment; or

  (b) assets that are no longer useful in the conduct of the business of the Group (including the disposal or abandonment of intellectual property that it is no longer economically practicable to maintain or which is no longer required for the business of the Group);

(5) transactions permitted under "*Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance or disposition:

  (a) of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company; or

  (b) in connection with the issuance, acquisition and/or subscription for directors' qualifying shares and/or shares issued to and/or acquired by individuals as required by 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 Company) of less than the greater of (x) €12.0 million (or its currency equivalent) and (y) 20% of Consolidated EBITDA;

(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 clause (2) of the first paragraph 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) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings (for the purpose of this clause (10), excluding factoring or similar arrangements but, for the avoidance of doubt, including dealings with trade debtors with respect to book debts);

(11) the licensing, sub-licensing, leasing or assignment of intellectual property or other general intangibles and licenses, sub-licenses, assignments, leases, subleases or other dispositions of other assets (including, without limitation, equipment or vehicles), in each case in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) any issuance, sale or other disposition of Capital Stock, Indebtedness, other securities or assets of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind (including any disposition of a loan in connection with a capitalization, forgiveness, waiver, release or other discharge of that loan);

(17) 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 Company or any Restricted Subsidiary to such Person;

(18) any disposition with respect to assets built, owned or otherwise acquired by the Company or any Restricted Subsidiary (together with any related rights and assets), including pursuant to sale and leaseback transactions, asset securitizations and other similar financings permitted by the Indenture;

(19) sales or dispositions of receivables, bills of exchange and/or inventory (together with any related rights and assets, including cash collection accounts, books and records):

   (a) in connection with any Qualified Receivables Financing or Receivables Facility;

   (b) in connection with any factoring, sale or discounting transaction (or other receivables based financing arrangement); or

   (c) in the ordinary course of business;

(20) any disposition in connection with a Capitalized Lease Obligation;

(21) any disposition pursuant to (including a disposition which forms part of or results from) a Permitted Reorganization or the Post-Closing Mergers;

(22) any disposition to which a member of the Target Group is contractually committed as at the Issue Date (or, in the case of any person which becomes a member of the Group after the Issue Date, any disposal to which that person is contractually committed as at the date on which it becomes a member of the Group), in each case as any such contractual commitment may be replaced, renewed or extended from time to time;

(23) any disposition of an interest in a derivative transaction and/or any disposition (including a termination) of or in relation to any Cash Management Services;

(24) any disposition of any asset made in order to comply with an order of any agency of state, authority or other regulatory body or any applicable law or regulation;

(25) any disposition of shares or other ownership interests the subject of an IPO Event;

(26) any financing transaction with respect to any asset built or acquired by the Company or any of its Restricted Subsidiaries after the Issue Date (or equity interests of a Restricted Subsidiary holding any asset built or acquired by the Company or any of its Restricted Subsidiaries after the Issue Date), including asset securitizations not prohibited by the Indenture;

(27) any exchange of like assets for use in a Similar Business; and

(28) any disposition of assets (being a disposition otherwise permitted under any of clauses (1) to (27) of this definition to be made to persons which are not members of the Group) to a special purpose vehicle and the subsequent disposal of that special purpose vehicle where the assets transferred to the special purpose vehicle are the only material assets thereof.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "*Certain Covenants—Limitation on Restricted Payments*," the Company, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Disposition and/or one or more of the types of Permitted Investments or Investments permitted under "*Certain Covenants—Limitation on Restricted Payments*."

"*Associate*" means any Person engaged in a Similar Business of which the Company and/or the Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and any joint venture entered into by the Company or any Restricted Subsidiary.

"*Available Shareholder Amounts*" mean any amounts which the Company or any Restricted Subsidiary is permitted by the terms of the Indenture to pay to a Permitted Holder or any other person holding a direct or indirect interest in the Company (to the extent not already designated by the Company for another specific purpose under the Indenture), but excluding for this purpose any amounts that are permitted to be paid pursuant to clause (6) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*." For the avoidance of doubt, the use of Available Shareholder Amounts under clause (12) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and/or clause (26) of the definition of Permitted Investments shall reduce (by an equivalent amount) the amounts available to make Restricted Payments, Permitted Payments and/or Permitted Investments under the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" (with the applicable provisions or baskets thereunder that are so reduced to be determined by the Company in good faith) until such time as such Available Shareholder Amounts are reclassified, repaid, redesignated, repurchased, redeemed or otherwise retired.

"*Bank Guarantee*" means any letter of credit, guarantee, bond, indemnity, documentary or like credit or any other instrument of suretyship or payment.

"*Board of Directors*" means (1) with respect to the Issuer, the Company or any company or corporation, the board of directors or managers, as applicable, of that company or 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 that partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of that Person serving a similar function, *provided* that whenever any provision 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). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Company.

"*Bund Rate*" as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to May 15, 2023; *provided*, *however*, that if the period from the redemption date to the date set forth above 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 the applicable date set forth above is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used; *provided*, *further*, that if such yield would otherwise be less than zero, it shall be assumed to be zero.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Rome, Italy, Luxembourg, London, United Kingdom, or New York, New York, United

States are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be a day on which the TARGET2 payment system is open for the settlement of payments.

"*Business Successor*" means (i) any former Subsidiary of the Company and (ii) any Person that, after the Issue Date, has acquired, merged or consolidated with a Subsidiary of the Company (that results in such Subsidiary ceasing to be a Subsidiary of the Company), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Company.

"*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, or exchangeable for, such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of GAAP; *provided* that the amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity of any such obligation 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.

"*Capitalized Software Expenditures*" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by the Group during such period in respect of purchased software or internally developed software and software enhancements that, in accordance with GAAP, are reflected as capitalized costs on the consolidated balance sheet of the Company.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, the UK, the Channel Islands, 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 (or, if later, from the date of the relevant date of calculation under the Indenture);

(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 (or, if later, from the date of the relevant date of calculation under the Indenture) issued by any Lender or by any bank or trust company (i) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (ii) (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 €500,000,000 (or its currency equivalent);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) of this definition or clause (5) of this definition entered into with any Person meeting the qualifications specified in clause (2) of this definition;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof (or, if later, after the date of the relevant date of calculation under the Indenture);

(5) readily marketable direct obligations issued by any state of the United States, any province of Canada, any Permissible Jurisdiction, the UK, the Channel Islands, 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 (or, if later, from the date of the relevant date of calculation under the Indenture);

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition (or, if later, from the date of the relevant date of calculation under the Indenture);

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, the UK, the Channel Islands, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank or other financial institution (or any dematerialized equivalent); and

(8) interests in any investment company, money market fund or enhanced high yield fund which invests 95% or more of its assets in cash or instruments of the types described in clauses (1) to (7) of this definition.

"*Cash Management Services*" means any automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services, daylight or overnight draft facilities and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business (and, in each case, any replacement, renewal or extension thereof).

"*Change of Control*" means:

(1) the Company becomes aware that (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 has become 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 Company, *provided* that for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent Holding Company; 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 (a "*Transfer*"), of all or substantially all of the assets of the Company and the Restricted Subsidiaries taken as a whole to a Person, other than the Company (including, for the avoidance of doubt, any successor thereto pursuant to the provisions described under "*Certain Covenants—Merger and Consolidation—The Issuer or The Company*") or a Restricted Subsidiary or one or more Permitted Holders.

Notwithstanding the preceding clauses (1) and (2) or any provision of Rule 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own securities subject to an equity or asset purchase agreement, merger agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the transactions contemplated by such agreement, (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Company beneficially owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by any other member of such group for purposes of determining whether a Change of Control has occurred, and (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another person as a result of its ownership of Voting Stock or other securities of such other Person's Parent Holding Company (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock of such Parent Holding Company; and *provided*, *further*, that for purposes of this definition and any related definition to the extent used for purposes of this definition, at any time when 50% or more of the total voting power of the Voting Stock of the Company is directly or indirectly owned by a Parent Holding Company of which the Company is a Subsidiary, all references to the Company shall be deemed to refer to its ultimate Parent Holding Company of which the Company is a Subsidiary (but excluding any Permitted Holder) that directly or indirectly owns such Voting Stock.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control, unless pro forma for the Change of Control, the Consolidated Net Leverage Ratio of the Company and the Restricted Subsidiaries as of the Applicable Reporting Date for the Relevant Period ending on such Applicable Reporting Date is no greater than 4.10 to 1.00; *provided*, *however*, that following the first Change of Control Triggering Event in respect of which no Change of Control Offer has been made or waived, the definition of Change of Control Triggering Event shall thereafter mean a Change of Control.

"*Clearstream*" means Clearstream Banking S.A., as currently in effect or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*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.

"*Completion Date*" means the date on which the Company directly or indirectly owns 100% of the shares in the Target.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following:

(a) Consolidated Interest Expense and Receivables Fees;

(b) Consolidated Income Taxes;

(c) consolidated depreciation expense;

(d) consolidated amortization or impairment expense (including, for the avoidance of doubt, the amortization of Capitalized Software Expenditures);

(e) any expenses, charges or other costs related to any equity offering (including any Equity Offering and IPO Event), investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business, *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalisation or the Incurrence of any Indebtedness (including, for the avoidance of doubt, any amendment or other modification of the terms, or refinancing, of any Indebtedness) permitted by the Indenture (in each case whether or not successful) (including any such fees or charges related to the Transaction) in each case, as determined in good faith by the Company;

(f) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period and the amount of any payments made to option holders of any members of the Group or any of their direct or indirect parent companies in connection with, or as a result of, any distribution being made to shareholders of such person or its direct or indirect parent companies, which payments are being made to compensate such option holders as though they were shareholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture;

(g) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to Permitted Holders and any fees and other compensation paid to any member of the Board of Directors (or equivalent) of the Company or any of its Holding Companies;

(h) other non-cash charges, write-downs or items reducing Consolidated Net Income or other items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income;

(i) the amount of any restructuring charges or reserves, equity-based or non-cash compensation charges or expenses including any such charges or expenses arising from grants of stock appreciation or similar rights, stock options, restricted stock or other rights, retention charges (including charges or expenses in respect of any MEP and any charges arising on any MEP accounted for as cash settled under GAAP), start-up or initial costs for any project or new production line, division or new line of business or other business optimization expenses or reserves including, without limitation, costs or reserves associated with improvements to IT and accounting functions, integration and facilities opening costs or any one-time costs incurred in connection with acquisitions and Investments and costs related to the closure and/or consolidation of facilities and any fees, costs and expenses associated with acquisition related litigation and settlements thereof;

(j) the amount of loss or discount on sale of receivables, Receivables Assets and related assets; and

(k) adjustments of the nature used in connection with the calculation of "Adjusted EBITDA" as set forth in footnote (1) of "*Summary—Summary Financial Information and Other Data—Certain Key Performance Measures—EBITDA Related Metrics*" contained in the Offering Memorandum applied in good faith by the Company to the extent such adjustments continue to be applicable during the period in which Consolidated EBITDA is being calculated.

For the purposes of determining "Consolidated EBITDA" under the Indenture, (i) Consolidated EBITDA shall be the Consolidated EBITDA of the Company measured for the period of the Relevant Period, (ii) calculations shall be made giving effect to the same adjustments (including without limitation as to pro forma effects of Sales, Purchases and other adjustments) on the same basis as for calculating the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries, and (iii) in the event that Consolidated EBITDA is to be calculated prior to the end of the fourth complete fiscal quarter after the Issue Date, Consolidated EBITDA for any part of the relevant period falling prior to the date on which the Target Group became Subsidiaries of the Company shall be calculated on the basis that the definition of Consolidated EBITDA is to be construed as if references to the Company and its Restricted Subsidiaries were references to the Target Group.

"*Consolidated Financial Interest Expense*" means, for any period (in each case, determined on the basis of GAAP), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries related to Indebtedness (including (a) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances and (b) net payments or receipts, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness) but not including any pension liability interest cost, amortization of discount, debt issuance cost and premium, make whole premia or break costs, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations (other than those described in (b)). Notwithstanding any of the foregoing and for the avoidance of doubt, Consolidated Financial 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 and (iii) any payments on any leases, including without limitation any payment on any lease, sublease, rental or license of assets (or guarantee thereof), in each case as determined by the Company in good faith.

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred Taxes and Taxes in respect of repatriated funds and any penalties and interest related to such Taxes arising from any Tax examination, based on income, profits or capital (including without limitation withholding taxes), trade Taxes and franchise Taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of GAAP), the consolidated gross interest expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost but excluding any payments on any leases (including without limitation any payment on any lease, sublease, rental or license of assets (or guarantee thereof), in each case as determined by the Company in good faith), plus or including (without duplication) any interest, costs and charges consisting of:

(a) amortization of debt discount, debt issuance cost and premium;

(b) non-cash interest expense;

(c) commissions, discounts and other fees and charges owed with respect to financings not included in clause (a) above;

(d) costs associated with Hedging Obligations;

(e) dividends or other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company;

(f) the consolidated interest expense that was capitalized during such period;

(g) interest actually paid or accrued by the Company or any Restricted Subsidiary under any guarantee of Indebtedness or other obligation of any other Person (less any interest accrued on any Indebtedness of the Parent or any Restricted Subsidiary that was funded with the proceeds of such guaranteed Indebtedness).

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of "*Certain Covenants—Limitation on Indebtedness*" and excluding Capitalized Lease Obligations).

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries on a consolidated basis on the basis of GAAP, provided that there will not be included in such Consolidated Net Income:

(a) subject to the limitations contained in clause (c) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company'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 Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or that could have been so distributed and any royalty payments received by the Company or a Restricted Subsidiary from such Person, as reasonably determined by an Officer of the Group (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (b) below);

(b) 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 that is not the Issuer or a Guarantor if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, the Issuer and each Guarantor 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 (i) restrictions that have been waived or otherwise released, (ii) restrictions pursuant to the Indenture or the Intercreditor Agreement, (iii) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary (or, in the case of any Person which becomes a member of the Group after the Issue Date, contractual restrictions in effect on the date on which it becomes a member of the Group, including the Completion Date with respect to the Target Group), 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 (or, as the case may be, on the date on which it became a member of the Group) and (iv) restrictions not expressly prohibited by the Indenture), except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents or non-cash distributions to the extent converted into cash or Cash Equivalents actually distributed or that could have been distributed (including by way of a loan) by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a loan, dividend or other distribution (subject, in the case of a loan, dividend or distribution to another Restricted Subsidiary that is not a Guarantor or the Issuer, to the limitation contained in this clause (b));

(c) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed or discontinued operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold, abandoned or otherwise disposed of or discontinued in the ordinary course of business (as determined in good faith by the Company);

(d) any extraordinary, exceptional, one-off, one-time, unusual or nonrecurring gain, loss, charge or expense (including, for the avoidance of doubt, dividends or other distributions made or declared intra-group, any charges or reserves in respect of any restructuring, redundancy or severance expense or costs, integration costs and any charge, cost or reserve or other business optimization expense in connection with establishing new facilities or closing or consolidating existing facilities, losses relating to closure, consolidation or disruption of facilities, sites or supply chains, losses relating to any temporary reduction in or cessation of services, sales or production and any tax referable to any payments, but excluding any add back of a loss of revenue arising as a result of the outbreak and spread of the virus known as COVID-19 (other than any losses covered by insurance or similar or equivalent arrangements), as determined in good faith by the Company);

(e) any non-cash compensation charge or expense arising from any grant of stock, stock options, partnership interest or other equity based awards (or otherwise in connection with any MEP) and any non-cash deemed finance charges in respect of any pension liabilities or other liabilities;

(f) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment or cancellation of Indebtedness (or any obligations under any derivative instrument) and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(g) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(h) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(i) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(j) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition (including, for the avoidance of doubt, any acquisition consummated prior to the Issue Date) or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(k) any goodwill or other intangible asset impairment, charge, expense, amortization or write-off;

(l) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes;

(m) consolidated depreciation expense;

(n) to the extent covered by indemnification or other reimbursement provisions and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed and only to the extent that such amount is (i) not denied by the applicable payor in writing within 180 days and (ii) in fact reimbursed within

365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), any expenses and charges in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture;

(o) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on any Subordinated Shareholder Funding; and

(p) to the extent covered by insurance and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (i) not denied by the applicable insurer in writing within 180 days and (ii) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses and expenses with respect to business interruption or liability or casualty events.

"*Consolidated Net Indebtedness*" means, with respect to any Person:

(a) Consolidated Leverage as of the relevant date of determination; less

(b) the amount of cash and Cash Equivalents held by such Person and its Restricted Subsidiaries as of such date.

In respect of any applicable period, the exchange rate used to calculate Consolidated Net Indebtedness may, at the option of the Company, be:

(a) the weighted average exchange rate for that period (as determined by the Company);

(b) the relevant prevailing exchange rate at close of business on the last day of that period (as determined by the Company); or

(c) any other exchange rate permitted to be applied in accordance with the provisions described under "Financial Calculations,"

*provided* that, where applicable, any amount of Indebtedness will be stated so as to take into account the hedging effect of any currency hedging entered into in respect of or by reference to that Indebtedness.

"*Consolidated Net Leverage Ratio*" means, as of any Applicable Test Date or Applicable Reporting Date, the ratio of (a) the Consolidated Net Indebtedness at such date to (b) Consolidated EBITDA for the Relevant Period ending on the Applicable Reporting Date; provided, however, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such Applicable Test Date or Applicable Reporting Date:

(1) the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "*Sale*") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided that* if any such sale constitutes "discontinued operations" in accordance with GAAP, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) the Company or any Restricted Subsidiary (by merger or otherwise) has made (or, at the Company's election, otherwise planned or committed, or in respect of which any other step or action has been taken, unilaterally, conditionally or otherwise) an Investment in any Person that thereby becomes (or that the Company expects in good faith, based upon such plan, commitment, step or action, will become) a Restricted Subsidiary (by merger or otherwise and including for this purpose any designation that results in an Unrestricted Subsidiary becoming a Restricted

Subsidiary), or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "*Purchase*"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto, including anticipated Synergies and cost savings as if such Purchase occurred on the first day of such period;

(3) the Company or any Restricted Subsidiary has made or implemented a Specified Transaction or Group Initiative, including any such Specified Transaction or Group Initiative occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto, including anticipated Synergies and cost savings as if such Specified Transaction or Group Initiative occurred on the first day of such period;

(4) any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale, Purchase, Specified Transaction or Group Initiative that would have required or permitted an adjustment pursuant to clause (1), (2) or (3) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto, including anticipated Synergies and cost savings, as if such Sale or Purchase occurred on the first day of such period; and

(5) a transfer of shares of, or other transaction has occurred or is contractually committed with respect to, the Company or any Restricted Subsidiary, that constitutes an event that is contemplated by the definition of "Change of Control Event Trigger Event" (any such transaction, a "Specified Change of Control Transaction"), and solely for the purpose of making the determination pursuant to "Change of Control Trigger Event," Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto (including anticipated Synergies and expenses and cost savings expected to be obtained from the Specified Change of Control Transaction) as if such Specified Change of Control Transaction (including such Synergies and expenses and cost savings) had occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Financial Interest Expense, Consolidated Income Taxes, Consolidated Interest Expense, Consolidated Net Income, Consolidated Senior Secured Leverage Ratio, Consolidated Total Secured Leverage Ratio and Fixed Charge Coverage Ratio, (a) calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Company (including in respect of cost savings and Synergies), (b) calculations (X) shall be made on the basis that the full effect of Synergies were realized on the first day of the Relevant Period and (Y) shall also include the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or chief accounting officer of the Company) of any restructuring, operating expense reduction, operating improvement, cost savings programs (or, in each case, other similar initiative) (each, a "*Group Initiative*") that have been implemented during or prior to such period (or otherwise planned or committed, or in respect of which any other step or action has been taken) equal to or less than the full run rate effect of all Synergies which the Company believes can be obtained following implementation of such Group Initiative as a result of such Group Initiative, as though such Group Initiatives had been fully implemented on the first day of the Relevant Period, (c) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the Relevant Period and, without limiting the generality of the foregoing, if the date of determination is the Applicable Reporting Date, in the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness subsequent to the Applicable Reporting Date for which the Applicable Metric is being calculated but prior to or simultaneously with the Applicable Transaction Date for which the calculation of the Applicable Metric is made or is otherwise contemplated to occur in connection with the Applicable Transaction, then the Applicable Metric shall be calculated giving pro forma effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness as if the same had occurred on the first date of the Relevant Period, (d) Indebtedness Incurred in reliance on the second paragraph of the covenant described under "*—Certain Covenants—Limitation on*

*Indebtedness*" on the date of determination shall be excluded (other than Indebtedness Incurred pursuant to sub-clause (ii) of clause 5 of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"), (e) the discharge on the determination date of any Indebtedness to the extent that the discharge of such Indebtedness results from proceeds Indebtedness Incurred in reliance on the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" shall not be given effect (other than the discharge of Indebtedness using proceeds of Indebtedness Incurred pursuant to sub-clause (ii) of clause (5) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"), (f) calculations shall also give pro forma effect to any Specified Transaction or Group Initiative that has occurred since the beginning of such period (as determined and calculated by a responsible financial or accounting officer of the Company) on a full run rate basis, (g) calculations shall exclude any non-recurring costs and other expenses arising directly or indirectly as a consequence of any Sale or Purchase or Specified Transaction and/or the implementation of any Group Initiative; and (h) notwithstanding anything to the contrary herein, in the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on a ratio basket based on the Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio, Consolidated Total Secured Leverage Ratio or Consolidated Senior Secured Leverage Ratio, such ratio(s) shall be calculated without regard to the incurrence or repayment of any Indebtedness under any revolving credit facility or letter of credit facility (1) immediately prior to or in connection therewith or (2) used to finance working capital needs of the Company and its Restricted Subsidiaries (as reasonably determined by the Company); and (i) "determined on a consolidated basis on the basis of GAAP," "determined on the basis of GAAP" and similar provisions shall at the election of the Company allow for calculation to be made on the basis of presentation of the financial statements included in the Offering Memorandum.

All Applicable Metrics described in this definition will be calculated as set forth in the section "Financial Calculations" above.

"*Consolidated Senior Secured Leverage Ratio*" means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Senior Secured Indebtedness.

"*Consolidated Total Secured Leverage Ratio*" means the Consolidated Senior Secured Leverage Ratio, *provided* that when calculating Indebtedness the Company shall not be permitted to exclude any Indebtedness which constitutes Second Lien Lender Liabilities, Permitted Second Lien Financing Liabilities, Senior Parent Notes Liabilities or Permitted Parent Financing Liabilities (as each such term is defined in the Intercreditor Agreement).

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any lease, or any 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 asset 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 assets, 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 Company or any of its Restricted Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Revolving Credit Facility Agreement, any commercial paper facilities and any overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, 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), 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 facility agent (or other administrative agent) and/or security agent and/or lenders or another facility agent, administrative agent and/or security agent or agents or other banks or institutions and whether provided under the Revolving Credit Facility Agreement 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 or guarantee agreement and any pledge agreement, debenture, 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 Company 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; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"*Designated Preference Shares*" means, with respect to the Company or any Parent Holding Company, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company 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, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or purchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*Certain Covenants—Limitation on Restricted Payments*."

"*Equity Contribution*" means the equity contribution (whether in the form of an equity contribution, a shareholder loan, Subordinated Shareholder Funding or other contribution) from the Initial Investors to finance the Acquisition.

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock or the Equity Contribution) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions (other than to the Company or any Restricted Subsidiary), or (y) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Amounts or the Equity Contribution or an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Company or any Restricted Subsidiary by any Parent Holding Company.

"*Escrowed Proceeds*" means the proceeds from the offering or incurrence of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent or a segregated account, escrow arrangements that permit the release of amounts on deposit in such escrow account, or other arrangements allowing for the release of funds held in a segregated account, 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 or held in a segregated account.

"*euro*" or "*€*" means the official currency of the European Union.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company 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 Company) on the date of such determination; provided that at the option of the Company it may select any method provided for under "Financial Calculations."

"*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, 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.

"*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 Company as capital contributions to the equity (other than through Excluded Amounts or the Equity Contribution or the issuance of Disqualified Stock or Designated Preference Shares) of the Company 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 Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares or Excluded Amounts or the Equity Contribution) or Subordinated Shareholder Funding of the Company (other than the Equity Contribution), in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*Excluded Event*" means (1) any withdrawal of any participating member state of the European Union from the single currency of the participating member states of the European Union; (2) any redenomination of the Euro into any other currency by the government of any current or former participating member state of the European Union; (3) any withdrawal (or any vote or referendum electing to withdraw or notice to withdraw) of any member state from the European Union; (4) the implementation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting; (5) any anti-tax avoidance directive or legislation; and (6) any other similar or equivalent event, step, matter or action (whether in relation to any currency, country, state, agency of state, organization, legislation or otherwise).

"*fair market value*" may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any Applicable Test Date or Applicable Reporting Date, the ratio of Consolidated EBITDA of such Person for the applicable Reporting Period ending on the Applicable Reporting Date to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness Incurred under any revolving credit facility, unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period, provided that the pro forma calculation of Fixed Charges shall not give effect to (i) any Indebtedness Incurred in reliance on the provisions described in the second paragraph under "*Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness Incurred pursuant to sub-clause (ii) of clause (5) thereof), and (ii) Fixed Charges attributable to any Indebtedness discharged on such Fixed Charge Coverage Ratio Calculation Date to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described under the second paragraph under "*Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness Incurred pursuant to sub-clause (ii) of clause (5) thereof).

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations, disposed or discontinued operations, Specified Transactions and Group Initiatives that have been made or implemented (or, at the election of the Company, planned or committed or in respect of which any other action or step has been taken) by the Company or any of its Restricted Subsidiaries, including by entities that have become Restricted Subsidiaries, on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date, may be calculated on a pro forma basis in a manner consistent with the adjustments described in the definition of Consolidated Net Leverage Ratio (and shall be calculated on a pro forma basis to the extent required by such definition), including without limitation as to savings programs and other Group Initiatives, assuming that all such Investments, acquisitions, dispositions, mergers, consolidations, Specified Transactions, Group Initiatives and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom), including the full run rate effect of anticipated Synergies, had occurred on the first day of the four-quarter reference period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by the chief financial officer or finance director of the Group (or such other person as is performing the functions of the chief financial officer or finance director), including Synergies. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit or similar facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

For the avoidance of doubt, nothing in this definition shall prejudice or limit the right of the Company or any other member of the Group to make any adjustment or calculation (whether in relation to Consolidated EBITDA, Fixed Charges, the Fixed Charge Cover Ratio or otherwise) in accordance with any other term of the Indenture.

All Applicable Metrics described in this definition will be calculated as set forth in the section "*Financial Calculations*" above.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of:

(1) Consolidated Financial Interest Expense of such Person for such period;

(2) all dividends or other distributions payable in cash (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary of such Person during such period;

(3) all dividends or other distributions payable in cash (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period; and

(4) any cash interest expense on Indebtedness of another person that is guaranteed by such Person or its Restricted Subsidiaries or secured by a Lien on assets of such Person or its Restricted Subsidiaries, but only to the extent such interest expense is actually paid in cash by such Person or any of its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"*GAAP*" means, at the election of the Company, (1) the Italian laws governing the preparation of financial statements, as interpreted and integrated by the accounting principles established by the *Organismo Italiano di Contabilità* ("*Italian GAAP*") if the Company's financial statements are at such time prepared in accordance with such laws or (2) the accounting standards and interpretations adopted by the International Accounting Standard Board ("*IFRS*") if the Company's financial statements are at such time prepared in accordance with IFRS, in each case, as in effect from time to time on the date of delivery of any applicable financial statements or other financial information and/or calculations (including pro forma financial information and/or calculations) or, at the election of the Company, as in effect on the Completion Date, *provided* that (a) all references to accounting standards specifically named in the Indenture shall be deemed to include any successor, replacement, amendment or updated accounting standard under Italian GAAP or IFRS, as applicable, (b) neither Italian GAAP nor IFRS shall be required to include the policies, rules and regulations of the International Accounting Standards Board or any other applicable regulatory or governing body applicable only to public companies, (c) neither Italian GAAP nor IFRS shall be required to be calculated using the same accounting standard across multiple quarters and (d) at any date after the Issue Date, the Company may make an irrevocable election to establish that "GAAP" shall mean GAAP as in effect on a date that is on or prior to the date of such election. The Company shall give notice of any such election made in accordance with this definition to the Trustee.

For the purpose of making any calculation or determination (including the calculation of any restriction, basket, threshold or permission) under the Indenture all calculations or determinations in the Indenture shall be made without giving effect to any election under IFRS 9 (Financial Instruments) or any successor thereto or comparable accounting principle to value any Indebtedness or other liabilities at "fair value" (as defined therein).

If there occurs a change in Italian GAAP or IFRS, as the case may be, and such change would cause a change in the method of calculation of any term or measure used in the Indenture (an "*Accounting Change*"), then the Company may elect, from time to time, that such term or measure shall be calculated as if such Accounting Change had not occurred.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Group*" means the Company and its Restricted Subsidiaries from time to time.

"*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* that the term "Guarantee" will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means the Company, Bidco, the Target Guarantors and any other Person that Guarantees the Notes from the date on which such Notes Guarantee is provided and until the date on which such Notes Guarantee is released in accordance with 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 (each, a "*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 Person of which it is a Subsidiary.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, 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 (other than performance or advance payment bonds or similar instruments), 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 except to the extent such reimbursement obligations relate to trade payables and such reimbursement obligations are satisfied within 30 days of Incurrence, in each case only to the extent issued by a bank or financial institution, and if the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness of the Group;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of any asset (except trade payables and liabilities or accrued expenses in the ordinary

course of business), 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 asset in service or taking final delivery and title thereto (or if the relevant supplier customarily allows a period for payment, if later the date 180 days after the expiry of that period), for the avoidance of doubt excluding where the payment deferral results from the delayed or non-satisfaction of contract terms by the supplier, from a dispute carried out in good faith or from contract terms establishing payment schedules tied to total or partial contract completion and/or to the results of operational testing procedures and excluding earn outs and other contingent consideration arrangements;

(5) Capitalized Lease Obligations of such Person;

(6) the principal amount payable by any member of the Group to any person which is not a member of the Group in respect of the redemption of any share capital or other securities convertible into share capital issued by it or any other member of the Group (other than in connection with any MEP, incentive scheme or similar arrangement) and in each case only to the extent the share capital or other securities convertible into share capital are redeemable at the option of the holder or if the relevant member of the Group is otherwise obliged to redeem it, in each case, on or prior to the Stated Maturity of the Notes;

(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*, 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 Company) 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),

with respect to clauses (1), (2), (4) and (5) above, if and to the extent, and in the amount, that any of the foregoing Indebtedness (other than letters of credit described in clause (3) and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; *provided*, that Indebtedness of any Parent Holding Company (to the extent not guaranteed by the Company or any Restricted Subsidiary) appearing upon the balance sheet of the Company prepared on the basis of GAAP shall be excluded.

The term “Indebtedness” shall not include any amount due or outstanding in respect of any Equity Contribution or any asset retirement obligations, any prepayments of deposits received from clients or customers in the ordinary course of business, prepaid or deferred revenue arising in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date (or, the case of the Target Group, the Completion Date) or in the ordinary course of business.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Subordinated Shareholder Funding, Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;

(ii) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing (including, for the avoidance of doubt, earn outs and other contingent consideration arrangements);

(iii) trade credit on normal commercial terms;

(iv) any Cash Management Services;

(v) indebtedness of any Parent Holding Company appearing on the balance sheet of any member of the Group solely by reason of push down accounting under GAAP;

(vi) 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 Group or the Target Group that is not prohibited by the Indenture;

(vii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, Pension Schemes, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(viii) obligations of any Person for the reimbursements of any obligor in relation to any confirming services, reverse factoring services and commercial discount lines in the ordinary course of business and consistent with past practice;

(ix) obligations of any Person for the reimbursement of any obligor on any letter of credit, banker's acceptance, performance bond, advance payment bonds, surety bonds, completion or performance guarantees or similar transactions, to the extent that such letters, bonds, guarantees or similar transactions are not drawn upon, provided that, if and to the extent drawn upon, such obligations shall not be considered the incurrence of Indebtedness (but shall upon such drawing cease to fall within the exclusion set out in this clause (ix)); and

(x) with respect to any Person, any obligations in respect of Indebtedness of any other Person, other than as provided for in clause (7) above.

For the avoidance of doubt, where the amount of Indebtedness falls to be calculated or where the existence (or otherwise) of any Indebtedness is to be established, unless the context requires otherwise (as determined by the Company in good faith), indebtedness owed by one member of the Group to another member of the Group shall not be taken into account.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; provided, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investors*" means (a) the Sponsor, the Sponsor Affiliates and any funds or partnerships managed or advised, directly or indirectly, by the Sponsor or Sponsor Affiliate, and, solely in their capacity as such, any limited partner of any such partnership or fund; and (b) any successor, Affiliate or direct or indirect Subsidiary of one or more of the foregoing.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent Holding Company or any successor of the Company or any Parent Holding Company (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Deed among, *inter alios*, the lenders and agent under the Revolving Credit Facility Agreement, the Trustee, the Security Agent as well as certain hedging counterparties, originally entered into on April 20, 2021, as amended or amended and restated from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business or consistent with past practice, and excluding any debt or extension of credit represented by a bank deposit (other than a time deposit) and any loans or credit arising as a result of the operation of cash pooling, net balance or similar arrangements) or capital contribution to (by means of any transfer of cash or other property to others or any payment for assets 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 prepared on the basis of GAAP; *provided* that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment. If the Company 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 Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*Certain Covenants—Limitation on Restricted Payments*":

(1) "*Investment*" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; provided, further, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any asset transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by the United States of America (or any state or commonwealth thereof or the District of Columbia), Canada (any province thereof), Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date or, in each case, any political subdivision, agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A–" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) Investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and

(5) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when 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 Event*" means the occurrence of an Initial Public Offering or a Listing.

"*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 the date of the issuance of the first series of Notes under the Indenture, expected to be on or about May 24, 2021.

"*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); provided that in no event shall an operating lease be deemed to constitute a Lien.

"*Listing*" means a listing of all or any part of the share capital of the Company or any Holding Company or Subsidiary of the Company on any recognized investment exchange (as that term is used in the Financial Services and Markets Act 2000) or any other sale or issue by way of flotation or Public Offering in relation to the Company or any such Holding Company or Subsidiary of the Company in any jurisdiction or country.

"*Management Advances*" means loans, advances or other payments made to, or Guarantees with respect to loans, advances or payments made to, current, former or future directors, officers, employees or consultants of any Parent Holding Company, the Company or any Restricted Subsidiary (or to any trust or other entity holding shares or other investments in connection with any MEP, incentive scheme or similar arrangement):

(a) (i) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (ii) for purposes of funding (directly or indirectly, including by way of refinancing previous acquisitions) the acquisition of shares or other ownership interests or investments pursuant to any MEP, incentive scheme or similar arrangement and/or the acquisition of shares or other ownership interests or investments from current, former or future employees or management;

(b) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(c) the outstanding principal amount of which (excluding capitalized interest) does not in aggregate exceed the greater of (x) €6.0 million (or its currency equivalent) and (y) 10% of Consolidated EBITDA at any time.

"*Management Investors*" means the current, former or future officers, directors, employees and other members of the management of or consultants to any Parent Holding Company, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership, company or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent Holding Company.

"*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.

"*MEP*" means any management equity plan, employee benefit scheme, incentive scheme or other similar or equivalent arrangement (in each case whether implemented or to be implemented).

"*MEP Payment*" means any payment or transaction which is, or which is to be made, entered into or used directly or indirectly (or to facilitate any such step or payment):

(1) to make payment to a member of any MEP (including payments to members leaving any MEP) or any trust or other person in respect of any MEP, incentive scheme or similar arrangement or pay any costs and expenses properly incurred in the establishing and maintaining of any MEP, incentive scheme or similar arrangement (provided further that, for the avoidance of doubt, nothing in the Indenture shall prohibit any payments to, or the acquisition of shares or other interests or investments of, employees or management); and/or

(2) for repayment or refinancing of amounts outstanding under any loan made in connection with an MEP, incentive scheme or similar arrangement or capitalization of such loans.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credits or deductions and any tax sharing arrangements), as a consequence of such Asset Disposition, including distributions for Related Taxes;

(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 by its terms or by applicable law are required to 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 Holding Company, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company 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 reasonably estimated to be actually payable as a result of such issuance or sale (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credit or deductions and any tax sharing agreements, and including distributions for Related Taxes).

"*Note Documents*" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Account Bank Agreement and the Deposit Account Charge.

"*Offering Memorandum*" means the final offering memorandum in relation to the Notes originally issued.

"*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, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent Holding Company*" means any Person of which the Company at any time is or becomes a Subsidiary and any holding companies established by any Permitted Holder for purposes of holding its investment in the Company or any Parent Holding Company.

"*Parent Holding Company Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent Holding Company 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 the Notes, the Guarantees or any other Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed or delivered with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Holding Company 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 Company and/or its Subsidiaries;

(3) obligations of any Parent Holding Company in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and/or its Subsidiaries;

(4) fees, costs and expenses payable by any Parent Holding Company in connection with the Transactions;

(5) general corporate overhead expenses, including (a) all legal, accounting and other professional fees and expenses and other operational expenses of any Parent Holding Company related to the ownership or operation of the business of the Company or any Restricted Subsidiary (including remuneration payable to employees, directors and officers) or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent Holding Company;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Company and/or its Subsidiaries or any Parent Holding Company 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 Company, in an amount not to exceed the greater of (x) €4.5 million and (y) 7.5% of Consolidated EBITDA in any calendar year;

(7) expenses Incurred by any Parent Holding Company in connection with any offering, sale, conversion or exchange of Subordinated Shareholder Funding, Capital Stock or Indebtedness, including any Public Offering, IPO Event or other sale of Capital Stock or Indebtedness:

    (i) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

    (ii) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; and/or (iii) otherwise on an interim basis prior to completion of such offering so long as any Parent Holding Company shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed, and any related compensation paid to officers, directors and employees of such Parent Holding Company.

"*Pari Passu Indebtedness*" means any Indebtedness of the Issuer or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment with any of the Senior Liabilities (as defined in the Intercreditor Agreement), as the case may be.

"*Paying Agent*" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Company.

"*Pension Scheme*" means any pension scheme operated by any member of the Group from time to time.

"*Permissible Jurisdiction*" means any member state of the European Union, the United States, the United Kingdom, or the Channel Islands.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any Restricted Subsidiary and another Person; provided that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral that (i) are "Permitted Liens", or (ii) are Liens on bank accounts (other than the Deposit Account) equally and ratably granted to cash management banks securing cash management obligations;

(2) Liens securing Additional Notes (to the extent permitted under clause (3) or (4) below);

(3) Liens on the Collateral to secure Indebtedness or other obligations of the Company or a Restricted Subsidiary that are permitted to be Incurred under the first paragraph or clauses (1), (2) (to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a), (5)(a) (covering only the shares and assets of the acquired Person the Indebtedness of which is so secured), (5)(b), (6), (7), (11), (12) and/or (15) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of such Indebtedness or other obligations;

    *provided*, that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement;

    *provided further,* that any Indebtedness or other obligations of the Company or a Restricted Subsidiary that are permitted to be Incurred under clauses (1) and/or (6) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of such Indebtedness or other obligations may have (or be elevated to have) super senior priority status in respect of the right to receive proceeds from an enforcement of Liens on the Collateral and certain distressed disposals of assets under the terms of the Intercreditor Agreement or otherwise;

    *provided further,* that in the case of Liens securing Indebtedness Incurred pursuant to the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness,*" if the relevant Lien ranks pari passu with the Liens securing the Notes (including pursuant to the provisions of the Intercreditor Agreement), after giving effect to such Incurrence on the relevant date (and pro forma for any use of proceeds), the Consolidated Senior Secured Leverage Ratio does not exceed 4.10:1.00;

    *provided further,* that in the case of Liens securing Indebtedness Incurred pursuant to clauses (5)(a) and (b) of the second paragraph of the covenant described under "*Certain Covenants—*

*Limitation on Indebtedness,*" after giving effect to such Incurrence on that date (and pro forma for any use of proceeds), the Consolidated Senior Secured Leverage Ratio is either equal to or less than 4.10:1.00, or no higher than immediately prior to such Incurrence;

*provided further* that, without prejudice to the ability to grant a Lien at any time in accordance with the foregoing provisions of this paragraph, in addition if the granting of any Lien is dependent upon the meeting of a Consolidated Senior Secured Ratio, any Lien securing such Indebtedness may attach at the time of incurrence of such Indebtedness or within 180 days of the date of incurrence of such Indebtedness; and

(4) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes, *provided* that the holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement.

For purposes of determining compliance with this definition, in the event that a Permitted Collateral Lien meets the criteria of one or more of the categories of Permitted Collateral Liens described above, the Company will be permitted to classify such Permitted Collateral Lien on the date of its Incurrence and reclassify such Permitted Collateral Lien at any time and in any manner that complies with this definition. To the extent that Indebtedness relating to an instrument or agreement is permitted to be secured by a Permitted Collateral Lien, other associated obligations under such instrument or agreement not themselves constituting Indebtedness may also be secured by such Permitted Collateral Lien.

"*Permitted Holders*" means, collectively, (1) the Initial Investors and any Affiliate thereof, (2) Senior Management and Related Persons, (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Holding Company or the Company, acting in such capacity, (4) any one or more Persons, together with such Persons' Affiliates, whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture and (5) any "group" (as such term is defined under Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; provided that, in the case of such group and without giving effect to the existence of such group or any other group, Persons referred to in subclauses (1) through (4), collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Company or any Parent Holding Company held by such group.

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business where such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business 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, or is liquidated into, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;

(6) Management Advances and MEP Payments;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Company 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) an Asset Disposition; or

  (b) any other sale or disposition of assets, or issuance or sale of Capital Stock, not constituting an Asset Disposition;

(9) Investments in existence on, or made pursuant to contractual commitments in existence on:

  (a) in the case of the Group, the Issue Date (or, in the case of any Person which becomes a member of the Group after the Issue Date, any Investments in existence on, or to which that Person is contractually committed as at the date on, which it becomes a member of the Group); or

  (b) in the case of the Target Group, the Completion Date, and in the case of any such Investment or commitment, as that Investment or commitment is extended, modified, replaced or renewed from time to time;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*";

(11) Investments, the outstanding principal amount of which when taken together with all other Investments made pursuant to this paragraph (excluding capitalized interest) at the time of such Investment does not exceed the greater of (x) €33.0 million (or its currency equivalent) and (y) 55% of Consolidated EBITDA provided that, if an Investment is made pursuant to this clause (11) 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 this definition of Permitted Investment and not this clause (11);

(12) Investments in negotiable instruments held for collection and pledges or deposits with respect to workers' compensation, leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of Permitted Liens or made in connection with Liens permitted under the covenant described under "*Certain Covenants—Limitation on Liens*;"

(13) any Investment to the extent made directly or indirectly using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent Holding Company or an equity contribution or the proceeds of an equity contribution (other than the Equity Contribution or the proceeds of the Equity Contribution) as consideration;

(14) any transaction to the extent constituting an Investment that is:

  (a) specified in or contemplated by the second paragraph of the covenant described under "*Certain Covenants—Limitation of Affiliate Transactions*", other than under clause 1(b) of such paragraph; or

  (b) made pursuant to or in connection with:

    (A) 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 Company, any Restricted Subsidiary or any Parent Holding Company, 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 Company, in each case in the ordinary course of business;

    (B) 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 Company, any Restricted Subsidiary of the Company or any Parent Holding Company (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(C) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction) or between or among Restricted Subsidiaries;

(D) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(E) (1) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or indebtedness constituting Subordinated Shareholder Funding, *provided* that the interest rate and other financial terms of such indebtedness constituting Subordinated Shareholder Funding are approved by the Board of Directors of the Company and (2) any amendment, waiver or other transaction with respect to any indebtedness constituting Subordinated Shareholder Funding in compliance with the other provisions of the Indenture; or

(F) a Permitted Reorganization; and

(c) any transaction effected as part of a Qualified Receivables Financing or in connection with the discounting or factoring (or other similar or equivalent arrangement) of receivables, bills of exchange and/or inventory in the ordinary course of business (or any other receivables based financing arrangements) not prohibited by the covenant described under "*Certain Covenants—Limitation on Indebtedness*;"

(15) Investments consisting of:

(a) purchases and acquisitions of inventory, supplies, materials and equipment or leases or agreements in respect of vehicles, information technology and other electronic equipment and point of sale equipment or network or related (or similar or replacement) assets or licenses or leases of intellectual property, in each case in the ordinary course of business; or

(b) licensing or contribution of intellectual property pursuant to joint marketing arrangements with other persons;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*Certain Covenants—Limitation on Indebtedness*;"

(17) Investments in Permitted Joint Ventures provided that the aggregate outstanding principal amount of Investments made pursuant to this clause (17) (excluding capitalized interest) does not exceed the greater of (x) €24.0 million (or its currency equivalent) and (y) 40% of Consolidated EBITDA plus, in each case, an amount equal to 100% of the dividends, distributions and other amounts (including payments received in respect of loans and advances) received by the Company or a Restricted Subsidiary from any Permitted Joint Venture (which dividends or distributions are not included in the calculation under clause (c)(4) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*", provided that if an Investment is made pursuant to this clause (17) 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 this definition of Permitted Investments and not this clause (17);

(18) Investments consisting of the acquisition of shares or other ownership interests held directly or indirectly by current, former or future employees or members of management or any trust or other person in respect of or in connection with any MEP, incentive scheme or similar arrangement;

(19) any vendor loan or similar instrument issued or entered into in respect of a disposal not prohibited under the Indenture, other than any vendor loan to an Affiliate or an Unrestricted Subsidiary, provided that for the avoidance of doubt, contingent consideration arrangements (including earn outs) shall not constitute Investments for the purpose of the Indenture;

(20) Investments made pursuant to transactions required by, or to facilitate compliance with, any laws applicable to a member of the Group;

(21) any dilution, delinquency, anticipated or first loss loan or reserve (or other loan or similar arrangement) in connection with any transaction of a type permitted pursuant to the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or any disposal not otherwise prohibited by the terms of the Indenture;

(22) Investments made in connection with Capitalized Lease Obligations, hire purchase, conditional sale, sale and leaseback or other agreement for the acquisition of any asset upon deferred payment terms, in each case where such agreement or arrangement is not otherwise prohibited by the terms of the Indenture; and/or

(23) loans or extensions of credit to the extent the amount thereof would be permitted:

(a) as a Guarantee under the covenant described under "*Certain Covenants—Limitation on Indebtedness*" if such loans or extensions of credit were made by third parties under the Guarantee of the Company or a Restricted Subsidiary; or

(b) as a Permitted Payment and/or as a Permitted Investment pursuant to another paragraph of this definition, in each case as a subscription for Capital Stock;

(24) any Investment pursuant to the exercise of put/call options (or any equivalent right or obligation) arising under any joint venture permitted by the terms of the Indenture (in each case provided that such put/call option was entered into for bona fide business reasons);

(25) any loan or extension of credit made by a member of the Target Group and outstanding on the Completion Date (or, in the case of any Person which becomes a member of the Group after the Completion Date, any loan or extension of credit made by that Person and outstanding on the date on which it becomes a member of the Group), or, in each case, any refinancing, replacement, extension or renewal thereof;

(26) any Investment funded directly or indirectly with the proceeds of the issuance or sale of Capital Stock of the Company or Subordinated Shareholder Funding or a contribution to equity of the Company, Available Shareholder Amounts and/or the proceeds of an IPO Event, *provided* that no amount shall be taken into account for the purpose of this paragraph where to do so would result in double counting as a consequence of that amount being (at the Company's option) included in the calculation set out in clause (c) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" or where such amount constitutes an Excluded Amount;

(27) any transaction with or in respect of a joint venture entered into or made in the ordinary course of trading;

(28) [Reserved];

(29) trade credit given on normal commercial terms (including, without limitation, the making of loans and the granting of credit to customers in the ordinary course of activities);

(30) a loan made, credit granted or guarantee given by a member of the Group to or for the benefit of any employee or director of any member of the Group (or any person who was an employee or director at the time the loan was made, credit granted or guarantee given), *provided* that the maximum aggregate principal amount of Indebtedness outstanding under all loans made, credit granted and guarantees given pursuant to this sub-clause (30) (excluding capitalized interest) does not at any time exceed an amount equal to the greater of (x) €6.0 million (or its currency equivalent) and (y) 10% of Consolidated EBITDA plus the aggregate amount of all such loans, credit and guarantees in existence as at the Completion Date;

(31) any arrangement in respect of, or the making of, a Permitted Payment (or other payment or matter permitted by the covenant described under "*Certain Covenants—Limitation on Restricted Payments*") or any transaction to facilitate the making of a Permitted Payment (or such other payment or matter);

(32) any credit balances held with banks or other financial institutions;

(33) any Investment arising as a result of the operation of cash pooling, net balance, balance transfer or similar arrangements made available to members of the Group or arising in the course of other treasury management operations of the Group;

(34) advance payments made in relation to capital expenditure of the Group in the ordinary course of business;

(35) loans to or for the benefit of current, future or former employees or members of management (or any trust or other entity holding shares or other investments in connection with any MEP, incentive scheme or similar arrangement) the proceeds of which are to be used (directly or indirectly, including by way of refinancing previous acquisitions) to fund the acquisition of shares or other ownership interests or investments pursuant to any MEP, incentive scheme or similar arrangement and loans the proceeds of which are to be used (directly or indirectly) to fund the acquisition of shares or other ownership interests or investments from current, future or former employees or management, in each case as any such loan may be replaced, renewed or extended from time to time;

(36) any loan made or credit granted in connection with any actual, proposed or future payment of Tax (including as a consequence of any 'group contributions' or similar or equivalent arrangements);

(37) any loan or credit to the extent not representing, and any guarantee to the extent not in respect of, Indebtedness;

(38) any guarantee given to or for the benefit of any liquidator (or similar officer) or creditor in connection with any Permitted Reorganization or Post-Closing Mergers (including a liquidation, winding up, dissolution or similar step occurring as part of a Permitted Reorganization or Post-Closing Mergers, as applicable) or permitted capital reduction;

(39) the endorsement of negotiable instruments in the ordinary course of trade;

(40) any guarantee given in the ordinary course of business in respect of Indebtedness of customers or suppliers;

(41) any guarantee given on arm's length terms in favor or for the benefit of a purchaser of assets (or an Affiliate thereof) from a member of the Group or in favor or for the benefit of a seller (or an Affiliate thereof) in connection with an acquisition permitted by the covenant described under "*Certain Covenants—Limitation on Restricted Payments*";

(42) Investments in Unrestricted Subsidiaries provided that the aggregate outstanding principal amount of Investments made pursuant to this clause (excluding capitalized interest) does not exceed the greater of (x) €18.0 million (or its currency equivalent) and (y) 30% of Consolidated EBITDA plus, in each case, an amount equal to 100% of the dividends, distributions and other amounts (including payments received in respect of loans and advances) received by the Company or a Restricted Subsidiary from any Unrestricted Subsidiary (which dividends or distributions are not included in the calculation under clause (c) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*", *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 this definition of Permitted Investments and not this clause; and

(43) any Investment acquired by the Company or any Restricted Subsidiary:

  (a) in exchange for any other Investment or accounts receivable held by the Company or any Restricted Subsidiary, in each case, in connection with or as a result of a bankruptcy, workout, reorganization, recapitalization or other settlement of such other Investment or accounts receivable; or

  (b) as a result of a foreclosure by the Company or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default.

"*Permitted Joint Venture*" means: (a) any corporation, association or other business entity (other than a partnership) that is not a Restricted Subsidiary and of which a portion of the Capital Stock is at the time of determination owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof; and (b) any partnership, joint venture, limited liability company or similar entity that is not a Restricted Subsidiary and of which a portion of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are at the time of determination, owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary;

(2) pledges, deposits or Liens under workmen's compensation laws, old-age-part-time arrangements, payroll taxes, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or pension related obligations 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 the performance of bids, trade contracts, government contracts and leases, surety, stay, indemnity, judgment, customs, appeal or performance bonds, guarantees of government contracts, return-of-money bonds, bankers' acceptance facilities (or other similar bonds, instruments or obligations), obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, 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 with respect to outstanding motor vehicle fines and Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings;

(5) Liens in favor of the 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 such Person in the ordinary course of its business;

(6) encumbrances, charges, ground leases, easements (including reciprocal easement agreements and any Liens arising in connection with any swapping of logistics capabilities), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, utility agreements, 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 Company and the Restricted Subsidiaries or to the ownership of their properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other agreements, which do not in the aggregate materially adversely affect the value of said properties (taken as a whole) or materially impair their use in the operation of the business of the Company and the Restricted Subsidiaries (taken as a whole);

(7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture and 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;

(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 Company or any Restricted Subsidiary for the purpose of securing Capitalized 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; *provided* that (a) the Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company 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 or standard terms and procedures relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a depositary or financial institution or clearing system;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding leases entered into by the Company and/or any Restricted Subsidiary in the ordinary course of business;

(13) Liens existing on the Issue Date or, in the case of the Target Group, the Completion Date (together with any relevant replacement, renewal or extension of any such Lien from time to time), excluding Liens securing the Indenture;

(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 Company 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 Company or any Restricted Subsidiary), *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 any Restricted Subsidiary securing Indebtedness or other obligations owing to the Company or another Restricted Subsidiary;

(16) Liens (other than Permitted Collateral 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 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 an asset that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or other lease;

(18) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on assets over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(19) any Lien, encumbrance or other restriction (including put and call arrangements) with respect to Capital Stock of, or other ownership interests in, any joint venture, minority interest arrangement or other similar investment or arrangement (and/or related assets, including shares or other ownership interests in any special purpose vehicle holding any such assets) pursuant to any joint venture, minority interest or other similar agreement and any Lien constituting a Permitted Investment;

(20) Liens on 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 assets;

(21) Liens on cash accounts securing Indebtedness Incurred under clause (10) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*;"

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities or pursuant to any derivative or hedging transaction, or liens over cash accounts securing cash pooling arrangements or any Settlement Liens;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods or otherwise in connection with any leasing (including sale and leaseback transactions), vendor financing or similar arrangements;

(25) Liens provided that the aggregate outstanding principal amount of Indebtedness (excluding capitalized interest) secured by such Liens does not exceed the greater of (x) €15.0 million (or its currency equivalent) and (y) 25% of Consolidated EBITDA;

(26) Permitted Collateral Liens (and any Liens securing Indebtedness which is permitted to be Incurred pursuant to the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and may be secured by a Permitted Collateral Lien);

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary;

(28) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(29) Liens securing Indebtedness permitted to be Incurred pursuant to clause (16) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*;

(30) any cash collateral arrangement securing the obligations of an ancillary lender, landlord, hedging counterparty or regulator in respect of ancillary facilities, leases, hedging obligations or capital, surety or other guarantee requirements under applicable regulations of the Company or its Restricted Subsidiaries;

(31) Liens arising on rental deposits in connection with the occupation of leasehold and/or licensed premises in the ordinary course of business;

(32) any Liens granted in favour of creditors so as to implement a Permitted Reorganization or Post-Closing Mergers or a permitted capital reduction and Liens arising in connection with a Permitted Tax Restructuring;

(33) any Lien constituting a right to use certain assets of the Group or any similar or equivalent arrangement, in each case to the extent that such Lien is granted or arises in respect of the obligations of one or more member of the Group under any contract entered into in the ordinary course of business;

(34) Liens arising by operation of law or regulation, by contract or under general business conditions, in each case by virtue of the provision of general banking or overdraft facilities or arrangements (including any cash pooling, net balance, balance transfer, netting, set-off or similar arrangements entered into by any member of the Group) or as otherwise required by a bank or financial institution under its standard terms and conditions (1) for operation of any accounts or facilities, (2) for transactions in the ordinary course of banking arrangements or (3) for other transactions expressly permitted or required by the Indenture, the Intercreditor Agreement or any Security Document;

(35) Liens arising by way of rights of set-off, bailment or similar rights arising pursuant to any risk and/or revenue sharing contract and other contracts entered into in the ordinary course of business;

(36) any Liens (including escrow, cash collateral or similar arrangements and arrangements with tax authorities) arising in connection with:

(a) any acquisition or disposal not prohibited by the terms of the Indenture; or

(b) any other acquisition or disposal made by a member of the Target Group prior to the Completion Date;

(37) payments into court or any Lien arising in connection with any legal proceedings being contested by any member of the Group in good faith (including Liens arising under any court order or injunctions or security for costs);

(38) any Liens granted over or in relation to amounts (and/or any related accounts, rights and interests) received or to be received by any member of the Group on behalf of (or otherwise required to be paid to) any person not being a member of the Group;

(39) Liens arising in connection with any transaction or arrangements permitted under clauses (7), (10), (22) or (23) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or clause (19) of the definition of Permitted Investment;

(40) any Liens granted to secure the obligations of the Group in respect of arrangements permitted under clause (18) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*;"

(41) any Liens over shares or other interests in any Permitted Joint Venture and/or related assets (including the shares or other ownership interests in any special purpose vehicle holding any such assets) granted or arising in connection with arrangements relating to a Permitted Joint Venture;

(42) Liens arising pursuant to an order of attachment or injunction restraining disposal of assets or similar legal process and any other Liens arising in connection with court proceedings which are contested by any member of the Group in good faith;

(43) Liens on cash, Cash Equivalents or other assets arising in connection with the defeasance, discharge or redemption of Indebtedness;

(44) Liens arising by operation of law (or by agreement to the same effect) in the ordinary course of business and not as a result of any default or omission on the part of the Company or any Restricted Subsidiary;

(45) any Liens expressly permitted by the terms of the Indenture, the Intercreditor Agreement or any Security Document;

(46) any Liens on the Collateral and any other Lien arising under or pursuant to the Indenture, the Intercreditor Agreement or any Security Document;

(47) any Lien arising under or pursuant to the Revolving Credit Facility Agreement and any Liens securing Indebtedness on a basis junior to the Notes;

(48) any Lien arising in connection with any cash collateral or similar or equivalent arrangements in respect of a guarantee granted by a member of the Group or any other guarantee granted in respect of the obligations or liabilities of any member of the Group (in each case to the extent that such guarantee is not prohibited by the terms of the Indenture);

(49) any Lien arising by operation of law as a result of the existence of a fiscal unity for Dutch tax purposes (*fiscale eenheid*) or any similar or equivalent arrangement in any other applicable jurisdiction; and

(50) any Lien arising under or pursuant to clause 24 or clause 25 of the general terms and conditions (*algemene bankvoorwaarden*) of any member of the Dutch Bankers' Association (*Nederlandse Vereniging van Banken*) and the Consumers Union (*Consumentenbond*), and/or any similar term applied by a financial institution in the Netherlands pursuant to its general terms and conditions.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Company in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with the Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"*Permitted Parent Transactions*" means (i) 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 Company, any Restricted Subsidiary or any Parent Holding Company, 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 Company, in each case in the ordinary course of business; (ii) any Management Advances and/or MEP Payments (and in each case any waiver or transaction with respect thereto); (iii) 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 Company, any Restricted Subsidiary of the Company or any Parent Holding Company (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees); or (iv) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business.

"*Permitted Reorganization*" means:

(1) any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Company or any of the Restricted Subsidiaries (a "*Reorganization*") that is made on a solvent basis; *provided* that:

  (a) any payments or assets distributed in connection with such Reorganization remain within the Company and the Restricted Subsidiaries; and

  (b) if any shares or other assets form part of the Collateral, substantially equivalent Liens (not taking account of any hardening periods), in the good faith judgment of an Officer, must be granted over such shares or assets of the recipient such that they form part of the Collateral;

(2) any Permitted Tax Restructuring;

(3) any transaction (other than the granting of security or the incurring of Indebtedness) conducted in the ordinary course of trading on arm's length terms;

(4) any re-organization or other step (including any preparatory action) taken in connection with any actual or proposed IPO Event or other disposal of shares (without prejudice to any prepayment obligation arising in relation to any such IPO Event or disposal);

(5) any step, circumstance or transaction which is mandatorily required by law (including arising under an order of attachment or injunction or similar legal process); and

(6) any conversion of a loan, credit or any other indebtedness outstanding into distributable reserves, share capital, share premium or other equity interests of any member of the Group or any other capitalization, forgiveness, waiver, release or other discharge of any loan, credit or other indebtedness, in each case on a cashless basis, other than, prior to the Post-Closing Mergers, any such conversion, capitalization, forgiveness, waiver, release or other discharge of the Proceeds Loan.

"*Permitted Tax Restructuring*" means any re-organizations (including, without limitation, pursuant to a solvent winding-up where the assets of the relevant company, after paying its liabilities, are distributed to its shareholders, as well as any amalgamation, demerger, merger, consolidation or other corporate reconstruction or similar or equivalent transaction) and other activities related to tax planning and tax reorganization entered into prior to, on or after the Issue Date, in each case provided that such Permitted Tax Restructuring is not materially prejudicial to the interests of the Holders taken as a whole under the Indenture (as determined by the Company in good faith).

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Post-Closing Mergers*" means the contemplated reorganization following the Completion Date whereby one or more of the Issuer, Bidco, the Target, OEP Italy Solution Srl, OEP 15 BV, OEP 14 BV, OEP 15 bis BV and certain Italian Subsidiaries of Lutech S.p.A. will be merged or consolidated into Lutech S.p.A. and thereby cease to exist.

"*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.

*"Proceeds Loan"* means one or more loans to be made by the Issuer to Lutech S.p.A. on the Completion Date as described in the Offering Memorandum.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a Public Offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) at least 20% of the total issued and outstanding ordinary shares or common equity of the IPO Entity has been distributed to investors other than the Permitted Holders or any other direct or indirect shareholders of the Company as of the Issue Date.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Company 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 Company 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 Company), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market or better terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Company or any Restricted Subsidiary (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Facility*" means an arrangement between the Company or a Restricted Subsidiary and a counterparty pursuant to which (a) the Company or such Restricted Subsidiary, as applicable, sells (directly or indirectly) accounts receivable owing by customers, together with Receivables Assets owed to the Company or a Restricted Subsidiary related thereto, (b) the obligations of the Company or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Receivables

Repurchase Obligations) to the Company and such Restricted Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangements.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company 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 recourse to or obligates the Company or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iii) subjects any property or asset of the Company 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 Company nor any other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company 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, Disqualified Stock or Preferred Stock existing on the date of the Indenture or Incurred in compliance with the Indenture (including (i) Indebtedness of the Company that refinances Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Company or another Restricted Subsidiary and (ii) Indebtedness Incurred under any facility or other financial accommodation that replaced another facility or financial accommodation that was permitted by the Indenture, up to the maximum aggregate amount of that prior facility or financial accommodation, notwithstanding the amount actually outstanding thereunder at the time of replacement) including Indebtedness that refinances Refinancing Indebtedness; *provided* that:

(1) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Subordinated Indebtedness, Disqualified Stock or Preferred Stock, respectively, and, in the case of Subordinated Indebtedness, (A) is subordinated to the Notes and/or the Guarantees (as applicable) on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced and (B) 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, one year after the Stated Maturity of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding (and/or, as the case may be, the aggregate amount of any relevant unutilized commitments, undrawn amounts or other available capacity) of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

*provided*, *further*, that Refinancing Indebtedness shall not include Indebtedness of the Company 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 or Subsidiary 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) in the case of the Initial Investors 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 that such Taxes are in fact paid) by any Parent Holding Company by virtue of its:

(a) being incorporated or organized 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 Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a Parent Holding Company, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

(e) having made any payment in respect of any of the items for which the Company is permitted to make payments to any Parent Holding Company pursuant to "*Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent Holding Company or party to a Tax Sharing Agreement, any Taxes measured by income for which such Parent Holding Company is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

"*Relevant Period*" means, for purposes of the calculation of any applicable financial covenant, test, basket or ratio (including those based on Consolidated EBITDA, Fixed Charge Coverage Ratio, Consolidated Senior Secured Leverage Ratio, the Consolidated Net Leverage Ratio or any other ratio based Applicable Metric), the most recently completed four consecutive fiscal quarters ending on the last day of the most recent fiscal quarter (or fiscal year, if later) for which internal consolidated financial statements of the Company or, as the case may be, the relevant Holding Company are available or, at the option of the Company, the most recently completed twelve consecutive months ending on the last day of a calendar month for which the Issuer has, in its sole determination, sufficient available information to be able to determine any applicable financial covenant, test, basket or ratio.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company and unless otherwise specified, the Issuer) other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*Revolving Credit Facility*" means the revolving credit facility available under the Revolving Credit Facility Agreement.

"*Revolving Credit Facility Agreement*" means the revolving credit facility agreement among, inter alios, the Company, the Issuer, Bidco, BNP Paribas, as facility agent and as security agent, dated April 20, 2021, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*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 or any successor thereto.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Agent*" means BNP Paribas, Italian Branch.

"*Security Documents*" means the Intercreditor Agreement and 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 Management*" means the officers, directors, and other current or former members of senior management of the Company or any of its Subsidiaries, who (or the Related Persons of whom) at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent Holding Company.

"*Senior Secured Indebtedness*" means any Indebtedness included in the definition of Consolidated Net Indebtedness, which is secured pari passu with the Notes (including, for the avoidance of doubt, any Notes) on the Collateral and which ranks pari passu with, or senior to, the Notes (including, for the avoidance of doubt, any Notes) with respect to the right to receive recoveries resulting from the realization or enforcement of all or any part of the Transaction Security or a transaction in lieu thereof.

"*Settlement*" means the transfer of cash or other property with respect to any credit 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 a processor, remitter, funds recipient or funds transmitter 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 Indebtedness*" means any payment or reimbursement obligation in respect of a Settlement Payment.

"*Settlement Lien*" means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"*Settlement 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 a Settlement made or arranged, or to be made or arranged, by such person.

"*Significant Subsidiary*" means any Restricted Subsidiary which (on a consolidated basis with any other Restricted Subsidiary thereof) is responsible for earnings before interest, tax, depreciation and amortization exceeding 10% of Consolidated EBITDA as of the Applicable Test Date.

"*Similar Business*" means (a) any businesses, services or activities engaged in or contemplated by the Company or any of its Subsidiaries or any Associates on the Issue Date (or, in the case of the Target Group, the Completion Date); and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Specified Transaction*" means, with respect to any period (including any period prior to the Issue Date), any Investment, disposal, Incurrence of Indebtedness, refinancing, prepayment or repayment of Indebtedness, Restricted Payment, Unrestricted Subsidiary or Restricted Subsidiary designation, provision of an additional facility, restructuring, other strategic initiative or other action (including, for the avoidance of doubt, the entering into of any new contractual arrangement, any amendment of an existing contractual arrangement and/or any acquisition, opening and/or development of a site or operation) of any member of the Group (including for this purpose any person that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of the Relevant Period) after the Issue Date; *provided* that, to the extent there is duplication with the definition of "Group Initiative," the definition of "Group Initiative" shall take precedence.

"*Sponsor*" means (a) Apax Partners LLP; (b) any Affiliate of Apax Partners LLP; (c) any funds, partnerships or other special purpose entities managed, advised or controlled (directly or indirectly) by Apax Partners LLP or an Affiliate thereof; and (d) solely in their capacity as such, any limited partner of any such partnership, fund or other entity referred to in clause (a), (b) or (c) of this definition.

"*Sponsor Affiliate*" means, in relation to the Sponsor, any of its Holding Companies or Subsidiaries or any other Subsidiary of any of its Holding Companies and any fund, partnership and/or other entities represented, managed, advised, owned or controlled by the Sponsor or any of its Sponsor Affiliates and any Sponsor Affiliate of any such fund, partnership or entity but does not include any portfolio company of the Sponsor or of any Affiliate of the Sponsor and, in the context of a person or persons achieving or having control over another person, "control" for the purposes of this definition means the person or persons acting in concert controlling, or being able to control, the composition of the board of directors or equivalent management board of that other person or the person or persons acting in concert in accordance with whose directions a majority of the board of directors or equivalent management board of that other person are or become accustomed to act.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company 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 facility, debt security or other financial accommodation, the date specified in such facility, debt security or other financial accommodation as the fixed date on which the payment of principal of such facility, debt security or other financial accommodation is due and payable, including pursuant to any mandatory redemption provision, but shall not include any Contingent Obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any of the Notes Guarantees pursuant to a written agreement (and for the avoidance of doubt, for the purposes of the Indenture (i) Indebtedness shall not be considered subordinated in right of payment solely because it is unsecured, or secured on a junior basis to or entitled to proceeds from security enforcement after, other Indebtedness and (ii) Senior Liabilities (as defined in the Intercreditor Agreement) shall not constitute Subordinated Indebtedness).

"*Subordinated Shareholder Funding*" means, collectively, (i) any funds provided to the Company or any Restricted Subsidiary by a Parent Holding Company in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent Holding Company or a Permitted Holder, or (ii) any investment by a Management Investor pursuant to a management equity plan, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; provided, that such Subordinated Shareholder Funding in each case:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the date that is six months after the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the date that is six months after the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months after the Stated Maturity of the Notes;

(4) does not provide for or require any Guarantee by, or any security interest or encumbrance over any asset of, the Company or any of its Subsidiaries; and

(5) pursuant to its terms is 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.

"*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 Holding Company*" 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).

"*Synergies*" means synergies and savings (including, without limitation and for the avoidance of doubt, operating expense reductions, revenue increases, operating improvements or adjustments and other similar initiatives); *provided* that the aggregate amount of the run rate cost savings effect of any Group Initiative, Purchase or Sale for the applicable period may not exceed 25% of Consolidated EBITDA (calculated after fully taking into account any adjustments to be made by the Company pursuant to the definition of "Consolidated EBITDA") for such Relevant Period (unless such projected Synergies are supported by commentary provided by an accounting firm or other industry specialist).

"*TARGET2*" means the second generation trans-European automated real time gross settlement express transfer payment system.

"*Tax Sharing Agreement*" means any fiscal unity arising under relevant tax laws, and any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent Holding Company 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.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties, assessments and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed or levied 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 any state or commonwealth thereof or the District of Columbia), Canada (any province thereof), Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date; (ii) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds; or (iii) any political subdivision, agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (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 Company 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 the United States of America (or any state thereof or the District of Columbia), Canada (any province thereof), Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date or, in each case, any political subdivision, agency, instrumentality or taxing authority thereof, 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 of America (or any state or commonwealth thereof or the District of Columbia), Canada (any province thereof), Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date or, in each case, any political subdivision, agency or instrumentality thereof 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 90% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Transaction Security*" means the Security created or expressed to be created in favor of the Security Agent and/or the Trustee and/or any Holder pursuant to the Security Documents.

"*Transactions*" means the issuance of the Notes and the use of proceeds from any borrowings thereunder, the entry into the Revolving Credit Facility and the use of proceeds from any borrowings thereunder, the Equity Contribution and the use of proceeds therefrom, the Acquisition and the consummation of the transactions contemplated by the Acquisition Agreement (including any earn-out provisions), the acquisition of a minority interest in Kronotech S.r.l., the consummation of the Post-Closing Mergers, the other transactions contemplated by the Offering Memorandum, the payment of transaction costs, fees and expenses and any other transactions in connection with any of the above or incidental thereto.

"*Trust Indenture Act*" means the U.S. Trust Indenture Act of 1939, as amended.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary (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 but not including the Issuer or the Company) 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, the Company or any other Subsidiary of the Company 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 Company and any Restricted Subsidiary in such Subsidiary complies with "*Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company 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 Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately on the Applicable Test Date after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company or a Restricted Subsidiary could Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of the "*Certain Covenants—Limitation on Indebtedness*" covenant or (y) the Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such designation; or (z) the Consolidated Total Secured Leverage

Ratio of the Company and the Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

## Book-Entry, Delivery and Form

### General

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**"). The Regulation S Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

The Notes sold within the United States to "qualified institutional buyers" pursuant to Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**" and, together with the Regulation S Global Notes, the "**Global Notes**"). The 144A Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

The 144A Global Notes and the Regulation S Global Notes are collectively referred to herein as the "**Global Notes**."

Ownership of interests in the 144A Global Notes (the "**144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interest in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of the Notes, under the Indenture for any purpose.

So long as the Notes are held in global form, the common depositaries for Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear and/or Clearstream, as applicable, and the participants through which they own Book-Entry Interests to transfer their interests or in order to exercise any rights of holders under the Indenture.

Neither the Issuer, the Guarantors, the Registrar, the Paying Agent, the Transfer Agent, nor the Trustee under the Indenture nor any of our or their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

### Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "**Definitive Registered Notes**") only if:

- Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days,

- 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 Euroclear and/or Clearstream, as applicable, following an event of default under the Indenture.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf Euroclear and/ or Clearstream, as applicable, or the Issuer (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Transfer Restrictions*," unless that legend is not required by the Indenture or applicable law.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Definitive Registered Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of one Definitive Registered Note, a new Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note will be issued to the transferor or the holder, as applicable, in respect of the balance of the holding not transferred or redeemed; provided that a Definitive Registered Note will only be issued in denominations of €100,000 or in integral multiples of €1,000 in excess thereof.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of the Transfer Agent, we will issue and the Trustee or an authenticating agent appointed by the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We 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 us to protect us, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We and/ or the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we, in our discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar and their respective agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the applicable Global Notes will be evidenced through registration from time to time in the register maintained by the Registrars, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes, however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

**Redemption of the Global Notes**

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 principal amount at maturity, or less, may be redeemed in part.

**Payments on Global Notes**

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent and their respective agents will treat the registered holder of the Global Notes (for example, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Registrar, the Transfer Agent nor the Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary or the custodian.

Payments made by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers, the Paying Agent, the Transfer Agent, the Registrar nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them.

**Currency and Payment for the Global Notes**

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream, as applicable, in euro.

**Action by Owners of Book-Entry Interests**

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the Notes (including the presentation of the Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Indenture, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants, in accordance with their customary procedures.

**Transfers**

Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures, and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and/or Clearstream, as applicable, and in accordance with the provisions of the Indenture.

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 transfer discussed in "*Transfer Restrictions*."

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering (the "**40-day Period**"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (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 all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available under the Securities Act).

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note. In connection with transfers involving an exchange of a Rule 144A Book-Entry Interest for a Regulation S Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Rule 144A Global Note and a corresponding increase in the principal amount of the Regulation S Global Note.

Subject to the foregoing, and as set forth in "*Transfer Restrictions*," Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*." 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 the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the 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 retains such a Book-Entry Interest. In the event Additional Notes are issued pursuant to Regulation S that bear the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued, without being fungible with such series of initial Notes for U.S. federal income tax purposes, Book-Entry Interests in the Regulation S Global Notes that form part of that series, including in respect of investors that hold Book-Entry Interests in the Regulation S Global Notes on or prior to the date of issuance of such Additional Notes, will not be eligible for transfer to Book-Entry Interests in a Rule 144A Global Note (if any) representing Notes of that same series.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

**Information Concerning Euroclear and Clearstream**

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the Trustee, the Paying Agents, the Registrars and the Transfer Agents nor the Initial Purchasers nor any of their respective agents are responsible for those operations or procedures.

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 to their participants, among others, services for safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and/or Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear and/or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants. The Issuer understands that, under existing industry practices, if either the Issuer or the 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.

**Global Clearance and Settlement Under the Book-Entry System**

The Notes represented by the Global Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures, 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, 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 Guarantors, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar, the Paying Agent nor any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

**Initial Settlement**

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

**Secondary Market Trading**

Application has been made to the Luxembourg Stock Exchange for the Notes represented by the Global Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. We expect that secondary trading in the Notes will also be settled in immediately available funds.

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 would only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg, if Clearstream is used, or Brussels, if Euroclear is used.

**Clearing information**

The Issuer expects that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common codes for the Notes are set out under "*Listing and General Information.*"

## Transfer Restrictions

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws, and unless so registered, the Notes may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of any U.S. persons (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws. The Notes are being offered, sold and issued to (i) in the United States, to "qualified institutional buyers" in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or (ii) outside of the United States, to "non U.S. persons" as defined in Rule 902 under the U.S. Securities Act in offshore transactions in reliance on Regulation S. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

In addition, until 40 days after the later of the commencement of this offering and the closing date, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than pursuant to Rule 144A.

By purchasing the Notes, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

(1) You are not acting on behalf of the Issuer and you (A) (i) are a "qualified institutional buyer" (as defined in Rule 144A), (ii) are aware that the sale to you is being made in reliance on Rule 144A; and (iii) are acquiring the Notes for your own account or for the account of a qualified institutional buyer; or (B) are not a U.S. person (as defined in Regulation S) (and are not purchasing the Notes for the account or benefit of a U.S. person, other than a distributor) and are purchasing the Notes in an offshore transaction pursuant to Regulation S.

(2) With regard to Notes offered pursuant to Regulation S, you are a qualified investor as defined in the Prospectus Regulation.

(3) You understand that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) for so long as the Notes are eligible for resale under Rule 144A, in the United States to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in a transaction complying with the provisions of Regulation S; (iii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iv) to the Issuer; or (v) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, subject to the Issuer's and Trustee's right prior to any such offer, sale or transfer pursuant to this clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to them, in each case in accordance with any applicable securities laws; and (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you or it of the resale restrictions referred to the legend below.

(4) You acknowledge that none of the Issuer, the Initial Purchasers or any person representing the Issuer or the Initial Purchasers has made any representation to you with respect to us or the offer or sale of any of the Notes, other than by the Issuer with respect to the information contained in or incorporated by reference in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Memorandum or the information incorporated by reference herein. You have had access to

such financial and other information concerning the Issuer, the Guarantors, the Indenture, the Security Documents and the Notes as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(5) You represent, warrant and agree at the time of your acquisition of any Notes (or interest therein) and throughout the period that you hold any Notes or interest therein, that either (i) you are not, using the assets of any (A) "employee benefit plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) that is subject to Title I of ERISA, (B) plan, individual retirement account or other arrangement that is subject to the prohibited transaction provisions of Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or provisions under any other U.S. or non-U.S. federal, state, local or other laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, "**Similar Laws**") or (C) entity whose underlying assets are considered to include the assets of any of the foregoing described in clauses (A) and (B), pursuant to ERISA or otherwise to acquire or hold the Note (or interest therein); or (ii) the acquisition, holding and disposition of such Notes (or interest therein) by you does not, and will not, constitute a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

(6) You also acknowledge that:

(a) the Issuer and the Trustee reserve the right to require, in connection with any offer, sale or other transfer of the Notes under the paragraph two above, the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the Trustee; and

(b) each Global Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE 'U.S. SECURITIES ACT'), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS A NON-U.S. PERSON ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR, IF LATER, THE ISSUE DATE 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 SECURITY)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE DATE WHEN THE SECURITIES WERE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS IN RELIANCE ON REGULATION S AND THE DATE OF COMPLETION OF THE DISTRIBUTION], ONLY (A) TO THE ISSUER OR THE GUARANTORS, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT IN THE UNITED STATES, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS

GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ACCEPTING THIS SECURITY (OR AN INTEREST IN THE SECURITY REPRESENTED HEREBY) EACH ACQUIRER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS SECURITY OR ANY INTEREST HEREIN, (1) IT IS NOT, AND IS NOT USING THE ASSETS OF ANY (A) "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO TITLE I OF ERISA, (B) PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER OTHER U.S. OR NON-U.S. FEDERAL, STATE, LOCAL OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY, "SIMILAR LAWS") OR (III) ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE THE ASSETS OF ANY OF THE FOREGOING DESCRIBED IN CLAUSES (A) AND (B), PURSUANT TO ERISA OR OTHERWISE TO ACQUIRE OR HOLD THIS SECURITY (OR AN INTEREST IN THE SECURITY REPRESENTED HEREBY) OR (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE SECURITY (OR AN INTEREST IN THE SECURITY REPRESENTED HEREBY) DOES NOT, AND WILL NOT, CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) You acknowledge that the Registrars will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrars that the restrictions set forth herein have been complied with.

(8) You acknowledge that:

(a) The Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify such Issuer and the Initial Purchasers promptly in writing; and

(b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

   (i) you have sole investment discretion; and

   (ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.

(9) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of the Notes.

(10) You acknowledge that the above restrictions on resale will apply from the closing date until the date that is one year (in the case of the Notes issued under Rule 144A) after the later of the original issue date of the Notes (or, if later, the issue date of any additional Notes) and the last date on which the Issuer or any affiliate of the Issuer was the owner of the Notes (or any predecessor of the Notes) or 40 days (in the case of the Notes issued under Regulation S) after the later of the date when the Notes were first offered to persons other than distributors in reliance on Regulation S and the date of completion of the distribution (the "**Resale Restriction Period**"), and will not apply after the applicable Resale Restriction Period ends.

(11) You understand that no action has been taken in any jurisdiction (including the United States) 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 such Issuer, the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder and/or in the front of this Offering Memorandum under "*Notice to U.S. Investors*," "*Notice to Canadian Investors*," "*Prohibition of Offers to EEA Retail Investors*," "*MIFID II Product Governance/Professional Investors and ECPS only Target Market*," "*Prohibition of Offers to United Kingdom Retail Investors,*" and "*Notice to Certain European Investors,*" and/or under "*Plan of Distribution*" or "*Certain Employee Benefit Plan Considerations.*"

(12) You understand that, in the event Additional Notes are issued pursuant to Regulation S that bear the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued, without being fungible with such series of initial Notes for U.S. federal income tax purposes, Book-Entry Interests in the Regulation S Global Notes that form part of that series, including in respect of investors that hold Book-Entry Interests in the Regulation S Global Notes on or prior to the date of issuance of such Additional Notes, will not be eligible for transfer to Book-Entry Interests in a Rule 144A Global Note (if any) representing Notes of that same series.

(13) You agree that Notes may only be subscribed by, and subsequently transferred to, qualified investors as referred to in Article 100 of the Italian Financial Act and as defined in Article 35, first paragraph, letter (d) of CONSOB Regulation No. 20307 of February 15, 2018, as amended, pursuant to Article 34-ter, first paragraph of CONSOB Regulation No. 11971 of May 14, 1999, as amended.

## Certain Employee Benefit Plan Considerations

*The following is a summary of certain considerations associated with the purchase and holding of the Notes by (i) "employee benefit plans" within the meaning of Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") that are subject to Title I of ERISA, (ii) plans, individual retirement accounts and other arrangements that are subject to the prohibited transaction provisions of Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or provisions under any other U.S. or non-U.S. federal, state, local or other laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, "**Similar Laws**"), and (iii) entities whose underlying assets are considered to include the assets of any of the foregoing described in clauses (i) and (ii), pursuant to ERISA or otherwise (each of the foregoing described in clause (i), (ii) and (iii) referred to herein as a "**Plan**").*

### General fiduciary matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (each, a "**Covered Plan**") and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises discretionary authority or control over the administration of a Covered Plan or the management or disposition of the assets of a Covered Plan, or who renders investment advice for a fee or other compensation to a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

When considering an investment in the Notes with the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any applicable Similar Laws.

Plan fiduciaries should consider the fact that none of us, the Initial Purchasers, Guarantors or Trustee or their respective affiliates (collectively, the "**Transaction Parties**") is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase and/or hold the Notes in connection with the initial offer and sale. The Transaction Parties are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to such decision to purchase the Notes. All communications, correspondence and materials from the Transaction Parties with respect to the Notes are intended to be general in nature and are not directed at any specific purchaser of the Notes, and do not constitute advice regarding the advisability of investment in the Notes for any specific purchaser. The decision to purchase and hold the Notes must be made solely by each prospective Covered Plan purchaser on an arm's-length basis.

### Prohibited transaction issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of Section 406 of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and may result in the disqualification of an IRA. In addition, the fiduciary of the Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code.

The acquisition and/or holding of Notes by a Covered Plan with respect to which the Issuer, is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. Included among these statutory exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code, which exempt certain transactions between a Covered

Plan and a party in interest so long as (i) such party in interest is treated as such solely by reason of providing services to the Covered Plan, (ii) such party in interest is not a fiduciary which renders investment advice, or has or exercises discretionary authority or control, with respect to the Covered Plan assets involved in such transaction, or an affiliate of any such person, and (iii) the Covered Plan neither receives less than nor pays more than "adequate consideration" (as defined in such Sections) in connection with such transaction. In addition, the U.S. Department of Labor has issued prohibited transaction class exemptions ("**PTCEs**") that may apply to the acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of Covered Plans considering acquiring and/or holding the Notes in reliance on these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Plans such as government plans, foreign plans and certain church plans, which may not be subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. Fiduciaries of such Plans should consult with their counsel before acquiring the Notes. The sale of a Note to a Plan is in no respect a representation by any Transaction Party or any of their respective affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

**Representations**

Accordingly, by its acceptance of any Notes (or interest therein), each purchaser, holder and subsequent transferee of the Notes (or interest therein) will be deemed to have represented, warranted and agreed at the time of such purchaser's or transferee's acquisition of such Notes (or interest therein) and throughout the period that such purchaser or transferee holds any Notes (or interest therein), that either (i) such purchaser or subsequent transferee is not, and is not using the assets of, a Plan to acquire or hold the Note (or interest therein), or (ii) the acquisition, holding and disposition of a Note (or interest therein) by such purchaser or transferee does not, and will not, constitute a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing and/or holding of the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code or any Similar Law and whether an exemption would be required. Neither this discussion nor anything provided in this prospectus is, or is intended to be, investment advice directed at any potential Plan purchasers, or at Plan purchasers generally, and such purchasers of the Notes should consult and rely on their own counsel and advisers as to whether an investment in the Notes is suitable for the Plan.

## Certain Tax Considerations

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their tax advisors as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Offering Memorandum and is subject to any change in law that may take effect after such date whether or not such change in law has retroactive effect.*

### Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of the Notes for Italian resident and non-Italian resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Neither the Issuer nor any other entity belonging to the Issuer will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

#### *Interest on the Notes*

#### *Italian Resident Holders of the Notes*

Decree No. 239, regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from Notes to the extent:

(a) the Notes are issued by, among others, joint stock corporations, whose shares are listed on a regulated market or on a multilateral trading platform of a Member State of the EU or of a state that is party to the European Economic Area Agreement (each an "**EEA State**") and is included in the list of states allowing an adequate exchange of information with Italian tax authorities, as indicated in the Italian Ministerial Decree of September 4, 1996, as subsequently amended and supplemented or in any other future decrees issued pursuant to Article 11 par. 4 (c) of Decree No. 239 (the "**White List States**"); or

(b) the Notes are listed on a qualifying regulated market or on a multilateral trading platform of a Member State of the EU or of an EEA State included in the list of White List States; or

(c) the Notes are held by qualified investors as defined under Article 100 of the Italian Legislative Decree No. 58 of 28 February 1998.

The provisions of Decree No. 239 only apply to Notes which qualify as *obbligazioni or titoli similari alle obbligazioni* pursuant to Article 44, paragraph 2, letter c, of Italian Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree No. 917**"). Pursuant to Article 44 of Decree No. 917, for securities to qualify as *titoli similari alle obbligazioni* (securities similar to bonds), they must (i) incorporate an unconditional obligation to pay at maturity an amount not lower than their nominal/face value or principal amount ("***valore nominale***") and attribute to the holders no direct or indirect right to control or participate to the management of the Issuer.

Pursuant to Decree No. 239, payments of Interest relating to Notes issued by the Issuer that qualify as *obbligazioni or titoli similari alle obbligazioni* are subject to a tax, referred to as *imposta sostitutiva* (as defined below), levied at the rate of 26% (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes) where an Italian resident holder of Notes is the beneficial owner of such Notes, and is:

(a) an individual holding Notes otherwise than in connection with entrepreneurial activity, unless he has entrusted the management of his financial assets, including the Notes, to an authorized intermediary and has opted for the application of the so-called *risparmio gestito* regime (the "**Asset Management Option**") pursuant to Article 7 of Decree No. 461; or

(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 or professional associations; or

(c) a private or public entity (other than a company) or a trust not carrying out commercial activities; or

(d) an investor exempt from Italian corporate income tax.

All the above categories are classed as "net recipients."

Where the resident holders of the Notes described in (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional tax and may be deducted from the income tax due.

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 Decrees No. 509/1994 and No. 103/1996 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 under Italian tax law.

Pursuant to Decree No. 239, the 26% *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (SIMs), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities, identified by a decree of the Ministry of Finance, which are resident in Italy ("**Intermediaries**" and each an "**Intermediary**") or by permanent establishments in Italy of banks or intermediaries resident outside Italy or by organizations or companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree No. 239. For the purposes of applying *imposta sostitutiva*, Intermediaries or permanent establishments in Italy of foreign intermediaries are required to act in connection with the collection of Interest or, in the transfer of Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

Payments of Interest in respect of the Notes issued by the Issuer that fall within the definitions set out above are not subject to the 26% *imposta sostitutiva* if made to beneficial owners who are:

(a) Italian resident corporation or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;

(b) Italian resident partnerships carrying out commercial activities (*società in nome collettivo or società in accomandita semplice*);

(c) Italian resident open-ended or closed-ended collective investment funds, investment companies with fixed capital (SICAFs) other than a real estate SICAF, or investment companies with variable capital (SICAVs) established in Italy;

(d) Italian resident pension funds referred to in Italian Legislative Decree No. 252 of December 5, 2005 ("**Decree No. 252**") and Italian resident real estate investment funds; and

(e) Italian resident individuals holding the Notes in connection with an entrepreneurial activity or Italian resident individuals who have entrusted the management of their financial assets, including the Notes, to an authorized financial intermediary and have opted for the Asset Management Option.

Such categories are classed as "gross recipients." To ensure payment of Interest in respect of the Notes without the application of the 26% *imposta sostitutiva*, gross recipients must:

(a) be the beneficial owners of payments of Interest on the Notes (if the holder is an institutional investor, the holder itself is deemed to be the beneficial owner); and

(b) deposit the Notes together with the coupons relating to such Notes in due time directly or indirectly with an Italian authorized financial Intermediary (or permanent establishment in Italy of foreign intermediary).

Where the Notes and the relevant coupons are not deposited with an authorized Intermediary (or permanent establishment in Italy of foreign intermediary), *imposta sostitutiva* is applied and withheld:

(a) by any Italian bank or any Italian intermediary paying Interest to the holders of the Notes; or

(b) 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 any *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the holders of the Notes, also in the net value of production for purpose of regional tax on productive activities—IRAP) of the holders of the Notes who are Italian resident corporations or similar commercial entities or permanent establishments in Italy or foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding the Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 26% annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorized intermediary.

Interest accrued during the holding period on the Notes held by Italian investment funds, SICAVs and SICAFs , other than real estate SICAFs, and either (i) the investment funds, the SICAVs or the non-real estate SICAFs or (ii) their manager is subject to a form of supervision of the competent regulatory authority, should not be subject to the *imposta sostitutiva*, but must be included in the aggregate income of the Italian investment funds, SICAVs and SICAFs. The Italian investment funds, SICAVs or SICAFs will not be subject to taxation on such result, but a withholding tax of 26% will apply, in certain circumstances, to distributions redemptions or sales of the relevant units or shares made in favor of unitholders or shareholders (the "**Collective Investment Fund Substitute Tax**").

Where an Italian resident noteholder is a pension fund (subject to the regime provided for by Article 17 of Decree No. 252) and the Notes, together with the relevant coupon, are deposited with an Italian resident Intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20% substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of December 11, 2016 ("**Finance Act 2017**") and in Article 1 (210-215) of Law No. 145 of 30 December 2018 (the "**Finance Act 2019**"), all as subsequently amended and supplemented.

Where a holders of the Notes is an Italian resident real estate investment fund or a real estate SICAF to which the provisions of Italian Law Decree No. 351 of September 25, 2001, as subsequently amended, apply, Interest accrued on the Notes will be subject neither to *imposta sostitutiva*, nor to any other income tax in the hands of the Italian real estate investment fund or the SICAF. The income of the Italian real estate investment fund or the real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

***Non-Italian Resident Holders of the Notes***

Pursuant to Decree No. 239, payments of Interest in respect of the Notes issued by the Issuer falling within the definitions set out in "*—Italian Resident Holders of the Notes*" above will not be subject to *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;

(b) such beneficial owners are resident, for tax purposes, in White List States; 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 complied with in due time.

The 26% *imposta sostitutiva* may generally be reduced to 10% or to zero under certain applicable double tax treaties entered into by Italy, if more favorable, subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organizations established in accordance with international agreements ratified in Italy, (ii) "institutional investors," whether or not subject to tax, which are established in White List States, even if it does not possess the status of a taxpayer in its own country of establishment; and (iii) "Central Banks" or entities which manage, among others, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 26% *imposta sostitutiva*, non-Italian resident investors indicated above must:

(a) be the beneficial owners of payments of Interest on the Notes (if the holder is an institutional investor, the holder itself is deemed to be the beneficial owner);

(b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Intermediary, or a permanent establishment in Italy of a non-Italian bank or financial intermediary, or with a non-Italian resident operator participating in a centralized securities management system which is in contact via computer with the Ministry of Economy and Finance; and

(c) file in due time with the relevant depository a declaration (*autocertificazione*) stating, among others, that he or she is a resident, for tax purposes, in a White List State. Such declaration (autocertificazione) which must comply with the requirements set forth by an Italian Decree of the Ministry for the Economy and Finance of December 12, 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The declaration (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organizations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, among others, the official reserves of a foreign State. Additional requirements may be provided for "institutional investors" referred to in sub (ii) above (see Circulars of the Revenue Agency No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

Failure of a non-resident holders of the Notes to comply in due time 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 holders of the Notes.

### ***Capital Gains***

### ***Italian Resident Holders of the Notes***

Pursuant to Decree No. 461, a 26% capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realized by (i) an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected, (ii) a non-business partnership, (iii) a non-business private or public entity on any sale or transfer for consideration of the Notes or redemption thereof.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decrees No. 509/1994 and No. 103/1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes 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 in Article 1(100-114) of Finance Act 2017 and in Article 1 (210-2015) of the Finance Act 2019, as amended from time to time. According to Article 1 (219-225) of Law No. 178 of 30 December 2020 (the "**Finance Act 2020**"), under some conditions, capital losses realized upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets specific requirements, give rise to a tax credit equal to the capital losses, provided that such tax credit does not exceed the 20% of the amount invested in the long-term saving accounts (*piano di risparmio a lungo termine*).

Under the so-called "tax declaration regime," which is the standard regime for taxation of capital gains realized by Italian resident individuals not engaged in entrepreneurial activities to the extent that they do not opt for the "*risparmio amministrato*" regime or the Asset Management Option, the 26% *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realized by Italian resident individuals not engaged in entrepreneurial activities pursuant to all investment transactions carried out during any given tax year. The capital gains realized in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Alternatively, holders of the Notes who are Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, may elect to pay *imposta sostitutiva* separately on capital gains realized on each sale or transfer or redemption of the Notes ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to:

(a) the Notes being deposited with an Intermediary (or permanent establishment in Italy of a foreign intermediary); and

(b) an express election for the so-called *risparmio amministrato* regime being made in writing in due time by the relevant holder of the Notes.

The Intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realized on each sale or transfer or redemption of the Notes, as well as on capital gains realized as of revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realized on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, any realized capital gain is not required to be included in the annual income tax return of the holders of the Notes and the holders of the Notes remains anonymous.

Special rules apply if the Notes are part of (i) a portfolio managed under the Asset Management Option by an Italian asset management company or an authorized intermediary, or (ii) an Italian *Organismo di Investimento Collettivo del Risparmio* (which includes a *Fondo Comune di Investimento*, SICAV or SICAF). In both cases, capital gains on the Notes will not be subject to 26% *imposta sostitutiva* on capital gains.

In particular, under the Asset Management Option, any capital gain realized on of the Notes, even if not realized, will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the four subsequent years. Under the Asset Management Option the realized capital gain is not required to be included in the annual income tax return of the holders of the Notes.

In the case of Notes held by Italian investment funds, SICAVs or SICAFs, capital gains on Notes contribute to determine the increase in value of the managed assets of the Italian investment funds, SICAVs or SICAFs accrued at the end of each tax year. The Italian investment funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favor of unitholders or shareholders.

Any capital gains realized by a holders of the Notes that is an Italian pension fund (subject to the regime provided for by Article 17 of Decree No. 252) and the Notes are deposited with an Italian resident intermediary, will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20% on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1 (210-2015) of the Finance Act 2019, all as subsequently amended from time to time.

Where a holders of the Notes is an Italian real estate investment fund or a SICAF, to which the provisions of Italian Law Decree No. 351 of September 25, 2001, as subsequently amended, apply, capital gains realized will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the SICAF. The income of the Italian real estate investment fund or the Italian SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realized by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

***Non-Italian Resident Holders of the Notes***

The 26% *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realized upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realized by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (which term includes, for these purposes, also certain multilateral trading facilities), and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) 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.

Where the Notes are not listed on a regulated market in Italy or abroad (which term includes, for these purposes, also certain multilateral trading facilities):

(a) Pursuant to the provisions of Decree No. 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in Italy on any capital gains realized upon sale for consideration or redemption of the Notes if they are resident for tax purposes in a White List State. Under these circumstances, if non-Italian resident beneficial owners of the Notes without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply provided that they timely file with the authorized financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies in case the beneficial owners of the Notes are: (i) international entities or organizations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors, whether or not subject to tax, established in White List States; or (iii) Central Banks or entities which manage, among others, the official reserves of a foreign State.

(b) In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realized upon sale or redemption of the Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realized upon sale for consideration or redemption of the Notes. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply provided that they timely file with the authorized financial intermediary appropriate documents which include, among others, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to the Notes deposited for safekeeping or administration with Italian banks, SIMs and other eligible entities, but non-resident holders of the Notes retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

***Inheritance and Gift Tax***

Pursuant to Italian Law Decree No. 262 of October 3, 2006, converted into law with amendments by Italian Law No. 286 of November 24, 2006, effective from November 29, 2006, and Italian Law No. 296 of December 27, 2006, the transfers of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

(a) transfers in favor of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of the inheritance or gift exceeding €1,000,000 (per beneficiary);

(b) transfers in favor of brothers or sisters are subject to an inheritance and gift tax applied at a rate of 6% on the value of the inheritance or the gift exceeding €100,000 (per beneficiary);

(c) transfers in favor of relatives up to the fourth degree and relatives-in-law up to the third degree are subject to an inheritance and gift tax applied at a rate of 6% on the entire value of the inheritance or the gift; and

(d) any other transfer is subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

If the transfer is made in favor of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

Moreover, an anti-avoidance rule is provided for by Italian Law No. 383 of October, 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Decree No. 461. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift was not made.

With respect to the Notes listed on a regulated market (which term includes, for these purposes, also multilateral trading facilities), the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

The 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 and in Article 1 (210-215) of the Finance Act 2019, all as subsequently amended and supplemented from time to time.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

***Registration Tax***

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to fixed registration tax at a rate of €200; (ii) private deeds (*scritture private non autenticate*) are subject to registration tax at a rate of €200 only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

***Stamp Duty***

According to Article 13 par. 2-*ter* of the tariff Part I attached to Italian Presidential Decree No. 642 of October 26, 1972, as amended by Article 1 par. 581 of Italian Law No. 147 of December 27, 2013, a proportional stamp duty applies on a yearly basis to the periodic reporting communications sent by financial intermediaries to their clients in respect of any financial product, which may be deposited with such financial intermediary in Italy. This stamp duty applies at the rate of 0.20% on the market value or—in the absence of a market value—on the nominal value or the redemption amount or in the case the nominal or redemption values cannot be determined, on the purchase value of any financial products and cannot exceed the amount of €14,000 for holders of the Notes that are not individuals. Stamp duty will apply on the Notes, both to Italian resident holder of the Notes and to non-Italian resident holders of the Notes, to the extent that the Notes are held with an Italian based financial intermediary.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory, nor the deposit, nor the release or the drafting of the statement. In case of reporting periods of less than twelve months, the stamp duty is payable on a *pro rata* basis. At any rate, where no specific exemption applies, a minimum stamp tax of Euro 34.20 is due on a yearly basis.

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 and on June 20, 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. Moreover the proportional stamp duty does not apply to communications sent to pension funds.

***Wealth Tax on Financial Assets Deposited Abroad***

According to Article 19 of Decree No. 201/2011, as amended by Article 1 par. 582 of Italian Law No. 147 of December 27, 2013, and Article 9 of Italian Law No. 161 of October 30, 2014, Italian resident individuals, non-business entities and certain non-business partnerships (*società semplici* or similar partnership in accordance with Article 5 of Decree 917), resident for tax purposes in Italy, which hold financial products—including the Notes—outside of the Italian territory are required to pay a wealth tax at the rate of 0.2%. The weal tax cannot exceed €14,000 per year for Noteholders other than individuals.

Such tax is due only in cases where the stamp duty described in the previous paragraph (*Stamp duty*) is not due. The tax applies on the market value at the end of the relevant year or—in the absence of a market value—on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial assets held outside of the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets (including the Notes) held abroad are excluded from the scope of the wealth tax if they are managed by Italian resident intermediaries. In this case, the stamp duty described in the previous paragraph (*Stamp duty*) does apply.

***Tax Monitoring Obligations***

Pursuant to Italian Law Decree No. 167 of June 28, 1990, converted by Italian Law No. 227 of August 4, 1990, as amended by Italian Law No. 97 of August 6, 2013 and subsequently amended by Italian Law No. 50 of March 28, 2014 and Italian Law No. 225 of December 1, 2016, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument under the Italian money-laundering law.

Furthermore, the above reporting requirement is not required to comply with respect to the Notes deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries and with respect to foreign investments which are only composed by deposits and/or bank accounts when their aggregate value never exceeds a €15,000 threshold throughout the year.

***European Directive on Administrative Cooperation***

Legislative Decree No. 29 of 4 March 2014, as supplemented from time to time, has implemented the EU Council Directive 2011/16/EU (as amended by 2014/107/UE, 2015/2376/UE, 2016/881/UE; 2016/2258/UE and 2018/822/UE), on administrative cooperation in the field of taxation (the "**DAC**").

The main purpose of the DAC is to extend the automatic exchange of information mechanism between Member State, in order to fight against cross border tax fraud and tax evasion. The new regime under DAC is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014.

The Directive on Administrative Cooperation (2014/107/EU) of December 9, 2014 ("**DAC 2**") implemented the exchange of information based on the Common reporting Standard ("**CRS**") within the EU. Under CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence, and reporting procedures.

***Post-Completion Mergers***

For Italian tax purposes, the Post-Closing Merger would not trigger any capital gain taxation in the hands of the Noteholders.

**Prospective investors should consult their tax advisors on the tax consequences deriving from the application of the Directive on Administrative Cooperation.**

### Certain U.S. Federal Income Tax Considerations

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Notes. This summary deals only with Notes held as capital assets (within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "**Code**")) by U.S. holders (as defined below), who purchase the Notes for cash pursuant to this offering at their "issue price" (the first price at which a substantial amount of the Notes is sold for money to investors, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

As used herein, a "**U.S. holder**" means a beneficial owner of the Notes that is, for United States 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 United States federal income tax purposes) that is 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 United States 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 United States persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person for United States federal income tax purposes.

If any entity or arrangement classified as a partnership for United States federal income tax purposes holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership considering an investment in the Notes, you should consult your tax advisors.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are a person subject to special tax treatment under the United States federal income tax laws, including, without limitation:

- a broker or dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a person holding the Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting;
- a partnership or other pass-through entity or arrangement (or an investor in such an entity or arrangement);
- an accrual method taxpayer required to recognize income for United States federal income tax purposes no later than when such income is taken into account in applicable financial statements;
- a U.S. holder whose "functional currency" is not the U.S. dollar; or
- a United States expatriate.

This summary is based on the Code, United States Treasury regulations, administrative rulings and judicial decisions in effect as of the date hereof. Those authorities may be changed, possibly on a retroactive basis, so as to result in United States federal income tax consequences different from those summarized below. We have not and will not seek any rulings from the Internal Revenue Service ("**IRS**") regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Notes that are different from those discussed below.

This summary does not represent a detailed description of the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare contribution tax on net investment income, the alternative minimum tax or the effects of United States federal tax laws other than income tax laws or of any U.S. state, local or non-United States tax laws. It is not intended to be, and should not be construed to be, legal or tax advice to any particular purchaser of Notes.

**If you are considering the purchase of Notes, you should consult your tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under other United States federal tax laws (such as estate or gift tax laws) and the laws of any other taxing jurisdiction.**

***Post-Completion Mergers***

If the conditions for the Post-Completion Mergers are met, among certain other mergers, the Issuer will merge with Lutech, with Lutech being the surviving entity. Lutech, as the surviving entity, will assume the obligations of the Issuer under the Notes. Although the matter is not free from doubt, we intend to take the position (to the extent we are required to do so) that these transactions will not be treated as resulting in a taxable exchange for United States federal income tax purposes.

***IPO Pushdown***

An IPO Pushdown Event (as defined in "*Description of the Notes*") could result in a taxable exchange of the Notes for United States federal income tax purposes, in which case you may recognize gain or loss on the Notes (although any such loss may be disallowed) at such time equal to the difference, if any, between the issue price of the deemed newly issued Notes (as determined for United States federal income tax purposes) and your adjusted tax basis in the Notes, and have a new holding period and tax basis in the Notes. Any such gain or loss will be taxed under the rules described below under "*—Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes*." If the fair market value of the Notes at the time of such taxable exchange were lower than the stated redemption price by more than a *de minimis* amount, you may be required to include the difference as ordinary income as it accrues (on a constant yield to maturity basis) in advance of the receipt of cash. You should consult your tax advisors regarding the potential United States federal income tax consequences to you in the event of an IPO Pushdown Event.

***Payments of Interest***

Subject to the foreign currency rules discussed below, interest on a Note will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for United States federal income tax purposes. In addition to interest on the Notes (which includes any foreign tax withheld), you will be required to include in income any additional amounts paid in respect of any foreign tax withheld. You may be entitled to deduct or credit any foreign tax paid (or deemed paid), subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Interest income (including any additional amounts) on a Note will generally be considered foreign source income and, for purposes of the United States foreign tax credit, will generally be considered passive category income. You will generally be denied a United States foreign tax credit for foreign taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss on such date. The rules governing the United States foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the United States foreign tax credit (or deduction in lieu of such credit) under your particular circumstances. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for United States federal income tax purposes. Interest on the Notes will be payable in euro. If you use the cash basis method of accounting, you will be required to include in income (as ordinary income) the U.S. dollar value of the amount of interest received on the Notes, determined by translating the euro received at the spot rate of exchange on the date such payment is received, regardless of whether the payment is in fact converted into U.S. dollar on such date. A cash basis U.S. holder will not recognize exchange gain or loss with respect to the receipt of a payment of interest in euro (other than exchange gain or loss realized on the disposition of the euro so received).

If you use the accrual method of accounting for United States federal income tax purposes or if you are otherwise required to accrue interest prior to receipt, you may determine the amount of income recognized with respect to such interest in accordance with either of two methods. Under the first method you will be required to include in income (as ordinary income) for each taxable year the U.S. dollar value of the interest that has accrued on the Notes held during such year, determined by translating such interest at the average spot rate of exchange for the period or periods (or portions thereof) during which such interest accrued. Under the second method, you may elect to translate interest income at the spot rate of exchange on:

- the last day of the accrual period;
- the last day of the taxable year if the accrual period straddles your taxable year; or
- the date the interest payment is received if such date is within five (5) business days of the last day of the accrual period.

If you elect to use the second method, the election must be consistently applied by you to all debt instruments held by you from year to year and can be changed only with the consent of the IRS. In addition, if you use the accrual method of accounting, upon receipt of an interest payment on a Note (including, upon the sale of a Note, the receipt of proceeds which include amounts attributable to accrued but unpaid interest previously included in income), you will recognize United States source ordinary income or loss in an amount equal to the difference, if any, between the U.S. dollar value of such payment (determined by translating the euro received at the spot rate of exchange on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment (as determined above), regardless of whether the payment is in fact converted to U.S. dollar at such time.

***Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes***

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, you generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement, redemption or other taxable disposition (less any amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income as discussed above in "—*Payments of Interest*") and your adjusted tax basis in the Note. Your adjusted tax basis in a Note will generally be your U.S. dollar cost for that Note. If you purchased your Note with euro, your cost generally will be the U.S. dollar value of the euro paid for such Note determined at the spot rate of exchange on the date of such purchase (or, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of the purchase, if the Note is treated as traded on an established securities market for United States federal income tax purposes). If your Note is sold, exchanged, retired, redeemed or otherwise disposed of in a taxable disposition for euro, then your amount realized generally will be based on the spot rate of exchange in effect on the date of such sale, exchange, retirement, redemption or other taxable disposition (or, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of the sale, exchange, retirement or disposition, if the Note is treated as traded on an established securities market for United States federal income tax purposes). If an accrual method U.S. holder makes such an election, the election must be applied consistently to all debt instruments held by such U.S. holder from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize 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 United States source ordinary income or loss.

Except with respect to gain or loss attributable to changes in exchange rates as discussed below, any gain or loss you recognize will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the Note for more than one year. Long-term capital gains of non-corporate U.S. holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss you recognize will generally be treated as United States source gain 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 a Note generally will be treated as exchange gain or loss. Exchange gain or loss will generally be treated as United States source ordinary income or loss. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in euro on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined at the spot rate of exchange on the date of the sale, exchange, retirement, redemption or other taxable disposition of the Note, and (ii) the U.S. dollar value of the principal amount determined at the spot rate of exchange on the date you purchased the Note (or, possibly, in the case of cash basis or electing accrual basis taxpayers, the settlement dates of such purchase and taxable disposition, if the Note is treated as traded on an established securities market for United States federal income tax purposes). The amount of exchange gain or loss realized on the disposition of the Note (with respect to both principal and accrued interest) will be limited to the amount of overall gain or loss realized on such disposition of the Note.

***Disposition of Euro***

Your tax basis in euro received as interest on a Note or on the sale, exchange, retirement or other taxable disposition of the Note will be the U.S. dollar value thereof at the spot rate of exchange in effect on the date the euro are received. Any gain or loss recognized by you on a sale, exchange or other taxable disposition of the foreign currency will generally be treated as United States source ordinary income or loss.

***Additional Notes***

The Issuer may issue Additional Notes (as defined in "*Description of the Notes*") under the Indenture. Any Additional Notes sold pursuant to Regulation S from time to time may be issued with the same ISIN, Common Code, CUSIP or other securities identification number as the applicable series of notes previously issued under the Indenture without being fungible with such series of notes for United States federal income tax purposes. If you are considering the purchase of Notes sold pursuant to Regulation S as part of this offering of Notes or in the secondary market, you should consult your tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of such Notes, including with respect to the potential issuance of additional Notes that are not fungible with the applicable series of initial notes issued under the Indenture for United States federal income tax purposes, but which nevertheless are not capable of being separately identified.

***Reportable Transactions***

United States Treasury regulations issued under the Code meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the United States Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, 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 to the extent that such sale, exchange, retirement, redemption or other taxable disposition results in a tax loss in excess of a threshold amount. If you are considering the purchase of a Note, you should consult with your tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

If you are an individual and own "specified foreign financial assets" with an aggregate value in excess of certain minimum thresholds at any time during the tax year, you generally are required to file an information report (IRS Form 8938) with respect to such assets with your tax returns. If you do not file a required IRS Form 8938, you may be subject to substantial penalties and the statute of limitations on the assessment and collection of all United States federal income taxes 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.

***Backup Withholding and Information Reporting***

Generally, information reporting requirements will apply to all payments of interest and principal on a Note or the proceeds from a sale or other disposition of a Note paid to you, unless you are an exempt recipient and, when required, demonstrate this fact. Additionally, if you fail to provide your taxpayer identification number, or in the case of interest payments, fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding on any such payments or proceeds.

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 your United States federal income tax liability provided the required information is timely furnished to the IRS.

## Summary of Certain Differences between Italian GAAP and IFRS

This Offering Memorandum contains the consolidated financial statements of the Lutech Group as of and for the years ended December 31, 2020, 2019 and 2018, which have been prepared in accordance Italian GAAP.

Set forth below is a summary of certain differences between Italian GAAP and IFRS. We have not prepared a qualitative or quantitative reconciliation of the Lutech Group's consolidated financial statements between Italian GAAP and IFRS; accordingly, we cannot assure you that this summary is complete. In making an investment decision, you must rely upon your examination of the Lutech Group and the financial statements included elsewhere in this Offering Memorandum. You should consult your own professional advisers for an understanding of the differences between Italian GAAP and IFRS and how those differences might affect the financial information included in this Offering Memorandum.

The differences highlighted below reflect only those differences in accounting policies in force at the time of the preparation of the above mentioned audited consolidated financial statements. No attempt has been made to identify future differences between Italian GAAP and IFRS, as the result of prescribed changes in accounting standards, transactions or events that may occur in the future. Future developments, new standards effective after December 31, 2020 or changes in Italian GAAP and IFRS may give rise to additional differences between Italian GAAP and IFRS, which could have a significant impact on the Lutech Group.

### Revenue recognition

#### *Italian GAAP*

Under Italian GAAP, revenue are recorded according to the principle of prudence and on an accrual basis, with the recognition of the related accruals and deferrals. The accounting treatment is mainly based on the legal form of the transaction. In particular, revenue recognition focuses on the concept of realization, transfer of legal right and of risk of asset ownership and on performance of services.

#### IFRS

Revenue is recognized when the customer takes over control of the goods or services that happens only when all of the following criteria are met:

(a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

(b) the entity can identify each party's rights regarding the goods or services to be transferred;

(c) the entity can identify the payment terms for the goods or services to be transferred;

(d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

(e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

**Fixed assets**

***Acquisition related costs in a business combination***

*Italian GAAP*

Accounting for acquisition related costs is not specifically addressed by Italian GAAP. According to the common accounting practice, acquisition related costs are considered part of the consideration transferred.

*IFRS*

Acquisition related costs such as finder's fees, advisory, legal, accounting and other professional fees are not part of the consideration transferred and they are accounted for as an expense when incurred.

***Borrowing costs capitalized over assets***

*Italian GAAP*

According to Italian GAAP, an entity can choose to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of an asset or to directly recognize these costs in the profit and loss account. No specific guidance exists according to Italian GAAP in order to identify the assets for which the borrowing costs can be capitalized.

*IFRS*

Under IFRS, an entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs should be expensed in the period incurred. A qualifying asset is defined by IFRS as an asset that takes a substantial period of time to get ready for its intended use or sale.

***Goodwill***

*Italian GAAP*

Under Italian GAAP, amortization of goodwill is carried out according to its useful life. The useful life is estimated at place of initial recognition of goodwill and cannot be changed in subsequent years. For the purposes of calculating the estimated useful life of goodwill, the company takes into consideration the information available to estimate the period within which it is likely to occur economic benefits associated with goodwill. In exceptional cases where it is not possible to reliably estimate the useful life, goodwill is amortized over a period not exceeding ten years. When the application of the elements determines an estimate of the useful life of goodwill of more than 10 years, objective facts and circumstances are required to support this estimate. In any case, the useful life of the goodwill cannot exceed 20 years.

*IFRS*

Goodwill is the excess of the fair value of the consideration transferred, the amount of any non-controlling interest recognized and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is allocated to cash-generating units and not amortized but is reviewed for impairment at least annually at the lowest level within the entity at which goodwill is monitored for internal management purposes provided that level is not larger than an operating segment as defined by IFRS.

Under IFRS, goodwill is tested for impairment at least annually and between annual tests if an event occurs to indicate an impairment. The goodwill impairment test is performed using a one-step approach and the recoverable amount of the cash-generating unit (CGU) is compared to carrying amount with the impairment loss recognized in operating results as excess of carrying amount over the recoverable amount.

***Capitalization of development costs***

*Italian GAAP*

Under Italian GAAP, costs associated with the creation of intangible assets are classified into research phase costs and development phase costs. Costs in the research phase are always expensed. Costs in the development phase are capitalized if certain criteria are met: costs must be related to a clearly defined and identifiable product or process and measurable; costs refer to a feasible, that is technically feasible, project for which the company own or have the necessary resources; cost must be recoverable.

Development costs are amortized according to their useful life; in exceptional cases where it is not it is possible to reliably estimate the useful life, they are amortized over a period that is not over five years.

*IFRS*

Under IFRS, costs associated with the creation of intangible assets are classified into research phase costs and development phase costs. Costs in the research phase are always expensed. Costs in the development phase are capitalized, if certain six criteria are met, including: the technical feasibility of completing the intangible asset; the intention to complete the intangible asset; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits (the entity should demonstrate the existence of a market or, if for internal use, the usefulness of the intangible asset); the availability of adequate resources to complete the development and to use or sell it; the ability to measure reliably the expenditure attributable to the intangible asset during its development.

***Fixed Assets—Revaluation***

*Italian GAAP*

Under Italian GAAP, tangible fixed assets can be revalued only in cases where the law provides for it or allow it.

Discretionary or voluntary revaluations of tangible assets are not permitted or revaluations that do not derive from the application of the law.

The maximum limit of the revaluation of a tangible asset is the recoverable value of the asset itself which in no case can be exceeded. If the revalued value of a tangible asset is, in subsequent years, exceeding its value recoverable, the revalued value is written down with recognition of the permanent loss on account economic unless otherwise provided for by law.

The net effect of the revaluation does not constitute an income and is credited among the reserves of shareholders' equity, under item AIII "Revaluation reserves" (see OIC 28 "Equity"), except different legal provision.

*IFRS*

Under IFRS, revaluation is permitted as an accounting policy election for an entire class of assets, requiring revaluation to fair value on a regular basis

**Consolidation and investment in non-consolidated subsidiaries**

***Italian GAAP***

According to Italian GAAP, all investments in subsidiaries shall be consolidated except in certain circumstances such as when is not significant or when the information required for the consolidation are not available. Under Italian Accounting Principles, the definition of control is strictly connected with power over the shareholders meeting.

*IFRS*

Under IFRS, an investee shall be consolidated where it is controlled by the investor which requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. This definition allows for situations such as de-facto control, in which is possible to control entities even owning less than 50% of the ownership interest.

IFRS requires uniform accounting policy between the parent and subsidiary. IFRS permits the reversal of impairment of equity method investment. IFRS does not permit recognition of losses in excess of investment (except when the entity has incurred a legal or constructive obligation).

**Long-term financial assets**

***Italian GAAP***

According to Italian GAAP, long-term financial assets are medium and long-term fixed investments, including long-term investments, long-term receivables and other securities (other than subsidiaries or associated companies). Investments in not consolidated companies shall be measured based on their acquisition costs, inclusive of directly related accessory costs (*i.e.,* commissions, brokerage fees and specific consulting costs).

Long-term financial assets, except for investments in not consolidated companies, are measured at amortized cost as long as the impact of the application of this measurement criterion does not significantly differ from nominal value, taking into account the time factor and the estimated net realizable value. In particular, receivables are initially measured at face value, net of allowances, discounts and rebates and inclusive of any costs directly attributable to the transaction that gave rise to the receivable. Transaction costs, any commission receivable or payable and any difference between the initially recognized amount and the face value at the due date are included in the computation of amortized cost using the effective interest method.

*IFRS*

Financial assets are classified into three specific categories based on their main characteristics:

- Amortized cost;
- Fair value through profit or loss (FVOCI);
- Fair value through other comprehensive income (FVTPL);
- A financial asset is measured at amortized cost only if it meets both of the following conditions;
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows (the held-to-collect business model);
- 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 (the solely payments of principal and interest (SPPI) criterion);
- A debt instrument is measured at FVOCI only if it meets both of the following conditions;
- The 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 meet the SPPI criterion.

All other financial assets (*i.e.,* financial assets that do not meet the criteria for classification as subsequently measured at either amortized cost or FVOCI) are classified as subsequently measured at fair value, with changes in fair value recognized in profit or loss (FVTPL).

In addition, an entity has the option on initial recognition to irrevocably designate a financial asset as of FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (*i.e.,* an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different basis.

### Derivatives

#### *Italian GAAP*

According to Italian GAAP, derivatives must be measured at fair value and are recognized on the balance sheet as either financial assets or liabilities. Changes in the fair value of non-hedging derivatives will be recognized in the income statement. Changes in the fair value of fair value hedge derivatives will be recognized in the income statement, whether changes in the fair value of cash flow hedge derivatives will be recognized in equity. No significant differences compared to IFRS.

#### *IFRS*

IFRS defines a derivative as a financial instrument whose value changes in response to a specified variable or underlying rate (for example, interest rate), that requires no or little net investment and that is settled at a future date. All derivatives are recognized on the balance sheet as either financial assets or liabilities. They are initially measured at fair value on the acquisition date. Subsequent measurement of all derivatives is at their fair value, regardless of any hedging relationship that might exist. Changes in a derivative's value are recognized in the income statement as they arise, unless they satisfy the criteria for hedge accounting. According to IFRS, hedge accounting is permitted provided that an entity meets qualifying criteria in relation to documentation and hedge effectiveness. Hedging refers to the process of entering into a derivative transaction in the expectation that the transaction will eliminate or reduce an entity's exposure to a particular risk.

### TFR (Employees' leaving entitlement)

#### *Italian GAAP*

TFR includes the indemnity to be paid on termination of the employees, calculated in conformity with regulations and the collective contracts in place. TFR is not discounted and it is calculated as if all the employees left the Company at the balance sheet date.

#### *IFRS*

Under IFRS, TFR must take into consideration the estimated provision to be paid to the employees when they effectively will leave the company. This provision needs to be discounted appropriately, based on the personnel rotation, the expected interest rate and the life expectation. Following the implication of the "*Legge finanziaria 2007*" issued by the Italian government, TFR can be split into two different parts: (i) TFR from January 1, 2007 onward is considered a Defined Contribution Plan and no actuarial calculation is necessary; (ii) TFR accrued since December 31, 2006 is a Defined Benefit Plan and an actuarial calculation is required.

### Business combinations

#### *Italian GAAP*

According to Italian GAAP, business combination accounting criteria requires separate recognition of the acquirer's identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition. These assets and liabilities must be recognized at fair value at the date of acquisition.

However, in accordance with Italian GAAP, there is no specific guidance related to the definition of a business combination. Classification of a business combination is largely dependent on the legal form of the vehicle which has been acquired.

In addition, accounting for business combinations under common control is not specifically addressed by Italian GAAP. According to the common accounting practice, assets and liabilities acquired are measured at fair value in the consolidated financial statements. Goodwill arises as the difference between the price and the fair value of the net assets acquired.

#### *IFRS*

IFRS 3 Business Combinations (the "**IFRS 3**") outlines the accounting when an acquirer obtains control of a business (*e.g.,* an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors or other owners, members or participants (IFRS 3 Appendix A).

**Inventory**

***Italian GAAP***

Under Italian GAAP, Inventories are valued in the financial statements at the lower of purchase or production cost and value of realization inferable from the market (Article 2426, number 9, civil code).

Article 2426, number 10, of the civil code states that "The cost of the fungible assets can be calculated with the weighted average method or with those 'first in, first out' (FIFO); or 'Last in, first out' (LIFO); if the value thus obtained differs appreciably from the current costs at the end of the year, the difference must be indicated, by category of assets, in the explanatory notes."

*IFRS*

Under IFRS, Last in, first out (LIFO) is prohibited and there is a requirement to use the same cost formula for all inventories similar in nature or use to the entity; previously recognized impairment losses are reversed up to the amount of the original impairment loss when the reasons for impairment no longer exist.

**Deferred Taxes; Recognition of deferred tax asset**

***Italian GAAP***

Under Italian GAAP, deferred taxes assets are recorded in the Income Statements in the year in which the temporary differences arise. The calculation of deferred assets takes into account the specificities of the different regulations tax assessments regarding taxability and deductibility Deferred tax assets are recognized, in compliance with the principle of prudence, only when there is a reasonable certainty of their future recovery.

Article 2424 of the Italian Civil Code provides that, in the balance sheet, the assets related to Deferred taxes are recognized in the following items:—CII5-*ter* "Deferred taxes."

*IFRS*

Under IFRS, deferred tax assets are recognized only to the extent it is probable (*i.e.,* more likely than not) that they will be realized. Deferred taxation is provided based on the enacted or "substantively enacted" tax rates as of balance sheet date. IFRS requires all amounts to be classified as noncurrent in the balance sheet.

**Leases**

***Italian GAAP***

Under Italian GAAP, assets acquired under finance leases are accounted for, as required by the Italian Civil Code, according to the equity method with recognition of the leasing fees in the income statement among the operating costs.

Pursuant to art. 2427, paragraph 1, no. 22 of the Italian Civil Code., finance lease transactions involving the transfer to lessee of the prevailing part of the risks inherent in the assets which are the subject of it must be highlighted in the explanatory notes by means of a special statement relating to the representation of lease contracts financial according to the financial method.

*IFRS*

IFRS 16—Leases is the applicable reporting standard for fiscal years beginning on or after January 1, 2019.

Under IFRS, lessees will record all leases within the scope of the standard, regardless of classification, on the balance sheet as a right-of-use asset and lease liability at the lease commencement. The initial right-of-use asset and lease liability will be measured based on the present value of the lease payments using the interest rate implicit in the lease (unless the rate cannot be readily determined, in which case the incremental borrowing rate of the lessee will be used). The incremental borrowing rate requires use of a borrowing rate for a similar security with a similar value to the right-of-use asset. IFRS no longer differentiates between finance and operating leases.

Under IFRS, The income statement recognition for lessees will consist of an amortization of the right-of-use asset and interest expense related to the lease liability.

Under IFRS, lessees can elect not to recognize leases when the value of the underlying asset is low.

## Plan of Distribution

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") by and among, *inter alios*, the Issuer and the Initial Purchasers, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of €275 million.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase the Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel. The Purchase Agreement also provides that, if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchasers may be increased or, in some cases, the Offering may be terminated.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price indicated on the cover page hereof. After the initial Offering, the Initial Purchasers may change the price at which the Notes are offered and any other selling terms at any time without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates. Certain of the Initial Purchasers are not broker-dealers registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that any such Initial Purchaser intends to effect sales of the Notes in the United States, it will do so only through one or more affiliated U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law. 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 this Offering and to reimburse them for certain out-of-pocket expenses.

In the Purchase Agreement:

- the Issuer and the Initial Guarantors have agreed that subject to certain exceptions, neither the Issuer nor the Guarantors nor any of their respective subsidiaries will offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any of their debt securities having a tenor of more than one year (other than the Notes and the Guarantees), without the prior written consent of the Representatives (as defined therein), through and including the date falling 45 days after the date of the Purchase Agreement; and
- the Issuer and the Guarantors (as of the date of its accession to the Purchase Agreement) have agreed to indemnify and hold harmless the Initial Purchasers and their respective affiliates against certain liabilities as described in the Purchase Agreement and will contribute to certain payments that the Initial Purchasers may be required to make in respect of those liabilities.

Each purchaser of Notes offered by this Offering Memorandum, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under "*Transfer Restrictions*."

No action has been taken in any jurisdiction, including the United States, 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, the Guarantors, or the Notes or the Guarantees in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Guarantees 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 and the Guarantees 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 Notes and Guarantees in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Notice to Investors*."

## United States

The Notes (including the Guarantees) have not been and will not be registered under the U.S. 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 in reliance on Rule 144A under the U.S. Securities Act and (ii) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction; provided that investors resident in a Member State of the European Economic Area (the "**EEA**") and the United Kingdom are not retail investors (as defined herein). Terms used above have the meanings given to them by Rule 144A and Regulation S under the U.S. Securities Act. Transfer of the Notes (including the Guarantees) will be restricted and each purchaser of the Notes (including the Guarantees) in the United States will be required to make certain acknowledgements, representations and agreements, as described under "*Transfer Restrictions*."

In connection with sales outside the United States, the Initial Purchasers will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom it sells such Notes during such 40-day period, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of the Offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the U.S. Securities Act.

## United Kingdom

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are 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 caused 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 Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person. The Notes are not being offered to the public in the United Kingdom.

Each of the Initial Purchasers has represented and warranted to us that:

(1) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(2) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or instrument to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to us.

## European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of Notes will be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended, the "**Prospectus**

**Regulation**") from the requirement to produce a prospectus for offers of Notes. In relation to each Member State no offer of Notes to the public in that Member State may be made other than:

(a) to any legal entity which is a Qualified Investor;

(b) to fewer than 150 natural or legal persons other than a Qualified Investor; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Notes shall require us or any of the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or any of 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.

For the purposes of this section, the expression an "offer of Notes to the public" in relation to any Notes in any 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.

**Prohibition of Offers to EEA and United Kingdom Retail Investor**

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 or the United Kingdom.

Each Initial Purchaser has represented and agreed that:

(a) it has not offered, sold or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following (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; and

(b) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA, as amended, to implement the Insurance Distribution Directive, 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 as it forms part of domestic law by virtue of the EUWA.

**Italy**

No action has been or will be taken which could allow an offering to the public in the Republic of Italy within the meaning of Article 1(1)(t) of the Italian Financial Act and, in particular, the Offering has not been submitted to the clearance of CONSOB, pursuant to Italian securities legislation and will not be subject to review or clearance by CONSOB. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in the Republic of Italy, and neither this Offering Memorandum nor any other offering memorandum, prospectus, form of application, advertisement, other offering material or other documentation relating to the Notes may be issued, distributed or published in the Republic of Italy, either on the primary or on the secondary market, except:

(a) to qualified investors (investitori qualificati) as referred to in Article 2(e) of the Prospectus Regulation and any other applicable Italian laws and regulations, including Article 100 of Italian legislative decree No. 58 of February 24, 1998, as amended and supplemented; or

(b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation and Article 34-ter of the Issuer Regulation and any other applicable Italian laws and regulations.

The Notes may not be offered, sold or delivered and neither this Offering Memorandum nor any other material relating to the Notes, may be distributed or made available in the Republic of Italy unless such offer, sale or delivery of Notes or distribution or availability of copies of this Offering Memorandum or any other offering material or other documentation relating to the Notes in the Republic of Italy is made in compliance with the selling restrictions above and must be made as follows: (a) by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, Paragraph 1(r) of the Italian Financial Act), permitted to conduct such activities in the Republic of Italy in accordance, as applicable, with the Italian Banking Act as subsequently integrated and amended, the Italian Financial Act, the Issuer Regulation, CONSOB Regulation No. 20307 of February 15, 2018, as amended and any other applicable laws and regulations; and (b) in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirements or limitations which may be imposed from time to time by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or other competent 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.

**New Issue of Notes**

The Notes are a new issue of securities for which there currently is no market. The Notes are subject to certain restrictions on resale and transfer as described under "*Notice to Investors*" and "*Transfer Restrictions*" The Issuer has applied, through its listing agent, for the listing of and permission to deal in the Notes on the Exchange. However, the Issuer cannot assure you that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes, as permitted by applicable law, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time at the sole discretion of the Initial Purchasers without notice. . In addition, any such market making activities will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop , or that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable. See "*Risk Factors— Risks Relating to the Notes, the Guarantees and the Collateral— We cannot assure you that an active trading market will develop for the Notes, in which case your ability to sell the Notes will be limited*."

You should be aware that the laws and practices of certain countries require investors to pay stamp duty, taxes and other charges in connection with purchases of securities.

Each Initial Purchaser has also agreed in the Purchase Agreement that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Memorandum, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force.

**Price Stabilization and Short Positions**

**The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed 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.**

In connection with the Offering, the Stabilizing Manager, or one or more affiliates or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or one or more affiliates or persons acting on its behalf, may bid for and purchase Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager, or one or more affiliates or persons acting on its behalf, may also over allot the offering of the Notes (which involves sales in excess of the offering size), creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids (which permit the Stabilization Manager to reclaim a selling concession from a broker or deal 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 assurances can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Relating to the Notes, the Guarantees and the Collateral— We cannot assure you that an active trading market will develop for the Notes, in which case your ability to sell the Notes will be limited*."

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if commenced, may be discontinued at any time at the sole discretion of the Stabilization Manager. If these activities are commenced, they must end no later than the earlier of 30 days after the date of issuance of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise. Neither the Issuer nor any of the Initial Purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transaction described above may have on the price of the Notes.

### Initial Settlement

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 the sixth business day (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+6"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next three 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.

### Other Relationships

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include, without limitation, securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing, asset management, cash management, trade finance, trading, market making, arbitrage, investment, merger and brokerage activities. The Initial Purchasers and/or their respective affiliates from time to time have provided in the past and may enter into in the future investment banking, financial advisory and/or lending and commercial banking transactions with, and/or may perform other services for, to the Issuer and/or its affiliates, its shareholders, as well as the Group (including Lutech), in the ordinary course of business for which they have received or may receive customary fees, commissions and reimbursement of expenses (including acting as initial purchasers and/or lenders in connection with previous issuances of debt securities and debt facilities of the Issuer and its affiliates). The Initial Purchasers or their respective affiliates expect to receive customary fees and commissions for the Offering.

In connection with our strategy to review and evaluate selective acquisitions and other business combinations or strategic transactions, we and our shareholders regularly engage mergers and acquisition advisors and other financial advisors to assist us. Certain of the Initial Purchasers and their affiliates may be currently advising us or other interested parties, and the Initial Purchasers and their affiliates may advise us or other interested parties from time to time on other transactions in the future. Certain Initial Purchasers and/or their affiliates may also hold equity interests and/or be entitled to appoint board members and/or other corporate bodies' members in the Issuer and/or its affiliates, its shareholders and/or their affiliates, including the funds managed by the Issuer's shareholders. Certain of the Initial Purchasers and their affiliates may be customers of the Group (including Lutech) and may pay customary fees to the Group (including Lutech) in connection with the provision of these services. In addition, certain of the Initial Purchasers and their affiliates advised Apax on the acquisition of Lutech.

In addition, certain of the Initial Purchasers or their affiliates are party to certain of our hedging arrangements and other financing and/or debt arrangements and may hold other proprietary positions in us, our current or future subsidiaries and affiliates and/or financial intermediaries and the financial instruments issued by any of them. The Initial Purchasers or their respective affiliates also act as arrangers and/or lenders under the Revolving Credit Facility (each of which is secured by the same collateral securing the Notes) and have received customary fees for their services in such respective capacities. Certain of the Initial Purchasers or their respective affiliates will be arrangers and/or lenders under the Revolving Credit Facility. In addition, certain proceeds from the Offering will be used to repay outstanding amounts due under credit facilities of the Target Group. Certain of the Initial Purchasers or their respective affiliates are lenders under such facilities and have received fees in connection therewith. See "*Summary—The Transactions—The Lutech Acquisition*."

Depending on market conditions, the Initial Purchasers may decide to initially purchase and hold a portion of the Notes for their own account.

The Purchase Agreement between the Issuer and the Initial Purchasers will not restrict the ability of the Company or any of its affiliates to buy or sell Notes in the future and, as a result, the Company or any of its affiliates may buy or sell the Notes in open market transactions at any time following the consummation of the offering of the Notes.

In the ordinary course of their various business activities, the Initial Purchasers and/or their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (and/or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors and their respective affiliates. The Initial Purchasers and their respective affiliates may also, in the future, act as hedge counterparties to the Issuer or Lutech consistent with their customary risk management policies. Typically, such 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 securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes. The Initial Purchasers and/or their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" also includes the respective parent companies of the Initial Purchasers.

## Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral

The following is a summary of certain limitations on the validity and enforceability of the Guarantees and the Collateral in the jurisdiction in which the Issuer and the Guarantors are organized (*i.e.,* Italy, the Netherlands and Luxembourg) as well as a general discussion of insolvency proceedings governed by Italian, Dutch and Luxembourg law for informational purposes only.

This summary does not address all the Italian, Dutch and Luxembourg legal considerations that may be relevant to holders and it does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Guarantees and the Collateral. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of the jurisdictions of organization of a future guarantor of the Notes.

Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

### European Union

The Issuer and certain of the Guarantors are organized under the laws of Italy, Luxembourg and the Netherlands and, therefore, under the laws of Member States of the European Union (each a "**Member State**" and together the "**Member States**"). Accordingly, they are subject to the EU Insolvency Regulation, which applies within the European Union (other than Denmark) and pursuant to which the court that shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where a company has its "center of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views. "Center of main interests" is determined at the time the request to open the relevant insolvency proceedings is made (where a court is involved).

Furthermore, "center of main interests" is not a static concept and may change from time to time. Article 3(1) of the EU Insolvency Regulation provides that a company's "center of main interests" shall be the place where the debtor conducts the administration of its interests on a regular basis, and which is ascertainable by third parties. There is a rebuttable presumption that the Member State where the company's registered office is located, will be its center of main interest. However, the presumption only applies if the registered office has not been moved to another Member State within the three months period prior to the request for opening insolvency proceedings. Under the previous EU Insolvency Regulation (Council Regulation (EC) 1346/2000 of 29 May 2000), which defined "center of main interests" (COMI) in similar terms, the European Court of Justice ruled that a debtor company's main center of interests must be determined by attaching greater importance to the place of the company's central administration, as may be established by objective factors which are ascertainable by third parties. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office and the management decisions of the company are taken, in a manner that is ascertainable by third parties, in that place, the presumption, that the center of the company's main interests is located in that place, shall be irrebuttable. Where a company's central administration is, however, not in the same place as its registered office, the presence of company assets and existence of contracts for the financial exploitation of those assets in a Member State other than that in which the registered office is situated cannot be regarded as sufficient factors to rebut the abovementioned presumption, unless a comprehensive assessment of all relevant factors makes it possible to establish, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. The factors to be taken into account include, in particular, all the places in which it holds assets, in so far as they are ascertainable by third parties. The EU Insolvency Regulation also sets out, at paragraph 30 of the recitals preceding the EU Insolvency Regulation, certain examples of where a presumption as to a company's "center of main interests" may be rebutted. The EU Insolvency Regulation applies to insolvency proceedings which are insolvency proceedings of the types as referred to in Annex A to the EU Insolvency Regulation by reference to each applicable Member State.

If the center of main interests of a company is and remains located in a Member State (other than Denmark), the main insolvency proceedings in respect of such company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. If the "center of main interests" of a debtor is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other Member State. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. Territorial proceedings may be any insolvency proceeding listed in Annex A to the EU Insolvency Regulation and, for the avoidance of doubt, are not limited to winding-up proceedings. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings and which will usually convert to secondary proceedings on the opening of the main proceedings. The effects of those territorial proceedings are restricted to the assets of the debtor located in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation. Irrespective of whether the insolvency proceedings are main or territorial proceedings, such proceedings will always, subject to certain exemptions, be governed by the *lex fori concursus*, *i.e.*, the local insolvency law of the court which has assumed jurisdiction for the insolvency proceedings of the debtor.

Pursuant to Article 3(4) of the EU Insolvency Regulation, where main proceedings in the Member State in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State (other than Denmark) where the company has an establishment and either: (i) insolvency proceedings cannot be opened in the Member State in which the company's center of main interests is situated under that Member State's law; or (ii) the territorial insolvency proceedings are opened at the request of (a) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested or (b) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings and give the same effect to the order in the other relevant Member States so long as no secondary insolvency proceedings or territorial insolvency proceedings have been opened there. Pursuant to Article 21 of the EU Insolvency Regulation, the insolvency officeholder appointed by the court in the Member State which has jurisdiction to commence main proceedings may exercise the powers conferred on him by the law of that Member State in another Member State (other than Denmark) (such as to remove assets of the company from that other Member State). These powers are subject to certain limitations (such as the preservation of third parties' rights *in rem* pursuant to Article 8 of the EU Insolvency Regulation) as long as no insolvency proceedings have been opened in that other Member State nor has any preservation measure to the contrary been taken there further to a request to open insolvency proceedings in that other Member State where the company has assets. In order to avoid the opening of secondary proceedings, the insolvency practitioner in the main proceedings may also give a unilateral undertaking in respect of the assets located in the Member State in which secondary proceedings could be opened that, when distributing assets or realization proceeds, it will comply with the distribution and priority rights under national law that creditors would have if secondary proceedings were opened in that Member State. This, however, is subject to a "qualified majority" (as defined under national law) of known local creditors (being creditors whose claims against a debtor arose from or in connection with the operation of an establishment situated in a Member State other than the Member State in which the debtor's "center of main interests" is located) approving the undertaking. If approved, the undertaking is binding on the estate and a court shall, at the request of the insolvency practitioner, refuse to open secondary insolvency proceedings if it considers that the undertaking sufficiently protects the general interests of the local creditors. The law applicable to the distribution of proceeds and ranking of claims is also the law of the state where secondary proceedings are opened.

The opening of insolvency proceedings in a Member State pursuant to the EU Insolvency Regulation shall not affect the rights *in rem* of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole that change from time to time, belonging to the debtor that are situated within the territory of another Member State at the time of the opening of proceedings. Rights *in rem* include:

- the right to dispose of assets or have disposed to obtain satisfaction from the proceeds of 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 guarantee;
- the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled;
- a right *in rem* to the beneficial use of assets.

The EU Insolvency Regulation also provides for rules to coordinate main, secondary and territorial insolvency proceedings (Articles 41 *et seq*. of the EU Insolvency Regulation), as well as to coordinate cross-border group insolvencies (Articles 56 *et seq*. of the EU Insolvency Regulation). In the event that insolvency proceedings concerning two or more members of a group are opened, insolvency practitioners and courts shall cooperate with any other insolvency practitioner and any other court involved in insolvency proceedings of another member of the group (Articles 56 and 57 of the EU Insolvency Regulation). Moreover, an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group may request group coordination proceedings before any court having jurisdiction over the insolvency proceedings of a member of the group. Such request shall be accompanied notably by a proposal as to the person to be nominated as the group coordinator (Article 61 of the EU Insolvency Regulation). In the event that the Issuer or any Guarantor experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency and restructuring laws may affect the enforceability of the obligations of the Issuer and the Guarantors. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency and restructuring laws of the potentially involved jurisdictions will be applied in relation to one another.

The European Commission may, from time to time, publish amendments to the EU Insolvency Regulation which, once enacted, might alter the manner in which the test for determining where a company has its “center of main interests” might be applied during the term of the Notes.

The Directive (EU) 2019/1023 of the European Parliament and of the Council of June 20, 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt (the “**Restructuring Directive**”), could upon implementation in the Member States entail certain changes to the legislation of the Member States within the scope of the directive. With the exception of some provisions, Member States shall adopt and publish, by July 17, 2021, the laws, regulations and administrative provisions necessary to comply with this Restructuring Directive.

### Italy

#### *Certain Italian Insolvency Law Considerations*

The insolvency laws of Italy may not be as favorable to investors’ interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor it provides a comprehensive description of insolvency laws application where public companies are involved.

Insolvency laws and regulations have recently been substantially reviewed and significant amendments are expected in the near future. In particular, the Italian Government approved on January 12, 2019 the Legislative Decree No. 14 of January 12, 2019 implementing the guidelines contained in Law No. 155 dated October 19, 2017, which enacts a new comprehensive legal framework in order to regulate, among others, insolvency matters (the so-called "Code of Business Crisis and Insolvency," hereinafter the "**Insolvency Code**"). The main innovations introduced by the Insolvency Code include: (i) the elimination of the term "bankrupt" (*fallito*) due to its negative connotation and the replacement of bankruptcy proceedings (*fallimento*) with a judicial liquidation (*liquidazione giudiziale*); (ii) a new definition of "state of crisis"; (iii) the adoption of the same procedural framework in order to ascertain such state of crisis and to access the different judicial insolvency proceedings provided for by the same Insolvency Code; (iv) the adoption of the definition of debtor's COMI (Centre of Main Interest) as provided in the new set of rules concerning group restructurings; (v) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going concern proceedings; (vi) a new preventive alert and mediation phase to avoid insolvency; (vii) jurisdiction of specialized courts over proceedings involving large debtors; and (viii) amendments to certain provisions of the Italian Civil Code aimed at ensuring the general effectiveness of the reform.

In response to the COVID-19 pandemic, such entry into force of the Insolvency Code has been currently postponed to September 1, 2021, according to Article 5 of the Law Decree No. 23 of 8 April 2020 ("**Liquidity Decree**"), converted into law on June 5, 2020 no. 40. Until that date, insolvency proceedings will continue to be governed by Italian Royal Decree No. 267 of March 16, 1942 (the "**Italian Bankruptcy Law**") as in force before. Therefore, the practical consequences of its implementation and its potential impact on the existing insolvency proceedings cannot to date be foreseen and significant amendments are expected in the near future that may impact the provisions set forth therein.

Leaving aside the aforementioned Insolvency Code, the Italian Bankruptcy Law saw many reforms in the near past. In particular, material innovations were introduced by: (i) the Law Decree June 23, 2015 No. 83 (the "**Decree 83/2015**") entered into force in June 2015 and converted into law by Italian Law No. 132 of August 6, 2015, effective August 21, 2015 ("**Law 132**"); (ii) the Law Decree No. 59 of May 3, 2016, converted into law by Italian Law No. 119 of June 30, 2016; and (iii) 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.

The following debt restructuring and bankruptcy alternatives are available under Italian law for companies in a state of crisis and for insolvent companies.

*Restructuring Outside of a Judicial Process (Accordi Stragiudiziali)*

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal out-of-court arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions, and may trigger liabilities in the event of a subsequent bankruptcy. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

*Out-of-Court Reorganization Plans (Piani di Risanamento) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law*

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento*) 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 arrangements are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or supervising authority. Out-of-court debt restructuring arrangements are not required to be approved and consented to by a specific majority of all outstanding claims.

The terms and conditions of these plans are freely negotiable. Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/or acts carried out, and/or security interest granted for the implementation of the reorganization plan, subject to certain conditions (i) are not subject to claw-back action and (ii) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register is possible upon a debtor's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

In order to grant protection against claw-back actions and potential civil and criminal responsibilities, out of court reorganization plans pursuant to Article 67, Paragraph 3, lett. d) of the Italian Bankruptcy Law must be supported by adequate documentation representing the financial and commercial situation of the company. Moreover, they must be suitable for the purpose of assuring the restructuring of the indebtedness of the debtor and the rebalancing of its financial position and, in case of its failure and subsequent challenge before an Italian court, it must not be deemed as unreasonable.

*Debt Restructuring Agreements with Creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (Accordi di Ristrutturazione dei Debiti)*

Debt restructuring agreements with creditors (*accordi di ristrutturazione dei debiti*) may be entered into by the debtor with creditors holding at least 60% of the outstanding company's claim or debts, 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, particularly, that it ensures that the debts of the non-participating creditors can be fully satisfied within a 120-day term from (i) the date of sanctioning (*omologazione*) of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court and (ii) the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-participating creditors as of 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 distress which does not yet amount to insolvency) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and becomes effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over 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 60 days moratorium can be requested, pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law, to the court by the debtor pending negotiations with creditors (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 debtor to supply to the creditors the relevant documentation in relation to the moratorium. At such hearing, creditors and other interested parties may file an opposition to the agreement and the court assesses whether the conditions for granting the moratorium have been met and, if the court so determines, orders that no interim relief, 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 the restructuring agreement and the assessment by the expert has to be deposited. The court's order may be challenged within fifteen days of its publication. Within the same deadline of 60 days, an application for the court supervised pre-bankruptcy composition with creditors (*concordato preventivo*) (as described below) may be filed, without prejudice to the effect of the moratorium.

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. Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within fifteen days of its publication.

The Decree 83/2015, as amended by Law 132 modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning (*omologazione*) of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors. Indeed, pursuant to the new Article 182-*septies* of the Italian Bankruptcy Law, debtors whose financial indebtedness is at least 50% of their total indebtedness are entitled to enter into debt restructuring agreements obtaining the approval of financial creditors representing at least 75% of the aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the dissenting financial creditors belonging to the same category (so-called "cram down"), subject to certain conditions being met, including that treatment of dissenting creditors is not worse than under any other available alternative and that all creditors (adhering and non-adhering) have been informed about the negotiations and have been allowed to take part in them in good faith. If the abovementioned conditions are met, then the remaining 25% of non-participating financial creditors belonging to the same class of creditors are crammed down; however, crammed down creditors can challenge the deal and refuse to be forced into it, on the basis of the lack of homogeneity of the classes of creditors.

The debtor may also enter into a moratorium arrangement (*convenzione di moratoria*) with its creditors representing 75% of that debtor's aggregate financial indebtedness which are banks and financial intermediaries by which also the non-consenting banks and financial intermediaries are bound, provided that (i) they have been informed of the ongoing negotiations and have been allowed to participate to such negotiations in good faith, and (ii) an independent expert meeting the requirements provided under Article 67, Paragraph 3(d) of the Italian Bankruptcy Law certifies that the non-consenting banks and financial intermediaries have legal status and economic interests similar to those of the banks and financial intermediaries which have agreed to the moratorium arrangement. The purpose is to prevent modestly exposed bank and financial creditors from blocking restructuring operations involving more exposed bank and financial creditors, resulting in the failure of the overall restructuring and the opening of a procedure. The banks and financial intermediaries which have not agreed to the moratorium arrangement may file an objection (*opposizione*) to it within 30 days after having been notified of the moratorium arrangement.

In no case the debt restructuring agreement provided under Article 182-*septies* of the Italian Bankruptcy Law or the moratorium arrangement may impose on the non-adhering creditors the performance of new obligations, the granting of new overdraft facilities, the maintenance of the possibility to utilize existing facilities or the utilization of new facilities.

Such debt restructuring agreements and standstill agreements will not affect the rights of non-financial creditors (e.g., trade creditors) who cannot be crammed down and must be paid within 120 days if not participating to the scheme.

*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 ("*Composition with Creditors*" so-called "*concordato preventivo*"). Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can initially file a petition with the court for a *concordato preventivo* with the court based in the location of the company's main office. The debtor shall submit the petition 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. Plans based on business continuity further require the expert to certify that business continuity would be beneficial for the creditors The petition for *concordato preventivo* is then published in the company's register. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement actions, precautionary measures and interim relief actions by the creditors (whose debt became due before the sanctioning of the *concordato preventivo* by the court) are stayed. Preexisting creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it will ensure payment of at least 20% of the unsecured receivables, except for the case of composition with creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186-*bis* of the Italian Bankruptcy Law, including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities), (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal, (iii) the division of creditors into different classes provided that each class is composed of creditors, homogeneous legal positions and economic interests, and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The composition proposal may propose that (i) the debtor's company's business continues to be run by the debtor's company 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. The composition agreement 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, as amended by Italian Law Decree No. 69/2013 as converted into Italian Law No. 98/2013). 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*). Nevertheless, in response to the COVID-19 pandemic, Article 9 of the Liquidity Decree provides that the debtor company which has been granted such extension by the Court, can, before the deadline, request for a further extension up to 90 days, even if it has been filed an appeal for a declaration of bankruptcy. The petition provides for the elements that make it necessary to grant the extension with specific reference to the events that have occurred as a result of the COVID-19 pandemic. The Court, acquired the opinion of the judicial commissioner (if appointed), grants the extension when it considers that the application is based on reasonable grounds. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (*e.g.*, concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), shall 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 creditors referred to in respect of *concordato preventivo* also apply to preliminary petitions for *concordato preventivo* (so-called *concordato in bianco*).

The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the *concordato preventivo* having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. Therefore, 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 (*fallimento*). 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 for *concordato in bianco* or the full 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 (*i.e.,* acts of extra-ordinary administration), 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, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-bis, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-bis, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, aimed at supporting urgent financial needs related to the company's business as recently introduced by Article 1 of the Decree 83/2015, as amended by Law 132/2015, 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. Italian Law No. 9/2014 specified that the superseniority of the claims—which arise out of loans granted with a view to allowing the filing of the preliminary petition for the composition with creditors (*domanda di pre-concordato*) is granted, pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the *concordato preventivo* within the same proceeding opened with the filing of the preliminary petition.

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 procedure, the company generally continues to be managed by its corporate bodies (usually its board of directors), but is supervised by the appointed judicial officers and judge (who will authorize all transactions that exceed the ordinary course of business). Also after the decree of admission, the debtor is allowed to carry out urgent extraordinary transactions only upon the prior court'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 composition with creditors is approved only if the required majorities of creditors expressly voted in favor of the proposal. Law 132 abrogated the implied consent rule under which those creditors who, being entitled to vote, did not do so and those who did not express their dissent within 20 days of the closure of the minutes of the creditors' meeting are deemed as consenting to the composition with creditors. Under the current regime, 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 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 interactions between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting, and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies are largely untested in the Italian courts (recent case law has however affirmed the right of noteholders whose vote may be tainted by conflict of interest—as could be the case of disenfranchised noteholders—to be computed for the purposes of relevant *quora* and be admitted to vote, albeit in a specific class). Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected to it) if (i) the majority of classes has approved it and, (ii) the court deems that the interests of the 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 at least 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, 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 agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the report by the third-party expert attests that the proposal of the debtor does not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

In order to strengthen the position of the unsecured creditors, Law 132 sets forth that a composition with creditors proposal with liquidation purpose (*concordato liquidatorio*) (*i.e.*, a pre-composition with creditors proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are-paid in a percentage of at least 20% of their claims. This provision does not apply to composition with creditors proposals based on the continuation of the going-concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and ratified (*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, 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 court opens a competitive bidding process.

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. If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

The terms and the performance of outstanding contracts are not automatically affected by *concordato preventivo*. However, pursuant to Article 169-*bis* of the Italian Bankruptcy Law, the debtor may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*), except for certain agreements which are excluded from the scope of the above provision (*e.g.*, employment agreements (*rapporti di lavoro subordinato*), residential real estate preliminary sale agreements (*contratti preliminari di vendita aventi ad oggetto immobili ad uso abitativo*) and real estate lease agreements if the lessor is subject to *concordato* (*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 treated as an unsecured claim.

In response to the COVID-19 pandemic, according to Article 9 of the Liquidity Decree, the deadlines for the fulfilment of *concordati preventivi* and the ratified debt restructuring agreements (*accordi di ristrutturazione omologati*) expiring after February 23, 2020 shall be extended by six months. In the procedures for the validation (*omologazione*) of *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* 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 the meeting of creditors has already been held but the majorities were not reached according to Article 177 of the Italian Bankruptcy Law.

*Bankruptcy (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 fiscal years, (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years and (iii) has total indebtedness in excess of €0.5 million.

Upon the commencement of bankruptcy proceedings, among others:

- 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 court authorization. After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee, the court decides whether to authorize the sale, and sets forth the relevant timing in his or her decision;
- the 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 are suspended until the receiver decides whether to take them over.

Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. In this respect, Law 132 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 secured 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 or the receiver, starting from the declaration of bankruptcy. By contrast, the debtor or its subsidiaries are only permitted to file such proposal after one year following such declaration, but within two years following the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The petition may provide for the division of creditors into classes (thereby proposing different treatment among the classes) and the satisfaction of creditors' claims in any manner. The petition may provide that secured claims are paid only in part. 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, also by a majority (by value) of the claims in a majority of the classes). Final court ratification (*omologazione*) 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. 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 the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. The rules of statutory priority create 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.

Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of super senior (*prededucibile*) claims (*i.e.*, claims originated in the insolvency proceeding, such as costs related to the procedure), and other claims considered super-senior by law; (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, among others, a claim whose priority is legally acquired, the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priority claims are, in order of priority, those of "privileged creditors" (*creditori privilegiati*; a priority in payment in most circumstances, but not exclusively, provided for by law), mortgagees (*creditori ipotecari*), pledgees (*creditori prignoratizi*) and unsecured creditors (*crediti chirografari*).

*Avoidance powers in insolvency*. Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, among others, 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 (see "*Hardening Period/Claw-back and Fraudulent Transfer*" below).

*Extraordinary Administration for Large Insolvent Companies (Amministrazione Straordinaria delle Grandi Imprese in Stato di Insolvenza)*

An extraordinary administration procedure applies under Italian law for large industrial and commercial enterprises (this procedure is commonly referred to as the "*Prodi-bis* procedure"). To be eligible, the relevant company must be insolvent, but demonstrating serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the year preceding the commencement of the procedure. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. Any of the creditors, the debtor, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings. Preferential payment is granted to those credits (even unsecured) accrued to allow the conduct of the company's business activity (so-called "super senior claims").

There are two main phases: a "judicial phase" and an "administrative phase."

(a) *Judicial Phase*. In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissario giudiziale*) to investigate whether the company has serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within ten days from such filing, the Italian Ministry of the Economic Development (the "**Ministry**") shall file an opinion on the admission of the company to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the company to the procedure or to place it into bankruptcy.

(b) *Administrative Phase*. Assuming that the company is admitted to the extraordinary administration procedure, the administrative phase begins and an extraordinary commissioner (or commissioners) is appointed by the Ministry. The extraordinary commissioner(s) prepare(s) a plan which can provide for either the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). The plan may also include an arrangement with creditors (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner.

In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Ministry.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan, failing which the company is 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 administrative phase.

The *Marzano* procedure only applies to large insolvent companies which, even 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, subject to possible extensions. If no Disposal Plan 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 (*e.g.*, in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. 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 extraordinary administration proceedings.

*Interim Financing*

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law,

(i) financing granted to the debtor pursuant to the approved debt restructuring agreement or a Court Supervised Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) (*finanza in esecuzione*) 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).

(ii) financing granted "in view of" (i.e., before) presentation of a petition for the sanctioning (*omologazione*) of a debt restructuring agreement or a court supervised pre-bankruptcy composition with creditors (*finanza ponte*) may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority status is expressly provided for by the court in the context of the sanctioning (*omologazione*) of the debt restructuring agreement or the approval of the *concordato preventivo*. Same provisions apply to financings granted by shareholders up to 80% of their amount.

Pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy Law, the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement, or after the filing of the moratorium application pursuant to Article 182-*bis*, paragraph 6, of the Italian Bankruptcy Law or of a petition pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law (*concordato in bianco*) may authorize the debtor, if so expressly requested, to incur new super senior (*prededucibile*) indebtedness subject to authorization by the court:

(i) either provided that an independent expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares that such new financings are aimed at greater creditors' satisfaction (*finanziamenti interinali*); or

(ii) aimed at supporting urgent financial needs related to the company's business (*finanza d'urgenza*).

The company, while filing such request of authorization, is required to specify (i) the purpose of the financing, (ii) that it is unable to otherwise obtain the required funds and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company.

The court can provide the authorization to secure such indebtedness via *in rem* security ("*garanzie reali*"), or by assigning claims.

Furthermore, pursuant to the same Article 182-*quinquies* of the Italian Bankruptcy Law, the Court may authorize the debtor, if so expressly requested, to pay pre-existing debts deriving from the supply of services or goods, 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, unless the payments at issue are equal to the amount of new financial resources that are contributed to the debtor without obligation of restitution or with obligation of restitution subordinated to the satisfaction of creditors.

Super-priority rights granted pursuant to the above do not jeopardize or overcome the rights *in rem* (e.g., mortgages) of secured creditors.

*Hardening Period/Claw-back and Fraudulent Transfer*

In bankruptcy proceedings, depending on the circumstances, the Italian Bankruptcy Law provides for a claw-back period of up to either one year or six months in certain circumstances (please note that in the context of extraordinary administration procedures—see above—in relation to certain transactions, the claw-back period can be extended to five and three years, respectively) and a two-year ineffectiveness period for certain other transactions.

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.

(a) Acts ineffective by operation of law.

(i) Under 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 the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the delegated judge for violation of law; and

(ii) under 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.

(b) Acts that may be avoided at the bankruptcy receiver's request.

(i) 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:

- 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;
- 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;
- pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which not yet due at the time the new security was granted; and
- pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

(ii) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:

- the 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
- the granting of security interest for debts incurred in the six months prior to the insolvency declaration.

(iii) The following transactions are exempt from claw-back actions:

- a payment for goods or services made in the ordinary course of business according to market practice;
- a remittance on a bank account; provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;
- a sale, including an agreement for sale registered pursuant to Article 2645-bis of the Italian Civil Code 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 of the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;
- transactions entered into, payments made and guarantees and security granted by, the debtor pursuant to a plan under Article 67 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);
- a transaction entered into, payment made or security interest granted following the filing of a *concordato preventivo* petition or to implement such *concordato preventivo* (see "*—Court-Supervised Pre-Bankruptcy Composition with Creditors* (*Concordato Preventivo*)" above) or an *accordo di ristrutturazione dei debiti* 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);
- remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them; and
- 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 without effect *vis-à-vis* the acting creditors within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions through which the bankrupt entity disposed of its assets to the detriment of such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, that such transaction was fraudulently entered into by the debtor in order to cause detriment of such creditor's rights) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, such third party participated in the fraudulent scheme). Burden of proof is entirely with the receiver.

Law 132 also introduced new Article 2929-*bis* to the Italian Civil Code, providing for a "simplified" claw-back action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back / nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (*e.g.*, gratuitous transfers, or creation of shield instruments such as trusts or the so-called *fondo patrimoniale*, *i.e.*, "family trust"). In case of gratuitous transfers, the enforcement action can also be carried out by the creditor against the third party purchaser.

Finally, as noted above, the 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.

***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 could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or claw-back of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or claw-back 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 claw-back actions in an insolvency scenario, see "*—Hardening Period/Claw-back and Fraudulent Transfer*" above.

If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any 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 any guarantor incorporated under the laws of Italy apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the noteholders could have a reduced claim against the relevant guarantor.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, among others, the following aspects:

- the enforcement of obligations may be limited by the insolvency proceedings listed above relating to or affecting the rights of creditors;
- an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Italian court;
- with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;
- claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni and decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;
- pursuant to Article 1241 and following provisions of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may

set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets and are equally liquid and payable;

- where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;
- the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the 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) unless otherwise provided by law. Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the bankruptcy court or by law;
- 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;
- 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; and
- the application of interests rates equal to or higher than rates set under Italian legislation on usury is not allowed; likewise, in certain specific circumstances, the interest capitalization (namely, "*anatocismo*") is not allowed.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of 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 see "*—Hardening Period/Claw-back and Fraudulent Transfer*" above. 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:

(a) 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

(b) that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that said third party participated in the fraudulent design.

Furthermore, under fraudulent conveyance and other provisions of Italian law, a court could void or invalidate all or a portion of the obligations of a guarantor under the relevant guarantee and, if payment had already been made under that guarantee, require the recipients of that payment to return the payment to the relevant guarantor, if the court found that, among others:

(a) the relevant guarantor gave such guarantee with actual intent to hinder, delay or defraud its current or future creditors or with a desire to prefer some creditors over others, or when the beneficiary of the guarantee was aware that the relevant guarantor was insolvent when it gave the relevant guarantee;

(b) the relevant guarantor did not receive fair consideration or reasonably equivalent value for its guarantee or the relevant guarantor was insolvent at the time the guarantee was given;

(c) the relevant guarantee was held to exceed the corporate objects of the relevant guarantor or not to be in the best interest or for the corporate benefit of the relevant guarantor; or

(d) the guarantor giving such guarantee was aware, or should have been aware, that the transaction was to the detriment of the creditors.

If a court decided either that a guarantee was a fraudulent conveyance and voided such guarantee, or held it unenforceable for any other reason, the beneficiary of the guarantee may cease to have any claim with respect to the relevant guarantor. The same would also apply to any security interest.

***Limitations on Validity and Enforceability of Guarantees and Security Interests under Italian Law***

*Corporate Benefit*

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.

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 security or guarantee (*i.e.*, a guarantee guaranteeing or a security interest granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross stream security or guarantee (*i.e.*, a guarantee guaranteeing or a security interest granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity incorporated under the laws of Italy depends 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. The general rule is that 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 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.

In the light of the above, no Italian Guarantor (as defined below) shall undertake to guarantee financial indebtedness which was incurred, in full or in part, to purchase its shares and which would therefore constitute the provision of financial assistance within the meaning of Article 2358 and/or Article 2474, as the case may be, of the Italian Civil Code and/or any other law or regulation having the same effect, as interpreted by Italian courts unless in compliance with the limitations and exceptions set forth therein. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral—Italy—Limitations to the Guarantee and Collateral*" and "*Risk Factors—Risks Relating to the Notes, the Guarantee and the Collateral—The Guarantee and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*."

*Article 1938 of the Italian Civil Code*

Pursuant to Article 1938 of the Italian Civil Code, if a guarantee granted by a guarantor incorporated under the laws of Italy is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). In addition, as mentioned above, the guarantees granted by a guarantor incorporated under the laws of Italy must be supported by corporate benefit; in other words, the maximum guaranteed amount must be indicated in the guarantee and shall not exceed the financial capabilities of the relevant Italian guarantor. It has been held, that such determination must be proportionate to the relevant guarantor's assets. If such determination is deemed disproportional to the assets of the relevant Italian guarantor, there is the risk that the guarantee could be declared void.

***Limitations to the Guarantees and Collateral***

In order to comply with the above corporate law requirements on, among others, corporate benefit and financial assistance (as described above), the maximum amount that any Guarantor incorporated under the laws of Italy may be required to pay in respect of its obligations as Guarantor (an "*Italian Guarantor*") under the Indenture, the Senior Revolving Facility Agreement, the Intercreditor Agreement and any other transaction documents related thereto, will be subject to limitations. By virtue of these limitations, an Italian Guarantor's obligations under its Guarantee will be significantly less than the amounts payable with respect to the Notes, or an Italian Guarantor the Italian company may have effectively no obligation under its Guarantee and security interests granted by it. As a result of the applicable limitations under Italian law with respect to, among 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 to any Italian Guarantor:

(i) the Guarantee and security interests granted by the relevant Italian Guarantor as well as any guarantee, indemnity, obligations or other liability assumed with respect to the Notes and the related documents 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 from time to time to the relevant Italian Guarantor (or any of its direct or indirect subsidiaries pursuant to Article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Issue Date by using funds deriving from the Notes and/or the Additional Notes (including the Proceeds Loan), and outstanding at the time of the enforcement of the relevant Guarantee and/or applicable payment obligation, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or Intercreditor Agreement and/or received upon the enforcement of any security interests granted by such Italian Guarantor; provided further that no Italian Guarantor shall be liable as a Guarantor in respect of any amounts in excess of the amount that such Italian Guarantor is entitled to set-off against its claims of recourse or subrogation (*regresso or surrogazione*) arising as a result of any payment made by such Italian Guarantor under the relevant Guarantee;

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

(iii) the aggregate amount of interest in respect of the Notes and the Additional Notes guaranteed and/or secured by an Italian Guarantor shall not be at any time higher than the interest then accrued on the principal amount of the Notes guaranteed and/or secured by the relevant Italian Guarantor at that time; and

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

As regards to Lutech (prior to the Post-Completion Merger (if it occurs) only) and each other Target Guarantor incorporated under the laws of Italy (the "**Italian Target Guarantor**"), given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement:

(i) the Guarantee and security interests to be granted by Lutech and each other Italian Target Guarantor will only guarantee and secure the Issuer's obligations under Tranche B (as defined in "*Use of Proceeds*") of the Notes and 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 from time to time to, respectively, Lutech and such other Italian Target Guarantor (or any of its direct or indirect subsidiaries pursuant to Article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Issue Date by using funds deriving from the Notes and outstanding at the time of the enforcement of the relevant Guarantee, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by Lutech and/or such other Italian Target Guarantor; provided further that none of Lutech and any other Italian Target Guarantor shall be liable as a Guarantor in respect of any amounts in excess of the amount that, respectively, Lutech and/or such other Italian Target Guarantor is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by such Guarantor under the relevant Guarantee;

(ii) the maximum amount guaranteed and/or secured by Lutech and each other Italian Target Guarantor, 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 defined in "*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 defined in "*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 an Italian Guarantor shall not be at any time higher than the interest accrued on the principal amount of the Notes guaranteed and/or secured by the relevant Italian Target 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 (a) maximum interest rates (including the Italian Usury Law and Article 1815 of the Italian Civil Code) and (b) capitalization of interests (including Article 1283 of the Italian Civil Code and Article 120 of the Italian Legislative Decree No. 385 of 1 September 1993), the obligations of any of, respectively, Lutech and each other Italian Target Guarantor under its Guarantee shall not include and shall not extend to (1) any interest qualifying as usurious pursuant the Italian Usury Law and (2) any interest on overdue amounts compounded in violation of the provisions set forth by Article 1283 of the Italian Civil Code and/or Article 120 of the Italian Legislative Decree No. 385 of 1 September 1993, respectively; and

(v) any guarantee, indemnity, obligations and liability granted or assumed pursuant to the relevant Guarantee and/or security interest by Lutech and/or each other Italian Target Guarantor does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations other than the amounts and/or payment obligations under Tranche B (as defined in "*Use of Proceeds*") under the Notes.

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

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

In any case, the maximum amount that an Italian Guarantor and/or Italian security provider, in each case, 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 and/or Italian security provider will ratably concur and not cumulate with the corresponding amounts due by such Italian Guarantor and/or Italian security provider to any guaranteed and/or secured creditor pursuant to the Revolving Credit Facility Agreement and/or the Intercreditor Agreement (including any guaranteed and/or secured creditors with respect to any further pari passu indebtedness contemplated under the Intercreditor Agreement) and/or any security documents, and vice versa. For the avoidance of doubt, by virtue of the abovementioned limitations applicable to the guarantees and the security interests granted by an Italian Guarantor and/or Italian security provider, 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 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 will be distributed amongst the guaranteed and/or secured creditors (including, without, limitation, the holders of the Notes) in accordance with the provisions of the Intercreditor Agreement. Accordingly, the holders of the Notes will be able to recover limited amounts under the relevant Guarantees and security. In particular, considering that the guaranteed aggregate amount under its Guarantee and related security interests is capped to the amount of any intercompany loans or other financial support in any form received after the Issue Date out of the proceeds deriving from the Notes and the Additional Notes (as applicable) by the Italian Guarantor (or its direct or indirect subsidiaries pursuant to Article 2359 of the Italian Civil Code) and still outstanding and subject to the relevant set-off rights described above (which are aimed at avoiding duplications of the exposure between the relevant intercompany loans or other financial support received and the exposure under the Guarantee), that Guarantee and security interests would have a very limited value if no such intercompany loans or other financial support were to be made available to such entities.

The maximum amount guaranteed and/or secured by Guarantors incorporated in Luxembourg and the Netherlands are also subject to significant limitations. See "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

***Security Agent***

The Collateral will be created in favor of the Security Agent acting also in its capacity 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. Under such provision (introduced by Italian Law Decree No. 133 of September 12, 2014 converted into Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be 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 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 the holders of the Notes, which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct parties to the Indenture, there is the risk that the appointment of the Security Agent in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to and for the purposes set forth under Article 2414-*bis*, Paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of 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 Collateral is only granted in favor of the *rappresentante*, the holders of Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

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. In addition, "Parallel Debt" principles are not recognized in Italy.

### *Undercapitalization*

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company, (ii) any entity subject to the management and coordination powers of the same person, or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, such loan will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("undercapitalization"). 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.

Such provision has been repealed and replaced by the new Insolvency Code (as defined herein), the entry into force of which has been currently postponed to September 1, 2021. Therefore, following the date of entry into force of the new Insolvency Code, such provision under Article 2467 of the Italian Civil Code will cease to apply but a substantially similar provision will be provided in the new Insolvency Code. For a more detailed description of the provisions contained in the new Insolvency Code, see "*Certain Italian Insolvency Law Considerations.*"

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 (and, following the Post-Completion Mergers, Lutech's) relationship with Italian subsidiaries under the relevant intercompany loans, including to the Issuer's relationship with Lutech under the Proceeds Loan. 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 (including any obligations of Lutech under the Proceeds Loan) be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer (and, following the Post-Completion Mergers, Lutech) may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries (including any amounts under the Funding Loan granted to the Company), which could have a material adverse effect on the Issuer's (and, following the Post-Completion Mergers, Lutech's) ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans (including any obligations of Lutech under the Proceeds Loan) or notes are subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interests granted by such Italian subsidiaries (including the Guarantee) may be impaired or restricted.

***Merger***

Following the Completion Date, we intend to consummate among others the reverse merger, by way of incorporation of, among others, the Issuer into Lutech (the "**LBO Merger**").

We maintain that the LBO Merger would qualify as merger leveraged buy-out under Italian law, considering that the Issuer has incurred third-party indebtedness in order to, among others, finance the indirect acquisition of Lutech and, thus, they will be carried out pursuant to and subject to the conditions of Articles 2501-*bis* and ff. of the Italian Civil Code.

In order to complete the LBO Merger, if any, there are various steps that we must take including the preparation of a merger plan, a report by the board of directors of the companies involved in the LBO Merger (*relazione dell'organo amministrativo*) and a report by an independent expert appointed by the court for each of the companies involved in the LBO Merger, or by a common expert appointed by the court upon joint request of the companies, assessing, among the others, the methods used for determining the exchange ratio and the fairness of the ratio itself.

Pursuant to Article 2501-*bis* of the Italian Civil Code: (i) the merger plan prepared under Article 2501-*ter* of the Italian Civil Code shall also contain the indication of the financial sources envisaged for the fulfillment of the obligations of the company resulting from the merger; (ii) the report by the board of directors of Lutech prepared under Article 2501-*quinquies* of the Italian Civil Code shall indicate the reasons of the transaction and contain an economic and financial plan indicating the source of the financial resources of the company and the description of the goals to be pursued; and (iii) the report by the independent expert appointed by the court under Article 2501-*sexies* of the Italian Civil Code shall state the reasonableness of the assumptions of the above mentioned merger plan.

As the incorporating company or the company resulting from the LBO Merger, if any, will be an Italian joint stock company ("*società per azioni*"), the independent expert is required to be appointed by the court, which creates an inherent uncertainty as to the length of time in which the LBO Merger can be expected to take place. In addition, there can be no assurance that the report of the independent expert will be released at the expected time and/or, with respect to the LBO Merger, will state the reasonableness of the assumptions of the merger plan, or that the other steps required for the LBO Merger will be taken in a timely manner, or at all.

Subject to certain exceptions, the LBO Merger, if any, can only be implemented following the expiration of 60 days after the latest filing with the competent companies' register of the resolutions approving the LBO Merger. Within this 60-day term, the creditors of the companies involved in the Mergers are entitled to challenge the LBO Merger.

Moreover, pursuant to the Italian Golden Power Legislation, the LBO Merger will 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.

Upon the completion of the LBO Merger, the obligations of the Issuer in respect of, among others, the Notes will be automatically assumed by Lutech.

## Luxembourg

### *Insolvency*

The Company is incorporated under the laws of Luxembourg, and as such any insolvency proceedings applicable to such a company are in principle governed by Luxembourg law. The insolvency laws of Luxembourg may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar.

The following is a brief description of certain aspects of insolvency laws in Luxembourg. In the event that a Luxembourg company experiences financial difficulties, it is not possible to predict with certainty in which jurisdiction, or jurisdictions, insolvency or similar proceedings would be commenced, or what the outcome of such proceedings would be. The Company is incorporated under the laws of Luxembourg and has its registered office in Luxembourg. Accordingly, Luxembourg courts should have, in principle, jurisdiction to open main insolvency proceedings with respect to Company, as an entity having its registered office and central administration (*administration centrale*) and center of main interests, as used in Article 3(1) of the EU Insolvency Regulation, in Luxembourg, such proceedings to be governed by Luxembourg insolvency laws. According to the EU Insolvency Regulation, there is a rebuttable presumption that a company has its center of main interests in the jurisdiction in which it has the place of its registered office. As a result, there is a rebuttable presumption that the center of main interests of the Company is in Luxembourg and consequently that any "main insolvency proceedings" (as defined in the EU Insolvency Regulation) would be opened by a Luxembourg court and be governed by Luxembourg law.

However, the determination of where the Company has its center of main interests is a question of fact, which may change from time to time.

Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under U.S. bankruptcy laws. Under Luxembourg law, the following types of proceedings (together referred to as "insolvency proceedings") may be initiated against a company having its "center of main interests" (within the meaning of the EU Insolvency Regulation) or an establishment in Luxembourg (in the latter case assuming that the center of main interests is located in a jurisdiction where the EU Insolvency Regulation is applicable):

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the company, by any of its creditors or by the courts *ex officio*. Following such a request, the Luxembourg courts having jurisdiction may open bankruptcy proceedings if the company: (i) is in a state of cessation of payments (*cessation des paiements*); and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). The main effect of such proceedings is the sale of the assets and allocation of the proceeds of such sale between creditors taking into account their rank of privilege, as well as the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realization of the assets. In addition, the managers or directors of a Luxembourg company that ceases its payments (*i.e.*, unable to pay its debts as they fall due with normal means of payment and loss of creditworthiness) must within a month of them having become aware of the company's cessation of payments and loss of creditworthiness, file a petition for bankruptcy (*faillite*) with the court clerk of the district court of the company's registered office. If the managers or directors fail to comply with such obligation they may be held (i) liable towards the company or any third parties on the basis of principles of directors' liability for any loss suffered and (ii) criminally liable for simple bankruptcy (*banqueroute simple*) in accordance with Article 574 of the Luxembourg Commercial Code (*Code de commerce*);
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a Luxembourg court may order the provisional suspension of payments, including a stay of enforcement of claims except for secured creditors (please see the below applicable provision of the Collateral Act 2005 (as defined below)); or

- composition with creditors proceedings (*concordat préventif de la faillite*), the opening of which may only be requested by the company (subject to obtaining the prior consent from the majority of its creditors holding at least 75% of the claims outstanding against such company) and not by its creditors directly. The Luxembourg court's decision to admit a company to composition proceedings triggers a provisional stay on enforcement of claims by creditors except for secured creditors (see the below applicable provisions of the Collateral Act 2005(as defined below)).

In relation to secondary proceedings, within the meaning of the EU Insolvency Regulation, if an entity has an establishment (as described in the EU Insolvency Regulation) in Luxembourg, the only insolvency proceedings that may be opened will be bankruptcy proceedings (*faillite*) with limited effects to the assets located in Luxembourg.

In addition to these proceedings, your ability to receive payment on the Notes may be affected by a decision of a Luxembourg court to grant a stay on payments (*sursis de paiement*) or to put a Luxembourg company into judicial liquidation (*liquidation judiciaire*). 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 breach or violation of the Luxembourg Commercial Code (*Code de commerce*) or of the Luxembourg laws applicable to commercial companies, as amended. The management of such liquidation proceedings will generally follow similar rules as those applicable to Luxembourg bankruptcy proceedings.

Liability of a Luxembourg company in respect of the Notes will, in the event of a liquidation of the company following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the relevant entity that are preferred under Luxembourg law.

Preferential debts under Luxembourg law include, among others:

- remuneration owed to employees;
- social security contributions;
- certain amounts owed to the Luxembourg tax administration; and
- value-added tax and other taxes and duties owed to the Luxembourg tax administration.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured and unpreferred creditors (except after enforcement and to the extent a surplus is realized) and subject to application of the relevant priority rule and liens and privileges arising mandatorily by law.

More favorable rules apply in relation to security interests of claims or financial instruments securing monetary claims (or claims for the delivery of financial instruments). In such case, the Luxembourg act dated August 5, 2005 on financial collateral arrangements, as amended (the "**Collateral Act 2005**") applies. Article 20 of the Collateral Act 2005 provides that all Luxembourg law collateral arrangements (pledges, security assignments and repo agreements) over claims and financial instruments, as well as all enforcement events and valuation and enforcement measures agreed upon by the parties in accordance with this law, are valid and enforceable even if entered into during the pre-bankruptcy hardening period (*période suspecte*) against third parties, commissioners, receivers, liquidators and other similar persons notwithstanding the insolvency proceedings (save in the case of fraud).

Article 24 of the Collateral Act 2005 provides that foreign law security interests over claims or financial instruments granted by a Luxembourg pledgor will be valid and enforceable as a matter of Luxembourg law notwithstanding any Luxembourg insolvency proceedings, if such foreign law security interests are similar in nature to a Luxembourg security interest falling within the scope of the Collateral Act 2005. If Article 24 applies, Luxembourg preference period rules are not applied (save in case of fraud).

Article 21(2) of the Collateral Act 2005 provides that where a financial collateral arrangement has been entered into on the day of, but after the opening of liquidation proceedings or the coming into force of reorganization measures, or the entry into force of such measures, such arrangement is enforceable against third parties, administrators, insolvency receivers, liquidators and other similar persons if the collateral taker proves that it was unaware of the fact that such proceedings had been opened, or that such measures had been taken or that it could not reasonably be aware of such proceedings, measures or arrangement.

***Impact of Insolvency Proceedings on Transactions***

During such insolvency proceedings, all enforcement measures by unsecured creditors are suspended, save as provided for in the Collateral Act 2005. Other than as described above, the ability of certain secured creditors to enforce their security interests may also be limited, particularly in the event of controlled management proceedings expressly providing that the rights of secured creditors will be frozen until a final decision has been taken by a Luxembourg court as to the petition for controlled management and may be affected thereafter by a reorganization order given by the court. In order to take effect, a reorganization order requires a double majority (*i.e.*, more than 50% of the creditors, whose claims (which are not challenged) represent more than 50% of the relevant Luxembourg company's liabilities), as well as a court's approval. Furthermore, declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings.

Save with respect to financial collateral arrangements falling within the scope of the Collateral Act 2005 (as further described below), Luxembourg insolvency laws may also affect transactions entered into or payments made by a Luxembourg company during the pre-bankruptcy hardening period (*période suspecte*) which is a maximum of six months plus ten days preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date. In particular:

- pursuant to Article 445 of the Luxembourg Commercial Code (*Code de commerce*), specified transactions (including the granting of a security interest for antecedent debts save in respect of financial collateral arrangements within the meaning of 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; and the sale of assets without consideration or with substantially inadequate consideration) entered into during the hardening period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;
- pursuant to Article 446 of the Luxembourg Commercial Code (*Code de commerce*), payments made for matured debts as well as other transactions entered into for consideration during the hardening period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were entered into with the knowledge of the bankrupt party's cessation of payments;
- pursuant to Article 21 (2) of the Collateral Act 2005 concerning financial collateral arrangements, notwithstanding the suspect period as referred to in Articles 445 and 446 of the Luxembourg Commercial Code (*Code de commerce*), where a financial collateral arrangement has been entered into on the date of the commencement of a reorganization measure or winding up proceedings, but after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures, that agreement is enforceable and binding against third parties, administrators, insolvency receivers, liquidators and other similar organs if the collateral taker proves that it ignored the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it; and
- pursuant to Article 448 of the Luxembourg Commercial Code (*Code de commerce*) and Article 1167 of the Luxembourg Civil Code (*Code civil*) (*action paulienne*), the insolvency 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.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in the automatic termination of contracts except for employment agreements and powers of attorney. The contracts, therefore, subsist after the bankruptcy order. However, the bankruptcy receiver may choose to terminate certain contracts as to avoid the worsening of the financial situation of the company. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate. The bankruptcy judgment provides for a period of time during which creditors must file their claims with the clerk's office of the Luxembourg district court sitting in commercial matters. After having converted all available assets of the company into cash and after having determined all the company's liabilities, the insolvency receiver will distribute the proceeds of the sale, on a *pro rata* deduction of the receiver fees and the bankruptcy administration costs.

The insolvency receiver decides whether or not to continue performance under ongoing contracts (i.e., contracts existing before the insolvency order). The insolvency receiver may elect to continue the business of the debtor, provided the insolvency receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of an insolvency constitutes an early termination or acceleration event; and
- *intuitu personae* contracts (i.e., contracts where the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the insolvency judgment since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

The insolvency receiver may elect not to perform the obligations of the insolvent party that are still to be performed after the insolvency under any agreement validly entered into by the insolvent party prior to the insolvency. The counterparty to that agreement may make a claim for damages in the insolvency and such claim will rank equal with claims of all other unsecured creditors and/or seek a court order to have the relevant contract dissolved. The counterparty may not require specific performance of the contract.

Insolvency proceedings may hence have a material adverse effect on the relevant Luxembourg company's business and assets and the Luxembourg company's respective obligations under the Notes.

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition with creditors proceedings may be subject to the EU Insolvency Regulation. In particular, rights *in rem* over assets located in another jurisdiction where the EU Insolvency Regulation is applicable, will not be affected by the opening of insolvency proceedings, without prejudice, however, to the applicability of rules relating to the voidness, voidability or unenforceability of legal acts detrimental to all the creditors (subject to the application of Article 24 of the Collateral Act 2005 as described above and Article 16 of the EU Insolvency Regulation).

***Limitation on Enforcement of Guarantees***

The granting of cross or upstream guarantees by a Luxembourg company in order to secure the obligations of other entities may raise some corporate benefit issues, in particular in relation to the corporate interest of the Luxembourg company having to provide such guarantees.

When a Luxembourg company grants guarantees, applicable corporate procedures normally entail that the decision be approved by a board resolution or by the decision of delegates that have been appointed by the board of managers or directors of the Luxembourg company for such purpose. In addition, the granting of the envisaged guarantees must comply with the Luxembourg company's corporate object.

The proposed action by the company must be "in the corporate interest of the company," which is a translation of the French "*intérêt social*," an equivalent term to the English legal concept of corporate benefit. The concept of "corporate interest" is not defined by law, but has been developed by doctrine and interpreted by court precedents and may be described as being "the limit of acceptable corporate behavior." Whereas the discussions regarding the limits of corporate power are based on objective criteria (provisions of law and of the articles of association), the concept of corporate benefit requires a subjective judgment. In a group context, the interest of the companies of the group taken individually is not entirely eliminated.

With respect to Guarantors incorporated in Luxembourg, even if the Luxembourg law dated August 10, 1915 on commercial companies, as amended, does not provide for rules governing the ability of a Luxembourg company to guarantee the indebtedness of another entity of the same group, it is generally held that within a group of companies, in the context of a group of related companies, the existence of a group interest in granting up-stream or cross-stream assistance under any form (including under the form of guarantee or security) to other group companies could constitute sufficient corporate benefit to enable a Luxembourg company to grant such guarantee or security, provided that the following conditions are met (and in any event subject to all the factual circumstances of the matter): (i) such guarantee or security must be given for the purpose of promoting a common economic, social and financial interest determined in accordance with policies applicable to the entire group; (ii) the commitment to grant such guarantee or security must not be without consideration and such commitment must not be manifestly disproportionate in view of the obligations entered into by other group companies and (iii) such guarantee or security granted or any other financial commitments must not exceed the financial capabilities of the committing company.

Although the existence of a corporate interest in the granting of a guarantee on a group level is certainly important, the mere existence of such a group interest does not compensate for a lack of corporate interest for one or more of the companies of the group taken individually. The concept of corporate interest is of particular importance in the context of misuse of corporate assets provided by Article 1500-11 of the Luxembourg law dated August 10, 1915 on commercial companies, as amended.

The failure to comply with the corporate interest requirement will typically result in personal liability (civil and/or criminal) for the directors or managers of the Guarantor concerned. The guarantees granted by a Luxembourg company could themselves be held void or unenforceable if their granting is contrary to Luxembourg public policy (*ordre public*). It should be stressed that, as is the case with all criminal offenses addressed by the Luxembourg law dated August 10, 1915 on commercial companies, as amended, a director or a manager of a company will in general be prosecuted for misuse of corporate assets only if someone has lodged a complaint with the public prosecutor. This person may be an interested third party, e.g., a creditor, a minority shareholder, a liquidator or an insolvency receiver. In addition, it cannot be excluded that the public prosecutor could act on its own initiative if the existence of such a misuse of corporate assets became known to him. If there is a misuse of corporate assets criminally sanctioned by court, then this could, under general principles of law, have the effect that contracts concluded in breach of Article 1500-11 of the Luxembourg law dated August 10, 1915 on commercial companies, as amended will be held null and void. The criteria mentioned above have to be applied on a case by case basis, and a subjective, fact based judgment is required to be made, by the directors or managers of the Luxembourg company

As a result of the above developments, the guarantee granted by the Company (in the context of upstream and/or cross stream guarantee(s)) will be limited to certain percentage of, among others, the company's net assets (*capitaux propres*), which will take the form of general limitation language (limiting the guarantee obligations of such Luxembourg company to a certain percentage of, among others, its net assets (*capitaux propres*)) increased by its subordinated debts (*dettes subordonnées*), which is inserted in the relevant finance document(s), indentures or guarantee agreements and which covers the aggregate obligations and exposure of the relevant Luxembourg company under the guarantee.

***Security Interest Considerations***

According to Luxembourg conflict of law 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 pledge or security interest is 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 security interests 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.

If there are assets located or deemed to be located in Luxembourg, the security interests over such assets will be governed by Luxembourg law and must be created, perfected and enforced in accordance with Luxembourg law. The Collateral Act 2005 governs the creation, validity, perfection and enforcement of pledges over shares, bank accounts and receivables located or deemed to be located in Luxembourg. A judgment of the European Court of Justice dated 10 November 2016 in Case C 156/15 relating to a pledge over monies deposited to a current account, has held that Directive 2002/47/EC of 6 June 2002 on financial collateral arrangements, confers to the pledgee the right to enforce the collateral, notwithstanding the commencement of insolvency proceedings in respect of the pledgor, only if, (i) the monies covered by the collateral were deposited in the account in question before the commencement of those proceedings or those monies were deposited in the account in question on the day of commencement, the pledgor having proved that it was not aware, nor should have been aware, that those proceedings had commended, and (ii) the account holder was prevented from disposing of those monies after they had been deposited in that account.

Under the Collateral Act 2005, the perfection of security interests depends on certain registration, notification and acceptance requirements. A share pledge over registered shares in a Luxembourg company must be (i) acknowledged and accepted by the company which has issued the shares (subject to the pledge), and (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. A receivables pledge becomes enforceable against the debtor and against third parties by the mere entering into the pledge agreement by the pledgor and the pledgee. However, the debtor is validly discharged from its payment obligations by payment to the pledgor as long as it has not gained knowledge of the pledge. A bank account pledge agreement must be notified to and accepted by the account bank so as to ensure that the account bank has waived any pre-existing security interests and other rights in respect of the relevant account. If (future) bank accounts are pledged, such additional notification to, acceptance and waiver by the account bank will be required.

Article 11 of the Collateral Act 2005 sets out the following enforcement remedies in relation to pledges available upon the occurrence of an enforcement event:

- appropriate or cause a third party to appropriate the collateral at a price determined, before or after appropriation, by the valuation method agreed by the parties;
- assign or cause to be assigned the pledged collateral by private sale in a commercially reasonable manner, by sale over a stock exchange or by 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, courts, stock exchanges and appraisers, the enforcement of the security interests might be substantially delayed.

According to the Collateral Act 2005, with the exception of the provisions of the law of January 8, 2013 on the over-extension of debt, the provisions of Book III, Title XVII of the Luxembourg Civil Code (*Code civil*), of Book I, Title VIII and of Book III of the Luxembourg Commercial Code (*Code de commerce*) and national or foreign provisions governing reorganization measures, winding-up proceedings or other similar proceedings and attachments are not applicable to financial collateral arrangements and netting agreements and shall not constitute an obstacle to the enforcement and to the performance by the parties of their obligations. Pursuant to Article 21(2) of the Collateral Act 2005, a financial collateral arrangement entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures is valid and binding against third parties, administrators, insolvency receivers or liquidators notwithstanding the suspect period referred to in Articles 445 and 446 of the Luxembourg Commercial Code (*Code de commerce*), if the secured party proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it.

According to Article 24 of the Collateral Act 2005, the above protection applies not only to Luxembourg security interests governed by the Collateral Act 2005 (such as Luxembourg pledges over or collateral assignments of claims and financial instruments), but extends to foreign law financial collateral arrangements, which are similar to the financial collateral arrangements subject to the Collateral Act 2005, where the collateral giver is located in Luxembourg.

The timing of the enforcement will depend on the practical steps needed to enforce the security. No legal proceedings are required for most enforcement methods and Luxembourg courts have rejected actions introduced by collateral providers aiming at delaying the enforcement. Indeed, according to Luxembourg case law, the enforcement of security interests governed by the Collateral Act 2005 cannot be stopped by summary proceedings (*procédure en référé*), only actions for liability can be initiated afterwards by the pledgor (*constituant du gage*) against the pledgee (*créancier gagiste*).

The perfection of the security interests created pursuant to the 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. Except as provided in Article 20.4 of the Collateral Act 2005, a third party creditor may seek the forced sale of the assets of the pledgor which are subject to such security through court proceedings, although the beneficiaries under the relevant pledge or security documents will remain entitled to priority over the proceeds of such sale.

Under Luxembourg law, security interests qualifying as financial collateral arrangements under the Collateral Act 2005 may be granted in favor of a person acting on behalf of the beneficiaries of such security interests, a fiduciary or a trustee as a security for the claims of third party beneficiaries, present or future, to the extent that such third party beneficiaries are or may be determined.

Foreign law governed security interests and the powers of any receivers/administrators may not be enforceable in respect of assets located or deemed to be located in Luxembourg, save as provided in the Collateral Act 2005. Security interests/arrangements, which are not expressly recognized under Luxembourg law, and the powers of any receivers/administrators might not be recognized or enforced by the Luxembourg courts, in particular where the Luxembourg security grantor becomes subject to Luxembourg insolvency proceedings or where the Luxembourg courts otherwise have jurisdiction because of the actual deemed location of the relevant rights or assets, except if "main insolvency proceedings" (as defined in the EU Insolvency Regulation) are opened under Luxembourg law and such security interests/arrangements constitute rights *in rem* over assets located in another Member State in which the EU Insolvency Regulation applies, and in accordance Article 8 of the EU Insolvency Regulation.

Under Luxembourg law, certain creditors of an insolvent party have rights to preferred payments arising by operation of law, some of which may, under certain circumstances, supersede the rights to payment of secured or unsecured creditors. This includes, in particular, the rights relating to fees and costs of the insolvency official as well as any legal costs, the rights of employees to certain amounts of salary, and the rights of the tax authorities and certain assimilated parties (such as social security bodies), which preferences may extend to all or part of the assets of the insolvent party. This general privilege may take precedence over the privilege of a pledgee in respect of pledged assets.

### *Registration in Luxembourg*

The registration of the Notes, the security agreements, the indenture and the transaction documents (and any document in connection therewith) with the *Administration de l'Enregistrement,* *des Domaines et de la TVA* may be required (i) upon voluntary registration (*présentation à l'enregistrement*) of the Notes, the security agreements, the indenture and the transaction documents (any document in connection therewith) before the Luxembourg Registration and Estates Department (*Administration de l'enregistrement, des domaines et de la TVA*) in Luxembourg or (ii) if the Notes, the security agreements, the indenture and the transaction documents (and document in connection therewith) are (a) enclosed to a compulsory registrable deed under Luxembourg law (*acte obligatoirement enregistrable*) or (b) deposited with the official records of a notary (*déposé au rang des minutes d'un notaire*). In such case, either a nominal registration duty or an *ad valorem* duty (or, for instance, 0.24% of the amount of the payment obligation mentioned in the document so registered) will be payable depending on the nature of the document to be registered. No *ad valorem* duty is payable in respect of security interest agreements, which are subject to the Collateral Act 2005.

The Luxembourg courts or the official Luxembourg authority may require (when these are presented before them) that the Notes, the security agreements, the indenture and the transaction documents (and any document in connection therewith) and any judgment obtained in a foreign court be translated into French or German or Luxembourgish.

**The Netherlands**

***Insolvency***

Subject to the limitations described under "—*European Union*," where a company (incorporated in the Netherlands or elsewhere) has its "centre of main interests" or an "establishment" in the Netherlands, it may be subjected to Dutch insolvency proceedings. This is particularly relevant for Bidco, which has its corporate seat (*statutaire zetel*) in the Netherlands, and is therefore presumed (subject to proof to the contrary) to have its "centre of main interests" in the Netherlands. Dutch insolvency law differs significantly from insolvency proceedings in the United States and other jurisdictions, and may make it more difficult for holders of Notes to recover the amount they would normally expect to recover in a liquidation or bankruptcy proceeding in the United States or another jurisdiction.

There are three primary insolvency regimes under Dutch law applicable to legal entities: the first, suspension of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable the debtor to continue as a going concern; the second, the out of court restructuring plan (*onderhands akkoord*) procedure, is also intended to facilitate the reorganization of a debtor's debt and enable the debtor to continue as a going concern; and the third, bankruptcy (f*aillissement*), is primarily designed to liquidate and distribute the proceeds of the assets of a debtor to its creditors. These insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*). In practice, a suspension of payments often results in bankruptcy. A general description of the principles of the insolvency regimes is set forth below.

***Suspension of Payments***

An application for a suspension of payments can only be made by the debtor itself, if it foresees that it will be unable to continue to pay its payable debts. Once the request for a suspension of payments is filed, a court will immediately (*dadelijk*) grant a provisional suspension of payments and appoint an administrator (*bewindvoerder*). A meeting of creditors is required to decide on the definitive suspension of payments. The court will then decide whether to grant a definitive moratorium or, alternatively, the court may declare the debtor bankrupt. If a draft composition (*ontwerpakkoord*) is filed simultaneously with the application for a suspension of payments, the court can order that the composition will be processed before a decision about a definitive suspension of payments.

If the composition is accepted and subsequently ratified by the court (*gehomologeerd*), the provisional suspension of payments ends. The definitive suspension of payments will generally be granted unless a qualified minority (more than one quarter of the amount of claims held by creditors represented at the creditors' meeting or more than one-third of the number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent. The granting of a definitive suspension of payments can also be withheld if there is a valid fear that the debtor will try to prejudice the creditors during a suspension of payments or if there is no prospect that the debtor will be able to satisfy its creditors in the (near) future. A suspension of payments takes effect retroactively from 0.00 hours on the day on which the court has granted the provisional suspension of payments.

The suspension of payments is only effective with regard to unsecured non-preferential creditors. Under Dutch law secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in suspension of payments to satisfy their claims as if there were no suspension of payments. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, at the request of an interested party the court can order a "cooling down period" (*afkoelingsperiode*) for a maximum period of two months (which can be extended by the court once for another period of two months) during which enforcement actions by secured or preferential creditors are barred.

Also in a definitive suspension of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding for all unsecured and non-preferential creditors, irrespective whether they voted in favor or against it or whether they were represented at the creditor's meeting called for the purpose of voting on the composition plan, if (i) it is approved by a simple majority of the number of creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are acknowledged and admitted in the suspension of payments, and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency law could preclude or inhibit the ability of the Noteholders to effect a restructuring and could reduce the recovery of a holder of Notes in a Dutch suspension of payments proceeding. Interest accruing after the date on which a suspension of payments is granted, cannot be claimed in a composition.

Under Dutch law, as soon as a definitive suspension of payments is granted or the composition is ratified by a court, in principle, all pending executions of judgments against the relevant debtor, as well as all attachments on the debtor's assets (other than with respect of secured creditors and certain other creditors, as described above), will be suspended or cancelled by operation of law.

***Bankruptcy***

Under Dutch law, a debtor can be declared bankrupt when it has ceased to pay its debts. The bankruptcy can be requested by a creditor of a claim when there is at least one other creditor. At least one of the aforementioned claims (of the bankruptcy requesting creditor or the other creditor) needs to be due and payable. Bankruptcy can also be declared in certain circumstances when a debtor is subject to a suspension of payments. Furthermore, the debtor can request the application of bankruptcy proceedings itself. There is no legal duty for a debtor to file for its own bankruptcy. However, if the managing board of a company realizes that the company is or will be unable to pay its debts when they come due, it is required to take appropriate measures, which could include the cessation of trading, notification of creditors and the filing for either bankruptcy or a suspension of payments (see above).

As a result of a bankruptcy, the debtor loses all rights to administer and dispose of its assets. A bankruptcy order takes effect retroactively from 0.00 hours on the day the order is rendered.

During a Dutch bankruptcy proceeding, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch insolvency law is the *paritas creditorum* (principle of equal treatment), which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their respective claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors.

Consequently, Dutch insolvency laws could reduce your potential recovery in a Dutch bankruptcy proceeding.

All unsecured, pre-bankruptcy claims, need to be submitted to the receiver in bankruptcy for verification, and the receiver in bankruptcy makes a determination as to the existence, ranking and value of the claim and whether and to what extent it should be admitted in the bankruptcy proceedings. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceeding may be based on a net present value analysis. Interest accruing after the date of the bankruptcy cannot be verified unless secured by a pledge or mortgage, in which case interest will be admitted *pro memoria*. The existence, value and ranking of any claims submitted by the Noteholders may be challenged in a Dutch bankruptcy proceeding. Generally, in a creditors' meeting (*verificatievergadering*), the bankruptcy receiver (curator), the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors.

Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*). These procedures could cause Noteholders to recover less than the principal amount of their Notes or less than they could recover in other liquidation proceedings. Such *renvoi* proceedings could also cause payments to the Noteholders to be delayed compared with holders of undisputed claims.

As in suspension of payments proceedings, in the bankruptcy of a company a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if it is (i) approved by a simple majority in number of the creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are acknowledged and conditionally admitted, and (ii) subsequently confirmed by the court. The Dutch Bankruptcy Act does not in itself acknowledge the concept of classes of creditors. Remaining proceeds, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a *pro rata* basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed.

Secured creditors may enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. As in suspension of payments proceedings the supervisory judge (*rechter commissaris*) can order a "cooling down period" for a maximum of two months (which can be extended once for another period of two months) during which enforcement actions by secured creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. Furthermore, a bankruptcy receiver can force a secured creditor to foreclose its security interest within a reasonable period of time, failing which the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the general costs of the bankruptcy, which can be significant. Excess proceeds of enforcement must be returned to the bankruptcy estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. To the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy. See below "—*Fraudulent Transfer*."

Under Dutch law, as soon as a debtor is declared bankrupt, in principle, all pending executions of judgments against such debtor, as well as all attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors, as described above), will be terminated by operation of law. Simultaneously with the opening of the bankruptcy, a bankruptcy receiver will be appointed. The proceeds resulting from the liquidation of the bankruptcy estate may not be sufficient to satisfy unsecured creditors under the guarantees granted by an insolvent guarantor after the secured and the preferential creditors have been satisfied. In principle, litigation pending on the date of the bankruptcy order is automatically stayed.

### ***WHOA***

As of 1 January 2021, a new law relating to the implementation of a composition outside bankruptcy or moratorium of payments proceedings and is referred to as the Act on Court Confirmation of Extrajudicial Restructuring Plans ("**CERP**," or "**WHOA**" in Dutch) entered into force. The WHOA introduced a framework allowing debtors to restructure their debts outside of formal insolvency proceedings (the "**Dutch Scheme**"). The Dutch Scheme provides, among others, that a restructuring plan in respect of a certain class of creditors or shareholders shall be approved and ratified by the courts in the event that two-third of the value of the amount of claims, or rights in case of shareholders, held by creditors or shareholders casting a vote in that class vote in favor of such restructuring plan (unless the scheme rules have not been complied with). Furthermore, a restructuring plan can be proposed to multiple classes of creditors, including classes of secured creditors, and shareholders at the same time. If at least one eligible class of creditors has voted in favor of the restructuring plan, the debtor or, if appointed, a restructuring expert, can request the court to approve the plan and bind all classes. This system of cross-class cramdown of dissenting creditors and shareholders is subject to a number of protective rules, including the right for a court to refuse confirmation of a composition plan, among others, if such plan does not meet the "best interests of creditors test." Under the Dutch Scheme, the court may grant a stay on enforcement of a maximum of four months, with a possible extension of four months. During such period, among others, all enforcement action against the assets of (or in the possession of) the debtor is suspended, unless leave from the court is obtained, including action to enforce security over the assets of the debtor. Accordingly, during such stay the holder of a pledge of claims may not collect nor notify the debtors of such pledged claims of its rights of pledge.

***Emergency Legislation to Protect Enterprises in Financial Distress due to the COVID-19 Pandemic***

The Dutch Parliament has recently adopted emergency legislation regarding a temporary suspension of enforcement and other measures in support of enterprises during the COVID-19 pandemic (*Tijdelijke wet COVID-19 SZW en JenV*). The emergency legislation provides for a court ordered suspension of the handling of a bankruptcy petition and several related protections which apply until at least June 1, 2021 and can, if and when necessary, be extended beyond that date for periods of at most two months at a time. The measures of the legislation apply to enterprises (other than certain specific regulated entities) whose continuity is threatened due to the COVID-19 pandemic. In response to a request from one or more creditors (other than the Dutch Tax Authorities) to declare the enterprise bankrupt, the enterprise/debtor can request the court to grant a suspension of the handling of the bankruptcy petition for a period of at most two months (which period may be extended twice at the request of the enterprise/debtor, in each case with a period of at most two months), and if such suspension is granted by the court then during such period:

(i) the bankruptcy petition is stayed;

(ii) payment obligations to that creditor or those creditors that were due and payable prior to the start of such period are suspended, and any default in the performance of a payment obligation vis-à-vis that creditor or those creditors prior to the start of such period does not, in and of itself, provide a legal basis to change the terms or suspend performance of an obligation vis-à-vis the enterprise/debtor, or terminate an agreement with the enterprise/debtor; and

(iii) if the court so decides at the request of the enterprise/debtor, the power of that creditor or those creditors to have recourse against certain assets may not be exercised without prior approval of the court, and conservatory and executory attachments which that creditor or those creditors levy during such period are lifted.

Suspension of certain enforcement measures can also be requested in summary proceedings and attachments can be lifted as part of such proceedings. The consequences stated under (ii) and (iii) above also apply if the court grants such suspension or lifting. It is important to note that any measure of the court only affects that creditor or those creditors who requested the bankruptcy or initiated the execution or attachment of assets of the debtor.

When considering the request to apply the measures discussed above, the court will need to establish that the enterprise/debtor has, prima facie, made it plausible that, solely or mainly due to the COVID-19 pandemic, the enterprise has not been able to continue its business as usual and as a result has temporarily become unable to pay its debts when they fall due. Creditors not covered by the measures retain these rights vis à vis their debtor. The enterprise/debtor is in any event presumed to be in this position if it can provide financial information that shows that prior to the COVID-19 pandemic or the restrictive measures announced since March 15, 2020 (i) it had sufficient liquidity to satisfy its due and payable debts, and (ii) its revenue decreased by at least 20% compared to the average revenue in the preceding three months. The court will further need to conclude that (i) the prospect is that after the expiry of the term during which the measures apply, the enterprise/debtor will be able to satisfy its debts, and (ii) that the creditor(s) that are affected are not materially and unreasonably prejudiced as a result of the measures. When granting the measures, the court can take any measures it considers necessary to protect the interests of the creditor(s).

***Parallel Debt***

Under Dutch law, it is uncertain whether security interests can be granted to a party other than the creditor of the claim which is purported to be secured by such security interests. For that reason, the Intercreditor Agreement provides for the creation of "parallel debt" obligations in favor of the Security Agent (the "**Parallel Debt**") mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the Holders under or in connection with the Indenture, and a pledge under any Dutch security document will be granted to the Security Agent to secure only the Parallel Debt. The parallel debt concept has not been tested in Dutch courts, and there is no certainty that it will eliminate or mitigate the risk of unenforceability of a Dutch security document posed by Dutch law. However, the mechanism of Parallel Debt is commonly accepted and applied in Dutch market practice.

To the extent that the validity or enforceability of a Dutch security document is successfully challenged, Holders will not be entitled to receive on this basis any proceeds from an enforcement of a Dutch security document. In addition, the Holders bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

***Limitation on Enforcement***

Under Dutch law, the validity and enforceability of the Notes, the Guarantees and the security interests over the Collateral may, in whole or in part, also be affected or limited to the extent that the obligations of the Guarantors which are incorporated under Dutch law (the "**Dutch Guarantors**") are not within the scope of their respective objects and the relevant counterparty was aware or ought to have been aware (without inquiry) of this fact. The articles of association of each Dutch Guarantor permit the provision of guarantee and security. However, the determination of whether a legal act (such as the issuing of a note or the granting of a guarantee or security interest) is within the objects of a company may not be based solely on the description of the articles of association of such company, but must take into account all relevant circumstances, including, in particular, the question of whether the interests of such company are served by the relevant legal act. If the entering into a legal act by a company, in light of the benefits, if any, derived by such company from entering into such legal act, would have an adverse effect on the interest of the company, the legal act may be found to be voidable or the obligation resulting from such legal act unenforceable upon the request of the relevant company or its administrator in bankruptcy. As a result, no assurance can be given that a court would conclude that the granting of the Guarantees or the granting of the security interests over the Collateral is indeed within the corporate object and in the interest of such companies. To the extent that a Dutch Guarantor or the administrator of a Dutch Guarantor successfully invokes the voidability or unenforceability of a Note, a Guarantee or a security interest, such Note, Guarantee or security interest would be limited to the extent any portion of it is not nullified and remains enforceable.

If Dutch law applies, a guarantee or security governed by Dutch law may be voided by a court, if the document was executed through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or mistake (*dwaling*) of a party to the agreement contained in that document.

Whether or not a guarantor is insolvent in the Netherlands, pursuant to Dutch law, payment under a guarantee or following enforcement of foreclosure of security granted may, regardless of an insolvency situation occurring or not, be withheld under the doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure and unforeseen circumstances (*onvoorziene omstandigheden*). Other impeding factors include dissolution (*ontbinding*) of contract and set-off (*verrekening*).

In addition, a guarantee issued by a Dutch Guarantor and security interest provided by the Issuer or Dutch Guarantor may be suspended (*schorsen*) by the Enterprise Chamber of the Court of Appeal in

Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the mention of a holder or holders of 10% or more of the shares in such company or shares or depositary receipts issued therefor with a nominal value of €225,000 or more or such lesser amount as provided in the company's articles of association. If the company has an issued share capital of at least €22.5 million, such motion may be made by a holder or holders of 1% or more of the shares in such company or, provided those are listed on a qualifying trading venue shares or depositary receipts issued therefor with a value of €20 million or more or such lesser amount as provided in the company's articles of association. A trade union, and other entities or persons entitled thereto in the articles of association of, or an agreement with, the relevant Dutch company as well as the company itself may also submit a motion to the Enterprise Chamber for this purpose. Likewise, the guarantee or security itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

According to Dutch case law, a director (*bestuurder*) of a company acts wrongfully against a creditor of the company if he has entered into commitments on behalf of that company, while he knew or reasonably ought to understand that the company would not, or not within a reasonable period of time, be able to meet its obligations and would not provide sufficient opportunity for recourse for the detriment that the creditor would suffer on the basis thereof.

The foregoing is subject to any circumstances raised by the director on the basis of which the conclusive is justified that he personally cannot be blamed sufficiently (*voldoende ernstig verwijt*) for the detriment suffered.

### *Enforcement of security interests*

In the event of the occurrence of certain events, the Security Agent may enforce the security interests created pursuant to the relevant security documents.

In general, mortgages and pledges rank above other rights of priority, including the general priority right of the Dutch tax authorities on the tax debtor's assets. However, Netherlands law provides for exceptions. For example, under certain circumstances, the Dutch tax authorities' priority right ranks above a non-possessory pledge on inventory (not including stock) found on the premises of the tax debtor (*bodemzaken*). Schemes often used to interfere with these tax authorities' priority, most notably the lease of the debtor's premises (*bodemverhuurconstructie*), have been restrained by recent legislation. Creditors intending to make use of this scheme, now must inform the tax authority of their intention and may not carry out the scheme during a period of four weeks after the moment the tax authorities have been informed.

Enforcement of security rights in a Dutch court is subject to Netherlands rules of civil procedure. In addition, foreclosure on security rights created under Netherlands law (including allocation of the proceeds) is subject to Netherlands law. Under Netherlands law, security rights are in principle enforced through a public auction of the relevant assets. This auction has to be effected in accordance with the applicable provisions of the Netherlands Civil Code (*Burgerlijk Wetboek*) and the Netherlands Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). Under Netherlands law, shares in a Dutch B.V. (private company with limited liability; *besloten vennootschap met beperkte aansprakelijkheid*) may only be transferred upon foreclosure in accordance with Dutch law and the relevant pledged company's articles of association as they read at the time of foreclosure. Undisclosed rights of pledge on claims can, in principle, only be enforced (through collection of the claims) after the pledge has been disclosed to the debtor.

The Security Agent or (unless it has waived such right) the relevant security provider may request the competent court to approve a private sale of the encumbered assets. In the event of pledged assets, the Security Agent and the relevant security provider may agree to an alternative enforcement procedure once the pledge has become enforceable. The Security Agent may also request the competent court to determine that the pledged assets shall accrue to it for a price determined by the court.

### *Hardening Periods and Fraudulent Transfer*

Dutch law contains specific provisions, known as "*actio pauliana*," dealing with fraudulent conveyance both in and outside of bankruptcy. The *actio pauliana* provisions offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person and may be nullified by the bankruptcy receiver in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, if: (i) the person performed such acts without a prior existing legal obligation to do so (*onverplicht*); (ii) the creditor(s) concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed the person and, unless the act was conducted for no consideration (*om niet*), the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery. Also to the extent that Dutch insolvency law applies, a guarantee or security interest may be nullified by the bankruptcy receiver on behalf of and for the benefit of all creditors of the insolvent debtor, and in such case the beneficiary of the guarantee or security interest is presumed (subject to evidence to the contrary) to have known that creditors of the debtor would be prejudiced if the bankruptcy follows within a year of the granting and for no consideration.

The foregoing requirements for invoking fraudulent transfer outside of a bankruptcy apply *mutatis mutandis* when invoking fraudulent transfer provisions during a bankruptcy.

In addition, the bankruptcy receiver may challenge the guarantee or security interest if it was granted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) the guarantee or security interest was granted at a time that the beneficiary of such guarantee or security interest knew that a request for bankruptcy had been filed or (ii) if such guarantee or security interest was granted as a result of deliberation between the debtor and the beneficiary of such guarantee or security interest with a view to give preference to the beneficiary over the debtor's other creditors. If a Dutch court found that the issuance of the Notes or the granting of the Guarantees or security interest involved a fraudulent conveyance that did not qualify for any defense under Dutch law, then the issuance of the Notes or the granting of the Guarantees or security rights could be nullified. Consequently, the validity of the Notes, any guarantees or security interests granted by a Dutch legal entity may be challenged and it is possible that such challenge would be successful. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Dutch Guarantors as a result of the fraudulent conveyance.

## Legal Matters

Certain legal matters in connection with this offering will be passed upon for us by Simpson Thacher & Bartlett LLP, as to matters of United States federal, New York and English law, by Legance Avvocati Associati, as to matters of Italian law, by De Brauw Blackstone Westbroek N.V. as to matters of Dutch law and by Ogier as to matters of Luxembourg law.

Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Ropes & Gray International LLP, as to matters of United States federal, New York and English law and by Gattai, Minoli, Agostinelli & Partners, as to matters of Italian law, by Stibbe London B.V. as to matters of Dutch law and by Arendt & Medernach SA as to matters of Luxembourg law.

## Independent Auditors

The consolidated financial statements of Lutech S.p.A and its subsidiaries as of and for the years ended December 31, 2020, 2019 and 2018, included in this Offering Memorandum, have been audited by KPMG S.p.A., independent auditors, as stated in their reports included herein.

## Where You Can Find More Information

Each purchaser of the Notes from the Initial Purchasers will be furnished with 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:

- 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;
- such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided pursuant to 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 are "restricted securities" within the meaning of the Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to the Issuer at Via Alessandro Manzoni 38, 20121, Milan, Italy.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

## Service of Process and Enforcement of Civil Liabilities

The Company is organized under the laws of Luxembourg, the Issuer, the other Target Guarantors are organized under the laws of Italy, and Target and Bidco are organized under the laws of the Netherlands. Many of the directors and executive officers of the Issuer, the Company, the Target and the Group are nonresidents of the United States and a substantial portion of the assets of such persons are located outside the United States. As a consequence, you may not be able to effect service of process on these non-U.S. resident directors and officers in the United States or to enforce judgments against them outside of the United States, including judgments of the U.S. courts predicated upon the civil liability provisions of the U.S. securities laws.

### Italy

Recognition and enforcement in Italy of final judgments rendered by U.S. courts, including judgments obtained in actions predicated upon the civil liability provisions of the U.S. federal or state securities laws may not require retrial and will be enforceable in Italy, provided that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema italiano di diritto internazionale privato*), among others, the following conditions are met:

- the U.S. court which rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction;
- the relevant summons and complaint was appropriately served on the defendants in accordance with U.S. law and during the proceedings the essential rights of the defendant have not been violated;
- the parties to the proceeding appeared before the court in accordance with U.S. law or, in the event of the defendant party's failure to appear before the court, the U.S. court declared such default in accordance with U.S. law;
- the judgment is final and not subject to any further appeal in accordance with U.S. law;
- there is no conflicting final judgment rendered by an Italian court;
- there is no action pending in Italy among the same parties for decision on the same matter which commenced prior to the action in the United States; and
- the provisions of such judgment would not violate Italian public policy (*ordine pubblico*).

In addition, pursuant to Article 67 of Italian Law No. 218 of May 31, 1995, if a judgment rendered by a U.S. court is not complied with, its recognition is challenged or its compulsory enforcement is necessary, then a proceeding shall be initiated before the competent Court of Appeal in Italy to that end. The competent Court of Appeal does not consider the merits of the case but exclusively ascertains the fulfillment of all the conditions set out above.

In original actions brought before Italian courts, the enforceability of liabilities or remedies based solely on the U.S. federal securities law is debatable. 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 U.S. law provisions or grant some of the remedies sought (*e.g.*, punitive damages) if their application violates Italian public policy and/or any mandatory provisions of Italian law.

### Luxembourg

We have been advised by Ogier, our Luxembourg counsel, that the United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. According to such counsel, an enforceable judgment for the payment of monies rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon the U.S. securities laws, would not directly be enforceable in Luxembourg. However, a party who received such favorable judgment in a U.S. court may initiate enforcement proceedings in Luxembourg (*exequatur*) by requesting enforcement of the U.S. judgment by the District Court (*Tribunal d'Arrondissement*) pursuant to

Section 678 of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*). The District Court will authorize the enforcement in Luxembourg of the U.S. judgment if it is satisfied that all of the following conditions are met:

- the U.S. court awarding the judgment had personal and subject-matter jurisdiction to adjudicate the respective matter according to Luxembourg private international law rules and, in particular, that Luxembourg courts had not exclusive jurisdiction over the respective matter;
- the U.S. judgment is enforceable (*exécutoire*) in the United States;
- the U.S. judgment does not contravene international public policy as understood under the laws of Luxembourg;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. court has applied to the dispute the substantive law which would have been applied by Luxembourg courts (based on case-law and legal doctrine, it is not certain that this condition would still be required for *exequatur* to be granted by a Luxembourg court);
- the principles of fair trial and due process have been complied with and, in particular, the U.S. judgment was granted following proceedings where the counterparty had the opportunity to appear, and if it appeared, to present a defense;
- the U.S. judgment has not been obtained fraudulently or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*); and
- the U.S. judgment is not irreconcilable with another judgment enforceable in Luxembourg in relation to the same dispute or a similar dispute.

Subject to the above conditions, Luxembourg courts tend not to review the merits of a foreign judgment, although there is no statutory prohibition.

We have been advised by our Luxembourg counsel that if an original action is brought in Luxembourg, without prejudice to specific conflict of laws rules, Luxembourg courts may refuse to apply the designated law (i) if the choice of such law was not made *bona fide* and (ii) if its application contravenes Luxembourg public policy or is manifestly incompatible with Luxembourg international policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought. Also, *exequatur* may be refused in respect of punitive damages.

In a judgment of the Luxembourg District Court, dated January 10, 2008, the District Court differed slightly from the traditional rules for enforcing a judgment described above, and decided that, in order to enforce a foreign judgment in Luxembourg, a Luxembourg judge must make sure that three conditions are fulfilled: (i) the "indirect" competence of the foreign judge based on the connection of the litigation with such judge; (ii) the conformity with international public policy requirements, both substantive and procedural; and (iii) the absence of fraud to the law. In the judgment, the District Court held that the Luxembourg judge does not need to verify that the (substantive) law, applied by the foreign judge, is the law which would have been applicable according to Luxembourg conflict of law rules.

Whether the District Court's opinion described above will develop into the prevailing position of Luxembourg case law cannot be forecasted with certainty at this stage, especially considering that there has been limited case law on the issue since then. To the extent that the District Court's decision endorses the solution currently prevailing in French case law, such decision might, in the future, be endorsed by the Luxembourg courts in general.

Furthermore, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than euro, a Luxembourg court would have power to give judgment expressed as an order to pay in a currency other than euro. However, enforcement of the judgment against any party in Luxembourg would be available only in euro, and for such purposes, all claims or debts would be converted into euro.

**The Netherlands**

Civil liabilities based on the securities laws of the United States may not be enforceable in the Netherlands, either in an original action or in an action to enforce a judgment obtained in U.S. courts.

The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any court in the United States, whether or not predicated solely upon U.S. securities laws, would not be enforceable in the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be re-litigated before a competent Dutch court. A Dutch court will, under current practice, generally grant the same judgment without substantive re-examination or re-litigation on the merits if (i) that judgment results from proceedings compatible with the Dutch concept of due process, (ii) that judgment does not contravene public policy (*openbare orde*) of the Netherlands, (iii) the jurisdiction of the court has been based on an internationally acceptable ground, and (iv) the judgment by the court is not incompatible with a judgment rendered between the same parties by a Dutch court, or with an earlier judgment rendered between the same parties by a non-Dutch court in a dispute that concerns the same subject and is based on the same cause, provided that the earlier judgment qualifies for recognition in the Netherlands.

Subject to the foregoing and provided that service of process occurs in accordance with applicable treaties, investors may be able to enforce in the Netherlands judgments in civil and commercial matters obtained from U.S. federal or state courts. However, no assurance can be given that such judgments will be enforceable. In addition, it is doubtful whether a Dutch court would accept jurisdiction and impose civil liability in an original action commenced in the Netherlands and predicated solely upon U.S. federal securities laws.

Any enforcement of agreements governed by foreign law and any foreign judgments in the Netherlands will be subject to the rules of Dutch civil procedure. Judgments may be rendered in a foreign currency but enforcement is executed in euro at the applicable rate of exchange.

Enforcement of obligations in the Netherlands will be subject to the nature of the remedies available in the courts of the Netherlands. Under certain circumstances, a Dutch court has the power to stay proceedings (*aanhouden*) or to declare that it has no jurisdiction, if concurrent proceedings are being brought elsewhere.

A Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses and damages.

## Listing and General Information

### Listing Information

The Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Copies of the following documents may be obtained electronically or inspected in physical form free of charge at the registered office of the Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the Paying Agent so long as the Notes remain listed on the official list of the Luxembourg Stock Exchange and admitted to trading on its Euro MTF Market and the rules and regulations of such exchange require:

- Offering Memorandum;
- organizational documents of the Issuer and the Guarantors;
- the annual reports and consolidated annual accounts required to be provided under "*Description of the Notes—Certain Covenants—Reports*";
- the Indenture;
- the Financial Statements;
- the Intercreditor Agreement; and
- security documents in relation to the Collateral.

The Issuer will maintain the Transfer Agent having its address at 3 Second Street, Suite 206, Jersey City NJ 07311, USA.

The Issuer reserves the right to vary such appointment and will publish notice of such change of appointment on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Pursuant to Part 1, Chapter 5, Item 502 of the rules and regulations of the Luxembourg Stock Exchange, the Notes will be freely transferable on the Luxembourg Stock Exchange, for so long as the Notes are listed in the Official List of the Luxembourg Stock Exchange.

The gross proceeds of the offering of the Notes will be €275 million.

### Clearing Information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

| Clearing Information | ISIN | Common Code |
|---|---|---|
| Rule 144A Global Note | XS2339830551 | 233983055 |
| Regulation S Global Note | XS2339830049 | 233983004 |

### Issuer and Guarantor Information

#### *The Issuer*

Libra GroupCo S.p.A., is a joint stock company (*società per azioni*) organized under the laws of Italy. The Issuer is recorded in the Companies' Register of Milan, Monza, Brianza, Lodi under number, tax code and VAT number 11693200963 and has its registered office (*sede legale*) at Via Alessandro Manzoni 38, 20121, Milan, Italy. The Issuer's LEI Code is 81560029CD3EE2AA0591

#### *Initial Guarantors*

Libra HoldCo SARL, a private limited liability company (*société à responsabilité limitée*) organized under the laws of Luxembourg and is registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés Luxembourg*) under registration number B252446. The address of its registered office is located at 1-3 boulevard de la Foire, L-1528 Luxembourg.

Libra Bidco B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands and is registered with the Dutch Trade Register under registration number 82404356. The address of its registered office is located at Herikerbergweg 238, 1101 CM in Amsterdam, the Netherlands.

***Target Guarantors***

OEP 14 Coöperatief U.A. is a cooperative with excluded liability (*coöperatie met uitgesloten aansprakelijkheid*) organized under the laws of the Netherlands. The Target is recorded with the trade register of the Dutch Chamber of Commerce under number 68487363 and has its statutory seat in Amsterdam and its office address at Herengracht 466, 1017 CA Amsterdam, the Netherlands.

OEP 15 B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands. OEP 15 B.V. is recorded with the trade register of the Dutch Chamber of Commerce under number 78672937 and has its statutory seat in Amsterdam and its office address at Herengracht 466, 1017 CA Amsterdam, the Netherlands.

OEP 15bis B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands. OEP 15bis B.V. is recorded with the trade register of the Dutch Chamber of Commerce under number 78686326 and has its statutory seat in Amsterdam and its office address at Herengracht 466, 1017 CA Amsterdam, the Netherlands.

OEP 14 B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands. OEP 14 B.V. is recorded with the trade register of the Dutch Chamber of Commerce under number 68497490 and has its statutory seat in Amsterdam and its office address at Herengracht 466, 1017 CA Amsterdam, the Netherlands.

OEP Italy Solution S.r.l. is a limited liability company (*società a responsabilità limitata*) organized under the laws of Italy. OEP Italy Solutions is recorded with the Companies' Register of Milan, Monza, Brianza, Lodi under number, tax code and VAT number 10501510969 and has its registered office (sede legale) at Via Montenapoleone 29, 20121, Milan, Italy.

Lutech S.p.A. is a joint-stock company (*società per azioni*) organized under the laws of Italy. Lutech is recorded with the Companies' Register of Milan, Monza, Brianza, Lodi under number, tax code and VAT number 02824320176 and has its registered office (*sede legale*) at Via Dante 14, 20121, Milan, Italy.

Arcares S.p.A. is a joint-stock company (*società per azioni*) organized under the laws of Italy. Arcares is recorded with the Companies' Register of Milan, Monza, Brianza, Lodi under number, tax code and VAT number 03368590968 and has its registered office (*sede legale*) at Via Dante 14, 20121, Milan, Italy.

CDM Tecnoconsulting S.p.A. is a joint-stock company (*società per azioni*) organized under the laws of Italy. CDM is recorded with the Companies' Register of Parma under number, tax code and VAT number 01555050341 and has its registered office (*sede legale*) at Via Marconi 25, 43058, Sorbolo Mezzani (PR), Italy.

DISC S.p.A. is a joint-stock company (*società per azioni*) organized under the laws of Italy. DISC is recorded with the Companies' Register of Bergamo under number, tax code and VAT number 01072320169 and has its registered office (*sede legale*) at Via delle Canovine 46, 24126, Bergamo, Italy

ICTeam S.p.A. is a joint-stock company (*società per azioni*) organized under the laws of Italy. ICTeam is recorded with the Companies' Register of Bergamo under number, tax code and VAT number 02691680165 and has its registered office (*sede legale*) at Via Azzano San Paolo 139, 24050, Grassobbio (BG), Italy.

The Notes will be guaranteed on a senior secured basis (i) on the Issue Date, by the Company and Libra Bidco B.V., and (ii) assuming the Completion Date occurs on or prior to the Longstop Date, as soon as reasonably practicable after the Completion Date and in any event within 120 days from the Completion Date, by Lutech and certain other Target Guarantors. The obligations of each Guarantor under its Guarantee will be contractually limited under the applicable Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, financial assistance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For instance, the Guarantee and security interests to be granted by Lutech and each other Italian Target Guarantors will only guarantee and secure the Issuer's obligations under Tranche B (as defined in "*Use of Proceeds*") of the Notes. For a description of such limitations, see "*Certain Insolvency Law Considerations and Limitations on the Guarantees and the Collateral*."

**Resolutions, Authorizations and Approvals by virtue of which the Notes have been Issued**

The Issuer and the Guarantors have, or will have, obtained all necessary consents, approvals and authorizations (if any) in connection with the issuance of the Notes and the issuance of the Guarantees thereon, respectively. The issuance of the Notes was approved by resolutions of the board of directors of the Issuer on April 26, 2021, notarized on April 27, 2021 by Andrea De Costa Notary in Milan (*Repertorio No.* 11612/6196), subject to registration with the Companies' Register of Milan, Monza Brianza, Lodi and on May 14, 2021 notarized by Renata Mariella Notary in Milan (*Repertorio No.* 45087/14817), subject to registration with the Companies' Register of Milan, Monza Brianza, Lodi.

**Management**

For details on the management of the Group, please see "*Management*."

**Business Year**

The business year for the Group begins on the first day of January and ends on the last day of December of each year.

**Auditors**

The independent auditor of the Group is KPMG S.p.A., with registered office at Via Vittor Pisani, 25, 20124 Milan, Italy and registered under No. 70623 in the Register of Accountancy (*Registro dei Revisori Legali*) maintained by the Italian Ministry of Economy and Finance in compliance with the provisions of Legislative Decree No. 39 of January 27, 2010.

**Offering Memorandum**

As of the date of this Offering Memorandum, Lutech Group's most recent audited consolidated annual accounts available were as of and for the year ended December 31, 2020. Except as disclosed in this Offering Memorandum, there has been no significant or material adverse change in the financial positions of Group since December 31, 2020.

Except as disclosed in this Offering Memorandum, the Group is not and has not been involved in any governmental, legal or arbitration proceeding relating to claims or amounts that, individually or in the aggregate, are material in the context of the issuance of the Notes and may have, or have had during the twelve months preceding the date of this Offering Memorandum, a significant effect on the Group's financial position or profitability. So far as we are aware, having made all reasonable inquiries, there are no such litigation, arbitration or governmental proceedings pending or threatened.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the Issuer's knowledge and belief, the information contained in this Offering Memorandum with regard to the Issuer is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. However, the information set forth under the headings "*Exchange Rate Information*," "*Summary*," "*Industry*," "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and does not accept further responsibility in respect thereof. Except as described in this Offering Memorandum (including the footnotes to the Financial Statements herein), neither the Issuer nor the Guarantors are involved in any pending litigation or arbitration proceedings that are material in the context of the Notes, nor so far as they are aware, is any such litigation or arbitration threatened.

**The Trustee**

Trustee is GLAS Trust Company LLC and its address is 3 Second Street, Suite 206, Jersey City NJ 07311, USA. The Trustee will be acting in its capacity of trustee for the holders of the Notes and will provide such services to such holders of the Notes as described in the Indenture.

## INDEX TO FINANCIAL STATEMENTS

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

## Independent auditors' report

*To the sole shareholder of*
*Lutech S.p.A.*

### Report on the audit of the consolidated financial statements

#### *Opinion*

We have audited the consolidated financial statements of the Lutech S.p.A. and its subsidiaries (the "Group" or the "Lutech Group"), which comprise the balance sheet as at 31 December 2020, the profit and loss account and cash flow statement for the year then ended and notes thereto.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Lutech Group as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Lutech S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements*

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Group's financial reporting process.

### *Auditors' 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 ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level 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 April 2021

KPMG S.p.A.

Ernesto Ciceri
Director of Audit

**LUTECH GROUP**

Registered office in VIA DANTE 14 -20121 MILAN (MI)
Fully paid-up share capital €3,210,000.00

**Consolidated financial statements as at and for the year ended 31 December 2020**

**Balance Sheet**

| Balance sheet assets | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **A) Share capital proceeds to be received** | | |
| (of which: called up) | | |
| **B) Fixed assets** | | |
| *I. Intangible fixed assets* | | |
| 1) Start-up and capital costs | 3,146 | 5,276 |
| 2) Development costs | 10,762,825 | 9,342,681 |
| 3) Industrial patents and intellectual property rights | 1,052,201 | 1,051,035 |
| 4) Concessions, licences, trademarks and similar rights | 2,739,958 | 3,429,398 |
| 5) Goodwill | 184,980,234 | 206,534,601 |
| 6) Assets under development and payments on account | 85,750 | 162,750 |
| 7) Other | 2,432,437 | 1,949,182 |
| | 202,056,551 | 222,474,923 |
| *II. Tangible fixed assets* | | |
| 1) Land and buildings | 5,023,183 | 5,184,057 |
| 2) Plant and machinery | 328,956 | 403,440 |
| 3) Industrial and commercial equipment | 112,247 | 229,416 |
| 4) Other assets | 7,198,046 | 7,309,784 |
| | 12,662,432 | 13,126,697 |
| *III. Financial fixed assets* | | |
| 1) Equity investments: | | |
| a) Unconsolidated subsidiaries | 0 | 40 |
| b) Associates | 810,904 | 1,416,899 |
| d-bis) Other | 44,782 | 59,135 |
| | 855,686 | 1,476,074 |
| 2) Financial receivables | | |
| a) From unconsolidated subsidiaries | | |
| –due after one year | 0 | 10,000 |
| | 0 | 10,000 |
| d-bis) From others | | |
| –due within one year | 224,988 | 170,234 |
| –due after one year | 166,854 | 181,934 |
| | 391,842 | 352,168 |
| | 391,842 | 362,168 |
| | 1,247,528 | 1,838,242 |
| ***Total fixed assets*** | **215,966,511** | **237,439,862** |

| Balance sheet assets | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **C) Current assets** | | |
| *I. Inventory* | | |
| 1) Raw materials, consumables and supplies | 787,715 | 886,111 |
| 2) Work in progress and semi-finished products | 98,827 | 150,664 |
| 3) Contract work in progress | 26,746,538 | 16,884,610 |
| 4) Finished goods | 16,478,027 | 16,378,094 |
| 5) Payments on account | 978 | 0 |
| | 44,112,085 | 34,299,479 |
| *II. Receivables* | | |
| 1) Trade receivables | | |
| –due within one year | 182,423,053 | 179,267,319 |
| –due after one year | 794,140 | |
| | 183,217,193 | 179,267,319 |
| 3) From associates | | |
| –due within one year | 0 | 2,244,560 |
| | 0 | 2,244,560 |
| 4) From parents | | |
| –due within one year | 85,000 | 20,000 |
| | 85,000 | 20,000 |
| 5-bis) Tax receivables | | |
| –due within one year | 3,031,466 | 4,953,893 |
| –due after one year | 537,899 | 660,763 |
| | 3,569,365 | 5,614,656 |
| 5-ter) Deferred tax assets | | |
| –due within one year | 2,127,133 | 2,017,625 |
| –due after one year | 14,366 | 0 |
| | 2,141,499 | 2,017,625 |
| 5-quater) From others | | |
| –due within one year | 3,584,383 | 1,262,404 |
| –due after one year | | 742,229 |
| | 3,584,383 | 2,004,633 |
| | 192,597,440 | 191,168,793 |
| *III. Current financial assets* | | |
| 1) Investments in unconsolidated subsidiaries | | |
| 5) Derivatives | 180 | 923 |
| 6) Other securities | 16,293 | 18,347 |
| | 16,473 | 19,270 |
| *IV. Liquid funds* | | |
| 1) Bank and postal accounts | 49,739,208 | 29,686,740 |
| 3) Cash-in-hand and cash equivalents | 416,535 | 425,804 |
| | 50,155,743 | 30,112,544 |
| ***Total current assets*** | **286,881,741** | **255,600,086** |
| **D) Prepayments and accrued income** | **29,669,683** | **26,187,419** |
| **Total assets** | **532,517,935** | **519,227,367** |

| Balance sheet liabilities | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **A) Net equity** | | |
| *I. Share capital* | 3,210,000 | 3,210,000 |
| *II. Share premium reserve* | 10,466,900 | 10,466,900 |
| *IV. Legal reserve* | 642,000 | 642,000 |
| *V. Statutory reserves* | | |
| *VI . Other reserves, indicated separately* | | |
| Reserve for future capital increases | | |
| Capital injections | 100,233,476 | 100,233,476 |
| Goodwill | 304,722 | 304,722 |
| Translation reserve | 146,829 | 43,340 |
| Euro rounding difference | 1 | (1) |
| Translation reserve arising from consolidation of a foreign operation | (521) | 15,625 |
| Consolidation reserve | 179,226 | 179,226 |
| | 100,863,733 | 100,776,388 |
| *VII. Hedging reserve* | (486,771) | (157,234) |
| *VIII. Retained earnings* | 11,812,290 | 19,150,785 |
| *IX. Net loss for the year* | (11,947,131) | (7,235,874) |
| *X. Reserve for own shares in portfolio* | (244,043) | (244,043) |
| ***Total net equity attributable to the group*** | **114,316,978** | **126,608,922** |
| –) Share capital and reserves of minority interests | 2,232,874 | 2,221,721 |
| –) Net profit for the year attributable to minority interests | 517,942 | 1,187,480 |
| Total net equity of minority interests | 2,750,816 | 3,409,201 |
| ***Total net equity*** | **117,067,794** | **130,018,123** |
| **B) Provisions for risks and charges** | | |
| 1) Pension and similar provisions | 111,566 | 98,487 |
| 2) Tax provision, including deferred tax liabilities | 897,140 | 1,017,304 |
| 3) Derivatives | 486,771 | 157,798 |
| 4) Other provisions | 208,667 | 631,395 |
| ***Total provisions for risks and charges*** | **1,704,114** | **1,904,984** |
| **C) Employees' leaving entitlement** | 15,015,489 | 14,680,083 |
| **D) Payables** | | |
| 4) Bank loans and borrowings | | |
| – due within one year | 53,968,360 | 31,733,942 |
| – due after one year | 127,730,598 | 143,277,142 |
| | 181,698,958 | 175,011,084 |
| 5) Loans and borrowings from other financial backers | | |
| – due within one year | 4,160,554 | 3,416,519 |
| – due after one year | 943,570 | 381,188 |
| | 5,104,124 | 3,797,707 |
| 6) Payments on account | | |
| –due within one year | 29,289,453 | 20,369,233 |
| | 29,289,453 | 20,369,233 |
| 7) Trade payables | | |
| –due within one year | 102,781,324 | 92,109,672 |
| –due after one year | 6,427,489 | 2,684,295 |
| | 109,208,813 | 94,793,967 |
| 11) Payables to parents | | |
| –due within one year | 327,000 | 1,000,000 |
| | 327,000 | 1,000,000 |

| Balance sheet liabilities | 31/12/2020 | 31/12/2019 |
|---|---|---|
| 12) Tax payables | | |
| –due within one year | 9,668,724 | 8,848,344 |
| | 9,668,724 | 8,848,344 |
| 13) Social security charges payable | | |
| –due within one year | 10,675,290 | 11,146,569 |
| | 10,675,290 | 11,146,569 |
| 14) Other payables | | |
| –due within one year | 22,610,436 | 24,972,875 |
| | 22,610,436 | 24,972,875 |
| ***Total payables*** | **368,582,798** | **339,939,779** |
| **E) Accrued expenses and deferred income** | **30,147,710** | **32,684,398** |
| **Total liabilities** | **532,517,935** | **519,227,367** |

## Profit and loss account

| | 2020 | 2019 |
|---|---|---|
| **A) Production revenues** | | |
| *1) Turnover from sales and services* | 422,959,887 | 421,920,492 |
| *2) Change in work in progress, semi-finished products and finished goods* | (51,837) | 37,543 |
| *3) Change in contract work in progress* | 9,861,925 | 2,071,118 |
| *4) Internal work capitalised* | 5,307,322 | 5,581,693 |
| *5) Other revenues and income with separate presentation of capital grants:* | | |
| –sundry | 1,776,072 | 3,249,720 |
| –grants related to income | 560,892 | 2,581,819 |
| | 2,336,964 | 5,831,539 |
| ***Total production revenues*** | **440,414,261** | **435,442,385** |
| **B) Production cost** | | |
| *6) Raw materials, consumables, supplies and goods* | 121,553,165 | 107,673,666 |
| *7) Services* | 112,789,265 | 124,501,907 |
| *8) Use of third party assets* | 10,486,870 | 9,735,370 |
| *9) Personnel expenses* | | |
| a) Wages and salaries | 110,213,232 | 108,526,112 |
| b) Social security contributions | 31,914,173 | 31,114,233 |
| c) Employees' leaving entitlement | 7,393,167 | 6,759,494 |
| d) Pension and similar costs | 3,816 | 33,948 |
| e) Other costs | 1,889,509 | 2,115,118 |
| | 151,413,897 | 148,548,905 |
| *10) Amortisation, depreciation and write-downs* | | |
| a) Amortisation of intangible fixed assets | 31,672,202 | 28,863,031 |
| b) Depreciation of tangible fixed assets | 3,002,327 | 2,829,105 |
| c) Other write-downs of fixed assets | 1,354,780 | 38,394 |
| d) Write-downs of current receivables and liquid funds | 489,372 | 299,933 |
| | 36,518,681 | 32,030,463 |
| *11) Change in raw materials, consumables, supplies and goods* | (26,635) | (930,455) |
| *12) Provisions for risks* | 175,000 | 0 |
| *14) Other operating costs* | 5,462,351 | 4,351,305 |
| ***Total production cost*** | **438,372,594** | **425,911,161** |
| **Operating profit (A-B)** | **2,041,667** | **9,531,224** |
| **C) Financial income and charges** | | |
| *15) Income from equity investments with separate presentation of that from investments in subsidiaries and associates and in parents and subsidiaries of parents:* | | |
| –In associates | 2,142 | 23,760 |
| –Other | 0 | 109 |
| | 2,142 | 23,869 |
| *16) Other financial income:* | | |
| d) other income with separate presentation of that from subsidiaries and associates and from parents and subsidiaries of parents: | | |
| –From others | 38,297 | 29,002 |
| | 38,297 | 29,002 |

| | 2020 | 2019 |
|---|---|---|
| *17) Interest and other financial charges with separate presentation of those to subsidiaries and associates and to parents and subsidiaries of parents:* | | |
| –Other | 8,135,494 | 7,844,282 |
| | 8,135,494 | 7,844,282 |
| *17-bis) Net exchange rate gains (losses)* | 143,769 | 49,598 |
| ***Net financial charges*** | **(7,951,286)** | **(7,741,813)** |
| **D) Adjustments to financial assets and liabilities** | | |
| *18) Write-backs:* | | |
| f) Equity-accounted investees | 114,158 | 735,756 |
| | 114,158 | 735,756 |
| *19) Write-downs:* | | |
| a) Equity investments | 6,853 | 303,149 |
| d) Derivatives | 8,398 | 108,119 |
| e) Cash pooling arrangement | 743 | 0 |
| | 15,994 | 411,268 |
| ***Total adjustments*** | **98,164** | **324,488** |
| **Pre-tax profit (A-B±C±D±E)** | **(5,811,455)** | **2,113,899** |
| *20) Income taxes, current and deferred* | | |
| Current taxes | 8,174,745 | 9,254,630 |
| Tax related to previous years | (1,279,941) | 0 |
| Changes in deferred taxes | (249,617) | (522,907) |
| Income from participation in the tax consolidation scheme/tax transparency | (1,009,453) | (569,430) |
| | 5,617,734 | 8,162,293 |
| **21) Net profit/(loss) for the year** | **(11,429,189)** | **(6,048,394)** |
| –) Net loss for the year attributable to the group | (11,947,131) | (7,235,874) |
| –) Net profit for the year attributable to minority interests | 517,942 | 1,187,480 |

CEO
Tullio Pirovano

## Cash flow statement

| | 2020 | 2019 |
|---|---|---|
| *A) Cash flows from operations (indirect method)* | | |
| Net profit (loss) for the year | (11,429,189) | (6,048,394) |
| Income taxes | 5,617,734 | 8,162,293 |
| Net interest expense | 8,097,197 | 7,815,280 |
| Dividends | (2,142) | (23,869) |
| Gain/losses on the sale of assets | 60,474 | (17,115) |
| **1) Profit for the year before income taxes, interest, dividends and gains/losses on the sale of assets** | **2,344,074** | **9,888,195** |
| *Adjustments for non-monetary elements that do not affect other working capital items* | | |
| Accruals to provisions | 175,000 | 0 |
| Amortisation and depreciation | 34,674,529 | 31,692,136 |
| Write-downs for impairment losses | 1,354,780 | 38,394 |
| Write-downs of derivatives that do not lead to cash flows | (98,164) | (324,488) |
| Other decreases for non-monetary items | 2,939,709 | 0 |
| **Total adjustments for non-monetary elements that do not affect other working capital items** | **39,045,854** | **31,406,042** |
| **2) Cash flows before changes in other working capital items** | **41,389,928** | **41,294,237** |
| *Changes in other working capital items* | | |
| Increase in inventory | (10,723,122) | (3,091,593) |
| Decrease/(increase) in trade receivables | (4,169,351) | 3,452,036 |
| Increase/(decrease) in trade payables | 14,226,764 | (8,106,749) |
| Decrease/(increase) in prepayments and accrued income | (3,482,264) | 19,724 |
| Increase/(decrease) in accrued expenses and deferred income | (2,547,711) | (2,244,867) |
| Other decreases in other working capital items | 8,179,159 | 8,170,044 |
| **Total changes in other working capital items** | **1,483,475** | **(1,801,405)** |
| **3) Cash flows after changes in other working capital items** | **42,873,403** | **39,492,382** |
| *Other adjustments* | | |
| Interest paid | (8,097,197) | (7,815,280) |
| Income taxes paid | (5,019,145) | (9,024,438) |
| Dividends collected | 2,142 | 23,869 |
| Utilisation of provisions | (1,959,127) | (6,103,376) |
| **Total other adjustments** | **(15,073,327)** | **(22,919,225)** |
| **Cash flows from operating activities (A)** | **27,800,076** | **16,573,607** |
| *B) Cash flows from investing activities* | | |
| *Tangible fixed assets* | | |
| Investments | (2,861,828) | (3,063,732) |
| Disinvestments | 336,509 | 136,293 |
| *Intangible fixed assets* | | |
| Investments | (7,559,259) | (7,433,835) |
| *Financial fixed assets* | | |
| Investments | (5,020,834) | (136,714) |
| Disinvestments | 0 | 0 |
| *Non-current financial assets* | | |
| Investments | 0 | 0 |
| Disinvestments | 2,054 | 626,166 |
| Acquisitions of subsidiaries net of cash | (521,862) | (39,575,195) |
| Sale of subsidiaries net of liquid funds | 0 | 0 |
| **Cash flows used in investing activities (B)** | **(15,675,695)** | **(49,447,017)** |

| | 2020 | 2019 |
|---|---|---|
| *C) Cash flows from financing activities* | | |
| *Third party funds* | | |
| Increase in short-term bank loans and borrowings | 12,910,229 | 2,455,256 |
| Increase in loans | 8,145,862 | 43,795,677 |
| Decrease in loans | (13,137,274) | (14,390,074) |
| *Own funds* | | |
| Proceeds from the issue of shares | 0 | 3,249,999 |
| Redemption of shares | 0 | 0 |
| Sale/(Repurchase) of own shares | 0 | 0 |
| Dividends and interim dividends paid | 0 | 0 |
| **Cash flows from financing activities (C)** | **7,918,817** | **35,110,358** |
| **Increase/(decrease) in liquid funds (A ± B ± C)** | **20,043,199** | **2,236,948** |
| **Exchange rate effect on liquid funds** | 0 | 0 |
| **Opening liquid funds** | **30,112,544** | **27,875,596** |
| Bank and postal accounts | 29,686,740 | 27,459,509 |
| Cheques on hand | 0 | 0 |
| Cash-in-hand and cash equivalents | 425,804 | 416,087 |
| of which not fully available for use | 0 | 0 |
| **Closing liquid funds** | **50,155,743** | **30,112,544** |
| Bank and postal accounts | 49,739,208 | 29,686,740 |
| Cheques on hand | 0 | 0 |
| Cash-in-hand and cash equivalents | 416,535 | 425,804 |
| of which not fully available for use | 0 | 0 |
| **INCREASE/(DECREASE) IN LIQUID FUNDS** | **20,043,199** | **2,236,948** |
| *Acquisitions or sales of subsidiaries* | | |
| Total consideration paid or received | 674,456 | 47,146,193 |
| Consideration paid as cash | 0 | 0 |
| Cash acquired or sold with the acquisition/sale of subsidiaries | 152,594 | 7,570,998 |
| Carrying amount of the assets/liabilities acquired or sold | 150,446 | 8,759,224 |

CEO
Tullio Pirovano

**LUTECH GROUP**

Registered office in VIA DANTE 14 -20121 MILAN (MI) Fully paid-up share capital €3,210,000.00

**Notes to the consolidated financial statements as at and for the year ended 31 December 2020**

The Lutech S.p.A. and its subsidiaries (the "Group" or the "Lutech Group") Group is a system integrator that supports the digital transformation of its customers with an end-to-end service. The parent, Lutech S.p.A. ("Lutech") is a recognised leader in next generation IT infrastructure, cloud solutions, customer engagement solutions, credit and e-payment management solutions, cybersecurity, IoT, big data, e-Health solutions and cognitive computing. Lutech's leadership was further bolstered with targeted acquisitions on the IT market in Italy over the past three years.

## Basis of presentation

The consolidated financial statements of the Lutech Group have been prepared in accordance with the provisions of article 2423 and following articles of the Italian Civil Code and Legislative decree no. 127/91, interpreted in the context of and integrated by the reporting standards promulgated by the Italian Accounting Standard Setter (the "OIC"). They consist of a balance sheet, a profit and loss account, a cash flow statement and these notes. In addition to the annexes required by law, tables showing a reconciliation of the parent's net loss for the year and net equity with the Group's net loss for the year and net equity are also provided in these notes.

The data and information required by article 38 of the above decree are provided in these notes.

The cash flow statement shows the reasons for increases and decreases in liquid funds during the year and has been prepared under the indirect method, using the layout provided for by OIC 10.

The amounts presented in the balance sheet, profit and loss account, cash flow statement and these notes are in Euros, without decimal points, except as otherwise specified.

Significant post-balance sheet events and off-balance sheet commitments, guarantees and contingent liabilities are described in a section of these notes.

## Consolidation scope

The consolidated financial statements are based on the financial statements of Lutech and the companies in which the parent directly or indirectly holds a majority investment or over which it has control. These financial statements are consolidated on a line-by-line basis.

A breakdown of the companies included in the consolidation scope at 31 December 2020 is provided below:

| | % | CONTROL | ASSETS |
|---|---|---|---|
| ARCARES S.P.A. | 100% | Direct | Design and sale of business process management software for the banking and financial sectors |
| TERATRON GMBH | 74.7% | Direct | Design, development and production of electronic components used in security and localisation products |
| LISCOR S.P.A. | 100% | Indirect | Design and sale of business process management software for the banking and financial sectors |
| ICTEAM S.P.A. | 100% | Direct | Development of software & system integration, system & cloud services, loyalty & direct marketing |

| | % | CONTROL | ASSETS |
|---|---|---|---|
| CDM TECNOCONSULTING S.P.A. | 100% | Direct | Product lifecycle management (PLM), IoT, ERP |
| CIMWORKS SL (SPAIN) | 100% | Direct | Product lifecycle management (PLM) for the Spanish market |
| TENENIGEN S.R.L. | 100% | Direct | Consultancy company specialised in customer relationship management (CRM), customer experience (CX) and related cloud-based training activities in the Salesforce platform |
| FINANCE EVOLUTION S.R.L. | 100% | Direct | Company with a focus on the finance sector, offering business process consulting services and established positioning in the world of banking and capital markets, with experience in securities and derivatives, private banking and security services. |
| DISC S.P.A. | 100% | Direct | System integrator and software house specialised in the design and development of IT solutions with specific experience gained in the banking, industrial and public administration sector |
| MEDIANA S.R.L.U. | 100% | Direct | Company active in the energy market, with a billing platform and customer relation management solutions. |
| TECLA.IT S.R.L. | 100% | Direct | Company specialised in digital commerce |
| BEETOBIT S.R.L. | 100% | Direct | Company specialised in the design, development and maintenance of IT infrastructures based on cloud platforms, (Amazon Web Services, Microsoft Azure and Google Cloud). BeeToBit is an AWS Advanced Consulting Partner and is a member of the original Group of 34 worldwide partners in the AWS Well-Architected Partner Program. |
| CST S.R.L. | 100% | Direct | Leading product company on the Italian market in compliance and regulatory solutions, highly specialised in finance sectors |
| SINERGETICA S.R.L. | 100% | Direct | Energy trading & risk management (ETRM) solutions |
| PIVOTAL ITALIA S.R.L. | 100% | Direct | CRM solutions |
| DIEM TECHNOLOGIES S.R.L. | 100% | Direct | System integrator specialised in satellite communication systems and digital broadcasting solutions |
| TELESIO SYSTEMS S.R.L. | 100% | Direct | Company with technological expertise in Database, Gold Partner Oracle |
| CDM CONSULTING CO. LTD | 100% | Indirect | Product lifecycle management (PLM), IoT, ERP |
| FORWARD SOFTWARE S.R.L. | 100% | Indirect | Software and services for financing application dossier management for specialised operators in Romania |
| KRONOTECH S.R.L. | 53% | Direct | Production and sale of mechanical, electronic, IT and telematics systems and process and office automation systems |

| | % | CONTROL | ASSETS |
|---|---|---|---|
| LUTECH ICT SOLUTIONS SA | 90% | Indirect | IT system integrator set up in Switzerland by Sinergy S.p.A. to serve the local market |
| TEIA TECHNOLOGIES S.R.L. | 100% | Direct | Big Data Solutions |
| LUTECHNL B.V. | 100% | Direct | Sale of business process management software for the banking and financial sectors |
| LUTECH SPAIN SL | 100% | Direct | Software and services for financing application dossier management for specialised operators in Spain |

There are no exclusions due to the different nature of the businesses of the Group companies, nor are there any investments measured using the proportionate method.

Investments in the associates TAG S.r.l. (50% held by C.S.T. S.r.l.) and Lombardia Gestione S.r.l. (49% held by Lutech S.p.A.) are recognised using the equity method. Companies in which the parent has an investment of less than 20% and which qualify as fixed assets are also measured at cost adjusted for impairment.

The consolidated companies have the same reporting date as the consolidated financial statements.

The profit and loss accounts of companies acquired or sold during the year are consolidated on the basis of the period under the Group's ownership.

**Changes in the consolidation scope**

Only two companies became part of the Group and thus was included in the consolidation scope during the year. The following table summarises the relevant company information, investment percentage held, Net equity at acquisition/incorporation date, acquisition amount including transaction costs and date of consolidation:

| | Opening balances | Address | Net equity at acquisition/ incorporation date | Acquisition amount including transaction costs | % investment |
|---|---|---|---|---|---|
| *BeeToBit S.r.l.* | 30 September 2020 | Via Caboni 3, 09125, Cagliari (CA) Stanislao | 150,446 | 674,456 | 100% |
| *Lutech Spain SL* | | | 3,000 | 3,000 | 100% |

The BeeToBit S.r.l.'s opening balances are those at 30 September 2020.

On 1 April 2020, APSIDE S.r.l. was merged into DISC S.p.A., with effect for tax and accounting purposes as of 1 January 2020.

On 12 March 2020, the quotaholders of Tecla, 2MLAB and STEP4 resolved for the latter two to merge into the former. The merger became effective on 1 June 2020, with effect for accounting and tax purposes as of 1 January 2020.

On 23 June 2020, the remaining 30% of the investment in TEIA Technologies S.r.l. was purchased for €12,000. The net equity at the acquisition date amounts to €73,334.

The minority interest in Telesio Systems S.r.l. and CST S.r.l. were acquired on 29 July 2020 and 22 September 2020 for €1,000,000 and €4,710,922, respectively. The net equities at the acquisition date amount to €201,216 and to €901,978, respectively.

On 7 January, the unconsolidated dormant company, Sinergetica Ro, was put into liquidation. It was wound up and liquidated with effect as of 19 August 2020.

Following the merger of ENIGEN S.r.l. into TEN Tecnologie & Networking S.r.l., as of 31 December 2020, the balances of the former were merged into the latter, which changed its name to TenEnigen S.r.l..

**Consolidation method**

The consolidated financial statements have been prepared on the basis of the financial statements approved by the consolidated companies' shareholders or boards of directors, adjusted, where necessary, to align them with the Group's accounting policies, or on the basis of the reporting packages submitted by the consolidated companies and prepared in accordance with the parent's instructions.

The accounting policies adopted in preparing these consolidated financial statements are the same as those adopted by the parent and the majority of consolidated companies.

Asset and liability items in the Group companies' financial statements with names and contents that are the same as or similar to those in the consolidated financial statements where they will be consolidated are measured using the same criteria.

The carrying amounts of the assets, liabilities, costs, revenues and cash flows of subsidiaries directly or indirectly controlled by the parent are consolidated on a line-by-line basis.

Consolidation on a line-by-line basis takes place as follows:

- adjustments to comply with the Group's accounting policies as well as other adjustments necessary for consolidation purposes, such as reclassifications;
- consolidation of the financial statements or reporting packages to be consolidated regardless of the percentage of investment held. The profit and loss accounts of the companies acquired or sold during the year are consolidated over the period of the Group's ownership;
- elimination of the carrying amount of investments in consolidated companies, offsetting the corresponding share of net equity of the subsidiary at the acquisition date.

  Where possible, positive differences are allocated to each identifiable asset acquired to the extent of the carrying amount of such asset and, in any case, no higher than their recoverable amount, as well as for each identifiable liability assumed, including the relevant tax effects. If the positive difference is not entirely allocated to separately identified assets and liabilities, the residual amount is recognised as Goodwill in intangible fixed assets, unless it is required to be allocated to the profit and loss account, fully or in part. The residual amount of the elimination difference is allocated to goodwill provided that the requirements are met for the recognition of goodwill as per the relevant accounting policy.

  Any additional residual value that cannot be allocated to assets and liabilities and goodwill is taken to the profit and loss account under "Other operating costs".

  If negative, the consolidation difference is allocated, where possible, to assets recognised at carrying amounts in excess of their recoverable amount and to liabilities whose carrying amounts are lower than their settlement amount, net of the tax effect. Any residual negative difference is recognised in the specific "Consolidation reserve" under net equity, unless the difference is not the result of the net losses of the investee but rather the result of a good deal.

  Any further unallocated consolidation difference that relates, wholly or in part, to the forecast net losses is recognised in the "Consolidation provision for risks and charges" which will be used in subsequent years to reflect the assumptions made when the investee was acquired and, in any case, irrespective whether the forecast losses are actually incurred.

  Undistributed profits and the other net equity reserves of subsidiaries and any other changes in subsidiaries' net equity captions which took place after the acquisition date are recognised as an increase in consolidated net equity for the portion attributable to the Group, usually under "Retained earnings (losses carried forward)", except for those attributable to exchange differences of foreign operations, which are treated as described below;

- elimination of balances and transactions between companies included in the consolidation scope and internal or intraGroup profits or losses;
- recognition of any deferred tax assets and/or liabilities;
- elimination of dividends received from consolidated companies and write-downs of investments included in the consolidation scope, so that they are not counted twice;
- reclassification of the parent's shares held by consolidated companies to A)X Reserve for own shares;
- calculation of the portion of consolidated net equity and net profit or loss for the year attributable to minority interests of the consolidated investees in order to present it separately in the consolidated financial statements;
- measurement of controlling investments in unconsolidated subsidiaries, associates and joint ventures using the equity method;
- analysis and correct presentation in the financial statements of the acquisition of further investments in already consolidated companies and of the sale of investments with or without losing control, as well as other changes in the consolidation scope;
- preparation of the consolidated financial statements.

The financial statements of foreign investee companies prepared in currencies other than the Euro are preliminarily translated into Euro. Any adjustments necessary to bring these financial statements into line with the Group's accounting principles are made before translating them into Euro.

The translation process is carried out using:

- the spot exchange rate at the balance sheet date for the translation of assets and liabilities;
- the average exchange rate for the year for the income statement items and for the cash flows of the cash flow statement;
- the historical exchange rate at the time of their formation for the shareholders' equity reserves (other than the reserve for translation differences).

The net effect of the translation is recognized in a special "Translation difference reserve" in the context of consolidated shareholders' equity.

Exchange rates applied for the translation into Euros are as follows:

| Currency | Closing rate | |
|---|---|---|
| | 31/12/2020 | Average annual rate |
| RON (Romania) | 4.8683 | 4.8388 |
| CHF (Switzerland) | 1.0802 | 1.0702 |
| Renminbi (China) | 8.0225 | 7.8836 |

**Basis of presentation**

The financial statements captions have been measured in accordance with the general principles of prudence and accruals on a going-concern basis. Captions have been recognised and presented in accordance with the substance over form principle, if in compliance with the Italian Civil Code and the OIC. In addition, the same accounting policies were applied as in previous years for the purposes of materiality and comparability.

Accordingly:

- the Group measures the individual assets and liabilities separately, in order to avoid offsetting profits on certain items against losses on other items. Specifically, the Group recognises profits only if realised before the reporting date, whereas it considers risks and losses on an accruals basis, even when they become known after the reporting date.

- The Group recognises income and charges on an accruals basis regardless of their collection or settlement date. Accruals-based accounting affects the timing with which income and expense are taken to profit or loss in order to determine the net profit or loss for the year.
- The directors performed a forward-looking assessment of the Group's ability to operate a business that will generate profits for the foreseeable future, or at least twelve months from the reporting date. The assessment showed that there are no significant uncertainties with respect to the Group's ability to continue as a going concern.
- Identifying rights, obligations and conditions of transactions was based on their contractual terms and conditions and by comparing them with the accounting standards to check that the balance sheet and profit and loss account captions were correctly recognised or derecognised.
- The accounting policies are the same as those applied in the previous year in order to measure the Group's results consistently over time.
- No exceptional events took place during the year, which would have led the parent to depart from the accounting policies, as permitted by article 29.4 of Legislative decree no. 127/91, in order to give a true and fair view of the parent's financial position and results of operations. Moreover, the parent did not make any revaluations under specific laws.
- The materiality of the financial statements captions was assessed considering the financial statements as a whole and both qualitative and quantitative factors.
- Each balance sheet, profit and loss account and cash flow statement caption presents the corresponding figures of the previous year. Where necessary, the latter are adjusted for comparative purposes and the related effects are disclosed in the notes, if material.

**Accounting policies**

The accounting policies applied to prepare the consolidated financial statements at 31 December 2020 are those used for the financial statements of the company that prepares the consolidated financial statements and are also consistent with the policies applied to prepare the previous year's consolidated financial statements, especially as regards the measurement criteria and their consistent use.

**Fixed assets**

*Intangible fixed assets*

Intangible fixed assets are recognised at historical cost, including transaction costs, net of amortisation charged over the years to the individual assets.

They are amortised in line with their residual income generating potential and, if this cannot be determined, using a rate of 20%.

Deferred start-up and capital costs and development costs are recognised at cost, with the prior consent of the board of statutory auditors. Development costs are amortised in line with their income generating potential. When the company is not able to estimate this potential, the costs are amortised over not more than five years.

Goodwill, arising on the cancellation of equity investments of acquirees and the exchange of shares or quotas assigned to the share or quotaholders of the merged companies, is amortised on a straight-line basis. This rate is deemed appropriate to allow the company to recover the goodwill through future economic benefits while complying with the principle of cost recoverability.

Apart from that set out above, the other goodwill is amortised over ten years.

Leasehold improvements arising from extraordinary maintenance of third party assets are amortised over the shorter of the period of future use of the costs incurred and the lease term of the assets that have undergone maintenance.

Patents are amortised using a 10% rate.

*Tangible fixed assets*

Tangible fixed assets are recognised at purchase or production cost, including transaction costs and any costs that increase the carrying amount of the asset decreased by any large trade and cash discounts.

They are adjusted for depreciation and any write-downs.

Tangible fixed assets are usually depreciated systematically on a straight-line basis over their estimated useful lives using rates that match the ordinary tax rates.

Maintenance and repair costs that increase the value of an asset as they lengthen its useful life or lead to a significant and measurable increase in production capacity or occupational safety or an improvement in the environmental conditions are capitalised. Otherwise, they are expensed.

Extraordinary maintenance costs incurred to expand, modernise, replace or improve an asset are capitalised within the limits of its recoverable amount if they result in a significant and measurable increase in its production capacity, safety or useful life.

Depreciation taken to the profit and loss account is calculated using rates held to reflect the assets' utilisation and estimated useful life. The depreciation rates applied, which are unchanged from the previous year and halved for assets acquired during the year to account for the lower production revenues, are as follows:

| | 2020 | 2019 |
|---|---|---|
| LAND AND BUILDINGS | | |
| Buildings | 3% | 3% |
| PLANT AND MACHINERY | | |
| Plant and machinery | 15% | 15% |
| Air-conditioning systems | 15% | 15% |
| Alarm and CCTV systems | 30% | 30% |
| Electrical energy generation and transmission systems | 15% | 15% |
| Wired cabling telephone system | 15% | 15% |
| INDUSTRIAL AND COMMERCIAL EQUIPMENT | | |
| Sundry equipment | 15% 30% | 15% 30% |
| OTHER ASSETS | | |
| Ordinary office furniture and equipment | 12% | 12% |
| Furnishings | 15% | 15% |
| Cars | 25% | 25% |
| Electronic equipment | 20% | 20% |

*Write-downs for impairment losses on tangible and intangible fixed assets*

If, at the reporting date, there are indications of impairment losses on tangible and intangible fixed assets, the recoverable amount of such assets is estimated.

If the recoverable amount, being the higher of value in use and fair value less costs to sell, is lower than the corresponding carrying amount, the assets are written down.

When the recoverable amount of an asset cannot be estimated, it is tested for impairment at cash-generating unit ("CGU") level, that is, the lowest identifiable level for assets, which includes the assets to be measured and generates cash inflows that are largely independent of the cash inflows generated by other assets or Groups of assets.

The write-down is not maintained in subsequent years if the reasons therefor cease to exist. The write-down is reversed up to the amount the asset would have had if the write-down had never taken place, that is, net of the amortisation/depreciation that would have been recognised in the absence of the write-down. Write-downs of goodwill and deferred charges cannot be reversed.

**Financial fixed assets**

Investments in associates are measured using the equity method.

Equity-accounting investments are initially recognised at acquisition cost, including the related transaction costs, which comprise bank and financial brokerage charges, i.e., commissions, costs and taxes.

Upon initial recognition, the acquisition cost of an equity investment is compared to the relevant share of the investee's net equity resulting from its most recent financial statements.

If an initial positive difference is identified which can be attributed to higher carrying amounts of the investee's assets, measured at present value, or to goodwill, the investment is recognised at acquisition cost, including the initial positive difference. Otherwise, the investment is impaired and the write-down is recognised as a write-down of equity investments in the profit and loss account.

If an initial negative difference is identified which can be attributed to a good deal, the investment is recognised at the investee's higher net equity, adjusted compared to its cost, recognising an undistributable reserve in net equity as a balancing entry. Should the initial negative difference be attributable to assets recognised at higher carrying amounts than their recoverable amounts, liabilities recognised at lower carrying amounts than their settlement amounts or forecast losses, the investment is initially recognised at acquisition cost and the difference is a provision for future risks and charges. The company will use this off-the-book provision in future years to adjust the investee's net profits or losses, in order to reflects the assumptions made upon acquisition.

For equity accounting purposes, the parent used the draft financial statements formally prepared by the investee's board of directors, if the shareholders'/quotaholders' meetings called to approve the financial statements have not yet been held.

The net profit or loss for the year and net equity shown in an investee's financial statements are subject to the same adjustments required for consolidation purposes. The company's share of an investee's adjusted net profit or loss increases or decreases the carrying amount of the investment, with a balancing entry in the profit and loss account. Dividends received reduce the investment's carrying amount. Changes in the investee's net equity that did not affect its net profit or loss for the year increase or decrease its carrying amount and the specific undistributable reserve, without affecting the company's profit and loss account. If, as a result of net losses, the carrying amount of an investment becomes negative, it is written off and, should the company be legally or otherwise bound to support its investee, the losses exceeding the write-off are recognised in the provisions for risks and charges.

If any impairment losses are identified, the investment is written down, even when the resulting carrying amount is lower than the amount arising from equity accounting.

Investments in other companies are measured at cost and adjusted for impairment.

Receivables are recognised under fixed or current assets depending on their intended use in relation to the company's ordinary activities that generate them. Accordingly, financial receivables are recognised under *financial fixed assets*, whereas trade receivables are recognised under *current assets*, regardless of their due date.

Financial receivables are recognised at their estimated realisable amount. Their nominal amount is adjusted through the provision for bad debts to their estimated realisable amount to account for possible insolvencies. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.

### Finance leases

The Group makes limited use of finance leases, which refer to some company cars used by subsidiaries and some recent small supplies of laptops and desktops.

The Group accounts for finance leases using the balance sheet method, whereby the lease payments made are recognised in the profit and loss account on an accruals basis.

### Inventory

Inventory is initially recognised at purchase or production cost and subsequently measured at the lower of cost and estimated realisable value based on market trends.

Purchase cost is the actual cost paid upon purchase including related charges. The purchase cost includes the price, transport costs, customs and other duties and other directly attributable costs. Returns, commercial discounts, rebates and bonuses are deducted from costs.

Production cost includes all direct costs and the reasonably attributable portion of indirect costs incurred from production up to when the asset is available for use, based on normal production capacity. Production cost excludes general and administrative costs, distribution costs and research and development costs.

The Group has adopted the weighted average cost model.

Goods in stock include IT equipment and software held for resale.

Spare parts are measured at average cost.

*Contract work in progress*

If the Group has a binding agreement with the counterparty and is able to measure the contract profit or loss reliably, contract work in progress is recognised based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognised on the basis of the work performed.

This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly. Any resulting profits or losses are recognised in the profit and loss account when the update is made.

Contract revenues include all contractual consideration, as well as approved variations to work, price escalation clauses, claims and incentives to the extent they can be determined reliably and their collection is reasonably certain. Accrued revenues are recognised when the Group is certain that it will definitively collect them as consideration for the work carried out. In the case of progress billings, since advances and payments on account are financial transactions, they do not affect revenue recognition and are always recognised as liabilities as they are not necessarily calculated on the basis of work carried out. Upon final billing, the company reverses the relevant amount of advances and payments on account from liabilities.

Contract costs include all costs directly related to the contract, indirect costs attributable to the entire production process and attributable to the contract, as well as any other costs that may be specifically charged to the customers under the contract terms. Contract costs also include pre-operating costs, i.e., those costs incurred in the initial stage of the contract before the contract work or production process begins, and those to be incurred after the closure of the contract.

If the company is unable to determine the outcome of a contract reliably, its carrying amount is calculated on the basis of the costs incurred, if their recovery is reasonably certain and, therefore, without recognising any profit.

The Group recognises the consideration to which it is definitively entitled as revenue, while it recognises the change in contract work in progress, which is the difference between the opening and closing inventory for work carried out and not yet definitively settled, in the specific profit and loss account caption.

**Receivables**

Receivables are rights to receive fixed or determinable amounts of cash or its equivalent from customers or other third parties at identified or identifiable due dates.

Receivables arising from the sale of goods and supply of services are recognised in accordance with the requirements set out in the section on revenues.

Receivables arising for other reasons are recognised if they result in a right to a receivable, i.e., if they actually give rise to a third party obligation to the Group.

Receivables are recognised at amortised cost, considering the time value of money and their estimated realisable amount. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.

In this case, receivables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest collected and net of estimated write-downs and expected credit losses recognised to adjust their carrying amount to their estimated realisable value.

Cash discounts and allowances, that were not included in the calculation of the estimated realisable value as they could not be determined when the receivable was originally recognised, are recognised upon collection as financial charges.

Receivables are recognised at their estimated realisable value. Their nominal value is adjusted through the provision for bad debts to their estimated realisable value to account for possible insolvencies. To this end, the Group considers specific indicators based on past trends and any other useful information about a probable impairment. The write-downs are estimated on an individual basis for significant receivables and collectively for the others, by calculating the expected impairment losses at the reporting date.

Receivables are derecognised when the contractual rights to the cash flows from the receivable are extinguished or title thereto is transferred along with nearly all the related risks. To verify transfer of the risks, the company considers all the contractual clauses.

When the above-mentioned conditions are met and the receivable is derecognised, any difference between the amount collected and the receivable's carrying amount is recognised as an impairment loss in the profit and loss account, unless another classification, including financial, may be identified based on the transfer agreement.

**Derivatives**

A derivative is a financial instrument or other contract with all three of the following characteristics:

a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);

b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;

c) it is settled at a future date.

The Group recognises a derivative when it becomes party to its contractual provisions, i.e., when it signs the contract and is, therefore, subject to its rights and obligations. It recognises derivatives, including embedded derivatives, at fair value.

Derivatives embedded in hybrid contracts are separated from the non-derivative host and recognised separately if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative provided for in OIC 32. The Group assesses whether it is required to separate an embedded derivative and recognise it separately only at the hybrid instrument's initial recognition or at the date when its contractual clauses are amended.

At each reporting date, the Group measures derivatives at fair value and presents them in the specific balance sheet captions as current or fixed (in the case of hedges of fixed assets or liabilities due after one year) assets, if their fair value is positive or under provisions for risks and charges, if their fair value is negative. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures the fair value of unlisted derivatives using adequate valuation techniques and the assumptions, parameters and fair value hierarchy levels required by the relevant OIC.

Fair value gains or losses on derivatives that do not meet the hedge accounting requirements are recognised in the specific profit and loss account captions.

Therefore, if the company uses derivatives as hedges from a management perspective but the hedging relationship does not fully meet hedge accounting requirements, it recognises them based on the general treatment described earlier.

The hedge effectiveness is documented at initial recognition and also on an ongoing basis. At each reporting date, the Group assesses whether the hedging relationship is still effective.

*Cash flow hedges*

If a derivative is designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a firm commitment or a highly probable forecast transaction and could affect the net profit or loss, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in the specific net equity reserve, whereas the ineffective portion of the gain or loss on the hedging instrument is recognised in the profit and loss account.

The gains or losses accumulated in the net equity reserve are reclassified to the profit and loss account in the year or over the years during which the hedged future cash flows affect the net profit or loss. If a firm commitment or a highly probable forecast transaction subsequently results in the recognition of a non-financial asset or liability, the associated gains or losses that were recognised in the specific reserve are reclassified from net equity to the carrying amount of the asset (to the extent of its recoverable amount) or liability upon its recognition.

When the company discontinues hedge accounting for a cash flow hedge, but the hedged future cash flows are still expected to occur, the amount that has been accumulated in the reserve remains in net equity until the future cash flows occur. If the hedged future cash flows are no longer expected to occur or the forecast transaction is no longer highly probable, that amount is immediately reclassified from the reserve to the profit and loss account.

**Liquid funds**

These are the positive balances of bank and postal accounts and cheques, as well as the cash-in-hand and cash equivalents at year end. Bank and postal account deposits and cheques are recognised at their estimated realisable value, cash and revenue stamps at their nominal amount, while foreign currency is measured at the closing rate.

**Foreign currency transactions, assets and liabilities**

Assets and liabilities generated by foreign currency transactions are initially recognised in Euros, applying the transaction-date spot rate between the Euro and foreign currency to the foreign currency amount.

Foreign currency monetary items, including the provisions for risks and charges related to foreign currency liabilities, are translated using the closing spot rates. Any resulting gains or losses are taken to the profit and loss account.

Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the transaction-date exchange rate. Consequently, any exchange rate gains or losses are not recognised separately.

Any unrealised net exchange rate gain on foreign currency monetary items forms part of the net profit or loss for the year and, when the financial statements and consequent allocation of the net profit or loss for the year are approved, it is recognised in an undistributable reserve. Should the net profit for the year be lower than the unrealised net exchange rate gain, the amount recognised in the undistributable reserve is equal to the net profit for the year.

If foreign currency items are designated as hedged items or hedging instruments in a hedging relationship, the company applies the accounting treatment described in the "Derivatives" section.

**Prepayments and accrued income and accrued expenses and deferred income**

Accrued income and expenses are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.

Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year or in previous years but pertaining to one or more subsequent years.

Accordingly, these captions comprise only portions of expenses and income relating to two or more years, whose amount varies on a time or economic accruals basis.

At each year end, the company analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on its expected realisable value, whereas that of prepayments is based on the existence of future economic benefits matching the deferred costs.

None of the accrued expenses and deferred income items relate to more than five years at the reporting date.

**Securities**

Securities recognised as fixed assets held until their maturity are measured using the amortised cost method, while securities recognised as current assets are measured at the lower of amortised cost and estimated realisable value based on market trends.

**Net equity and own shares**

The effects of the application of other accounting policies on net equity are disclosed in the relevant notes. Own shares are recognised at their repurchase cost in a negative net equity reserve when they are repurchased.

That reserve is reversed following the shareholders' resolution to cancel own shares, concurrently reducing share capital by the cancelled shares' nominal amount. Any difference between the amount accumulated in the reserve and the cancelled shares' nominal amount increases or decreases net equity.

If the company sells its own shares, any difference between the amount accumulated in the reserve and the proceeds from the sale increases or decreases another net equity caption.

### Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years.

Accruals to provisions for risks and charges are primarily recognised in the profit and loss account section to which the transaction relates, privileging the classification of costs by nature. The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at each reporting date and is not discounted. Moreover, in estimating accruals to provisions for charges, the company may consider the related time horizon, if a reasonable estimate of the amount required to settle the obligation and its due date is possible and the latter is so far into the future that the obligation's present value and estimated liability will be considerably different at that settlement date.

If the measurement of the accruals gives a range of values, the accrual represents the best possible estimate between the upper and lower thresholds of the range.

The provisions are subsequently used directly and solely for those costs and liabilities for which they were originally set up. If they are not sufficient or are redundant, the shortfall or surplus is recognised in the profit and loss account in line with the original accrual.

### Employees' leaving entitlement

The Italian employees' leaving entitlement (TFR) accrued by the Group companies is the benefit to which employees are entitled in any case of termination of employment pursuant to article 2120 of the Italian Civil Code and considering the changes in legislation introduced by Law no. 296/2006. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account and partial advances paid by virtue of national or individual labour contracts or company agreements which are not required to be repaid and net of portions transferred to supplementary pension funds or the treasury fund managed by INPS (the Italian social security institution).

The related liability is the amount that the company would have paid had all employees left at the reporting date. The amount due to employees who had already left the company at the reporting date but that will be paid in the following year is reclassified to payables.

### Payables

Payables are specific and certain liabilities that are obligations to pay fixed or determinable sums of cash or its equivalent to financial backers, suppliers or other parties.

Payables arising from the purchase of goods are recognised when the production process of goods has been completed and the substantial transfer of title has taken place, with the transfer of risks and benefits being the key parameter. Payables relating to services are recognised once the services have been delivered, i.e., when they have been carried out. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.

In this case, payables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest paid.

In the event of early settlement, the difference between the residual outstanding amount and the outlay to settle the obligation is recognised as financial income or charges.

Cash discounts and allowances that were not included in the calculation of the carrying amount at initial recognition as they could not be determined when the payable was originally recognised, are recognised upon settlement as financial income.

**Revenues and costs**

Revenues and income, costs and charges are stated net of returns, allowances, discounts and premiums, as well as taxes directly related to the sale of goods or provision of services, in compliance with the accruals and prudence concepts. Revenues from the sale of goods are recognised when the production process for the goods has been completed and the exchange has already taken place i.e., upon the substantial rather than formal transfer of title, with the transfer of risks and benefits being the key parameter. Revenues from the provision of services are recognised once the services have been provided, i.e., when they have been carried out. For the service projects, revenues are recognized based on the percentage of stage of completion (see contract working progress).

Revenues and income, costs and charges relating to foreign currency transactions are translated using the spot exchange rate ruling on the date of the relevant transaction.

Gains and losses from repurchase agreements, including those arising from the difference between the spot and forward prices, are recognised on an accruals basis.

When the amortised cost method is applied, interest is recognised using the effective interest method. Financial charges are recognised for the amount accrued during the year.

Revenues and costs, whose amount or impact is exceptional, are disclosed in a specific section of these notes.

**Income taxes**

Current income taxes for the year are calculated on the basis of a realistic forecast of the taxable profit of the consolidated companies under the relevant tax legislation in the relevant countries and applying the enacted tax rates at the reporting date. The related tax payable is stated at its nominal amount in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have not been claimed for reimbursement. A tax asset is recognised for payments on account, withholdings and receivables exceeding the taxes payable. Tax receivables and payables are measured at amortised cost, except when they are due within one year.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities and their tax base.

Deferred tax liabilities are calculated using the global allocation method, considering the cumulative amount of all temporary differences and applying the average rate expected to be enacted when the temporary differences reverse.

Deferred tax assets are recognised when the company is reasonably certain that it will have a taxable profit at least equal to the amount of differences that will reverse in the years in which this will take place.

**Use of estimates**

The preparation of consolidated financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, are recognised in the profit and loss account when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.

### Commitments, guarantees and contingent liabilities

Commitments, which are not recognised on the balance sheet, are obligations with third parties arising from legal agreements with certain obligatory effects which have not been executed by either of the parties. They include commitments of a certain amount and execution (e.g., purchase and sale forwards) and commitments, the execution of which is certain but not the amount. They are shown at their nominal amount as per the related supporting documentation.

Guarantees given by the Group include both personal guarantees and collateral.

Risks for which a liability is probable are described in the notes and provided for in the provisions for risks.

Risks for which a liability is only possible are described in the notes but no provision is made therefor pursuant to the OIC.

Remote risks are not provided for.

Reference should be made to the specific section for information on guarantees, commitments and risks.

### Post-balance sheet events

These events modify conditions existing at the reporting date. They require adjustments to the carrying amounts of recognised assets and liabilities in accordance with the relevant accounting policy. They are recognised on an accruals basis to present their reporting-date effect on the Group's financial position, financial performance and cash flows.

The post-balance sheet events that modify situations existing at the reporting date but do not require adjustments to the carrying amounts under the relevant accounting policy as they relate to the subsequent year are not recognised but are disclosed in the notes if necessary to give a more complete view of the Group's position.

The date within which an event shall be considered a post-balance sheet event is the date on which the directors prepare the consolidated financial statements, unless events that take place during the period from such date to the date on which the financial statements of the parent are expected to be approved by the shareholders have a significant impact on the consolidated financial statements.

### Workforce

The number of employees of the fully consolidated companies are shown separately by category.

| | 31/12/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Managers | 79 | 74 | 5 |
| Junior managers | 351 | 351 | 0 |
| White collars | 2,148 | 2,276 | (128) |
| Blue collars | 49 | 48 | 1 |
| **Total** | **2,627** | **2,749** | **(122)** |

The Group companies had an average overall workforce of 2,675 in 2020. It increased by 9 due to changes in the consolidation scope.

### Disclosures about risks and uncertainties

Information about the main risk factors to which the Group is exposed, with a breakdown of the management strategies and policies followed is provided below.

### Credit risk

The Group works with many customers that have an excellent credit standing and it is not exposed to any particular business risks, apart from those tied to the general conditions of the economy and country risk.

### Liquidity risk

During the year, the Group had sufficient short and long-term credit facilities. The acquisition of Lutech S.p.A. by OEP Italy Solutions S.r.l. as well as the subsequent acquisitions were supported by a balanced mix of own funds and bank loans. The financial debt that supported the acquisition process refers to financing granted by a syndicate of banks comprised of Crédit Agricole Italia S.p.A., Banca IMI S.p.A. and Banco BPM S.p.A., as arrangers and lending banks, and ICCREA Banca impresa S.p.A., BCC Milano and Unione di Banche Italiane S.p.A., as lending banks. Crédit Agricole Italia S.p.A. also acted as agent. The total financing at the reporting date included medium-long term loans of €152,524,400.00 and a revolving credit facility of €24,000,000 to support the Group's working capital funding needs. €24,000,000 of such revolving credit facility was used at the reporting date. The relevant bodies of the lending banks resolved to grant such financing following due preliminary investigations carried out by the banks. The outcome of such investigations was a positive assessment of the status of the parent and its future prospects in light of its development plans.

The borrowers of the credit facility were Lutech S.p.A. and Arcares S.p.A., while the guarantors were OEP 14 BV, OEP Italy Solution S.r.l., Lutech S.p.A., Arcares S.p.A., Liscor S.p.A., CDM Tecnoconsulting S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Tecla.it S.r.l., TenEnigen S.r.l., Disc S.p.A., Finance Evolution S.r.l. and Mediana S.r.l The financing agreement requires compliance with financial covenants and contractual obligations. At the date of preparation of these consolidated financial statements, the covenants and obligations were all met.

The medium to long-term debt structure used to finance the various acquisitions, the availability of syndicate and non-syndicate short-term credit facilities and the initiatives underway to centralise the cash pooling system of the Group companies enable the Group to optimise the sources and application of funds and supports it in developing its core business.

### Market risk and hedging policies

The company purchases large amounts of products, services and software in foreign currency, mainly the US dollar. It hedges currency risk by making forward currency purchases to offset possible negative fluctuations in foreign currency transactions, compared to the sales conditions agreed with customers.

The Group's exposure to interest rate risk mainly derives from the volatility of borrowing costs related to the debt bearing a floating rate, i.e., the loan granted by the bank syndicate comprised of Crédit Agricole Italia S.p.A., Banca IMI S.p.A. and Banco BPM S.p.A., ICCREA Banca impresa S.p.A., BCC Milano and Unione di Banche Italiane S.p.A.. Following the extension of the medium to long-term credit facilities between 2017 and 2019, the parent agreed to three new four-year interest rate cap for €85,7 million.

The aim of the Group's operating and financial policies is to minimise the impacts of such risks on its performance by improving its financial results and net financial debt.

### Intangible fixed assets

The caption may be analysed as follows:

| | 31/12/2019 | Change in consolidation scope | Increases | Reclassifications | Decreases/ Write-downs | Amortisation | 31/12/2020 |
|---|---|---|---|---|---|---|---|
| Start-up and capital costs | 5,276 | — | 2,433 | — | — | (4,563) | 3,146 |
| Development costs | 9,342,681 | 1,214 | 5,729,394 | — | — | (4,310,464) | 10,762,825 |
| Industrial patents | 1,051,035 | — | 605,485 | 77,000 | — | (681,319) | 1,052,201 |
| Concessions, licences, trademarks and similar rights | 3,429,398 | — | 99,015 | — | (1,108) | (787,347) | 2,739,958 |
| Goodwill | 206,534,601 | — | 5,048,137 | — | (1,354,780) | (25,247,724) | 184,980,234 |
| Assets under development and payments on account | 162,750 | — | — | (77,000) | — | — | 85,750 |
| Other | 1,949,182 | — | 1,124,042 | — | — | (640,787) | 2,432,437 |
| **Total** | **222,474,923** | **1,214** | **12,608,506** | **—** | **(1,355,888)** | **(31,672,202)** | **202,056,551** |

The increase in development costs was due to the investments made by Group companies to develop proprietary solutions. Concessions, licences, trademarks and similar rights relate to the amount allocated to the Lutech and Sinergy trademarks following the expert appraisal carried out during the purchase price allocation procedure net of the relevant amortisation. Goodwill includes those recognised in the financial statements of the subsidiaries, the Lutech goodwill arising on the reverse merger carried out in 2018 and the higher prices paid for the acquisitions carried out during the year. With regard to the acquisition of Beetobit S.r.l. and the allocation of the higher price pursuant to OIC 17 and 24, the parent gathered information from all Group companies about tangible and intangible fixed assets other than goodwill to which the excess price paid could be allocated. Once all such information had been gathered, the parent analysed the questionnaires in light of the OIC and the materiality of events and amounts. Such analysis found that no such assets existed, thus the parent recognised the excess price as goodwill.

### Start-up and capital costs

The caption may be analysed as follows:

| | 31/12/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Other changes to the deed of incorporation | 3,146 | 5,276 | (2,130) |
| **Total** | **3,146** | **5,276** | **(2,130)** |

The decrease is due to ordinary amortisation, net of the increase for the year.

### Development costs

This caption refers to costs to develop the Group's various proprietary IT platforms.

| Costs | 31/12/2019 | Change in consolidation scope | Increases | Amortisation | 31/12/2020 |
|---|---|---|---|---|---|
| Total | 9,342,681 | — | 5,730,608 | (4,310,464) | 10,762,825 |

The main solutions for which development costs were capitalised are the wLab middleware, the wHospital medical record, the Intelligent Solutions RT3, the Forward 2000 and 3000 lease management platforms, the K4F financing application dossier management, the Phoenix Compliance Platform (PCP™) solution and the CDM Tecnoconsulting solutions.

The recognised costs refer to more than one year and are amortised systematically on a straight-line basis over five years.

**Industrial patents**

This caption, amounting to €1,052,201 at 31 December 2020, increased by €605,485 due to investments, by €77 thousand due to the reclassification from assets under development and payments on account of costs incurred for the Group's Salesforce.com project, net of amortisation of €681,319. The caption mainly includes the residual amount of investments in third-party software to support Group processes.

**Concessions, licences, trademarks and similar rights**

This caption chiefly refers to the residual amount of the Lutech™ (€2,064,555), Radiotrevisan™ (€71,315), Kronotech™ (€19,381), and Sinergy™ (€576,772), as found in the expert appraisal carried out for the allocation of the higher price paid for the acquisitions.

**Goodwill**

Goodwill, net of accumulated amortisation, amounted to €184,980,234, compared to €206,534,601 at the previous year end. The caption includes the allocations of higher prices paid for the various acquisitions, as follows:

| | Amount |
|---|---|
| LUTECH S.p.A. | 59,284,057 |
| ARCARES S.p.A. | 5,650,404 |
| LISCOR S.p.A. | 2,460,535 |
| FORWARD SOFTWARE S.r.l. | 1,648,820 |
| KRONOTECH S.r.l. | 1,374,088 |
| TERATRON GmbH | 4,019,147 |
| TELESIO SYSTEMS S.r.l. | 1,222,862 |
| CDM TECNOCONSULTING S.p.A. | 19,247,254 |
| PIVOTAL ITALIA S.r.l. | 461,437 |
| TENENIGEN S.r.l. | 10,095,680 |
| SINERGETICA S.r.l. | 5,332,812 |
| CIMWORKS SL | 9,148,866 |
| TECLA.IT S.r.l. | 6,118,420 |
| C.S.T. S.r.l. | 5,292,895 |
| DIEM TECHNOLOGIES S.r.l. | 5,053,690 |
| ICTEAM S.p.A. | 18,317,848 |
| TAG S.r.l. | 40,593 |
| FINANCE EVOLUTION S.r.l. | 6,760,684 |
| MEDIANA S.r.l | 1,274,986 |
| DISC S.p.A. | 21,664,245 |
| BeeToBit S.r.l | 510,910 |
| **TOTAL** | **184,980,234** |

Goodwill increased by €5,048,137 during the year, mainly due to the acquisition of 40% of C.S.T. S.r.l., which accounted for €3,808,944, 49% of Telesio Systems S.r.l., which accounted for €798,784, the acquisition of 30% of Teia Technologies S.r.l. which accounted for € (61,334), the acquisition of 20% of the associate TAG S.r.l. for €(22,267) and BeeToBit S.r.l., which accounted for €524,010. Amortisation of goodwill amounted to €25,247,724.

The goodwill of the aforementioned companies includes that pertaining to the merged companies. Specifically, Lutech S.p.A. includes the goodwill of Sisge Medical S.r.l. (€1,832,886), WHealth S.r.l. (€5,096,193), ITBusiness S.p.A. (€3,952,458), Sinergy S.p.A. (€17,085,579) and NEST2 S.p.A. (€5,889,576); Kronotech S.r.l. includes the goodwill of Soltec S.r.l. (€422,209); Tecla. IT S.r.l. includes the goodwill of Stepfour S.r.l. and 2MLAB S.r.l. (for a total of €65,441); DISC S.p.A. includes the goodwill of Apside S.r.l. (€407,824); TenEige S.r.l. includes the goodwill of the recent merger of Enigen. IT S.r.l. (€3,698,881).

During the year, the goodwill of Teratron Gmbh and Teia S.r.l. was written down by €1,254,957 and €99,823, respectively, in line with their recoverable amounts. The acquisition of Teratron on 24 October 2016 comprised an earn out calculated based on the particularly favourable performance for 2017 which led to a carrying amount which, with the ongoing pandemic and the performance of the automotive market, needed to be prudently written down for the purpose of the drag along right which will soon be used for the acquisition of the minority interest of 25.33%. Following the write-down, the carrying amount of Teia was brought into line with the amount recognised in net equity in view of the merger into Lutech S.p.A..

### Assets under development

This caption of €85,750 at 31 December 2020 mainly includes costs to acquire rights related to the ų agent vehicle acquired in 2019 for which amortisation has not started as it is still being developed.

### Other

This caption of €2,432,437 includes extraordinary maintenance of third-party assets and costs incurred over several years. The increase for the year amounts to €1,124,042, of which €917,136 related to the redevelopment and restructuring of leasehold properties as part of the project for the integration of different Group facilities. Depreciation for the year amounts to €640,787.

### Total revaluations of intangible fixed assets at the reporting date

No revaluations were made during the year.

### Capitalisation of borrowing costs

No borrowing costs were capitalised during the year.

### Tangible fixed assets

The caption may be analysed as follows:

| | 31/12/2019 | Change in cons. scope | Increases | Decreases | Amortisation | 31/12/2020 |
|---|---|---|---|---|---|---|
| Land and buildings | 5,184,057 | — | 8,456 | — | (169,330) | 5,023,183 |
| Plant and machinery | 403,440 | — | 13,922 | — | (88,406) | 328,956 |
| Industrial and commercial equipment | 229,416 | — | — | (72,119) | (45,050) | 112,247 |
| Other assets | 7,309,784 | 12,743 | 2,839,449 | (264,390) | (2,699,540) | 7,198,046 |
| **Total** | **13,126,697** | **12,743** | **2,861,828** | **(336,509)** | **(3,002,327)** | **12,662,432** |

### Land and buildings

This caption includes the following buildings:

| | Company | 31/12/2020 |
|---|---|---|
| Building located at Via Praimbole 9, Limena (PD), Italy | Lutech S.p.A. | 283,968 |
| Building located at Via Praimbole 13, Limena (PD), Italy | Lutech S.p.A. | 240,448 |
| Building located in Conversano (BA), Italy | Lutech S.p.A. | 64,158 |
| Building located at Via delle Canovine 46, Bergamo, Italy | Disc S.p.A. | 748,699 |
| Building located at Via Aldo Moro 16, Brescia, Italy | Disc S.p.A. | 187,592 |
| Building located at Carrer d'Orient 78-84 planta 4, Barcelona | Cimworks S.l. | 560,507 |
| Building located at Martin-Siebert-Str.5, Gummersbach, Germany | TeraTron GmbH | 2,937,811 |
| **Total** | | **5,023,183** |

### Plant and machinery

This caption of €328,956 increased due to capital expenditure during the year (€13,922), net of depreciation (€88,406).

### Industrial and commercial equipment

This caption of €112,247 decreased by €71,119 due to disposal and €45,050 due to depreciation.

### Other assets

This caption of €7,198,046 increased during the year due to changes in the consolidation scope (€11,684) and capex (€2,840,508), net of depreciation (€2,699,540) and disposals (€264,390).

Other assets include investments in electronic and electromechanical equipment (€6,079,631), vehicles (€128,618) and furnishings (€989,128).

### Write-downs and write-backs of the year

None.

### Total revaluations of tangible fixed assets at the reporting date

No revaluations were made during the year.

### Capitalisation of borrowing costs

No borrowing costs were capitalised during the year.

### Financial fixed assets: equity investments

Reference should be made to the specific section of these notes for a list of consolidated subsidiaries.

Investments in associates totalling €810,904 were recognised using the equity method and refer to Lombardia Gestione S.r.l. (€743,260) and TAG S.r.l. (€67,644). The following table provides information about the associates:

| | City (Italy) or foreign country | Tax code | Share/quota capital (€) | Net profit for previous year (€) | Net equity (€) | Investment (€) | Investment % |
|---|---|---|---|---|---|---|---|
| Lombardia Gestione S.r.l. | Milan | 07004340969 | 1,000,000 | 109,032 | 1,516,857 | 743,260 | 49% |
| TAG S.r.l. | Milan | 07727520962 | 10,000 | 121,461 | 135,288 | 67,644 | 50% |

Investments in other companies refer to non-strategic minority interests in the following:

| | *Investment* | *Registered office* | *Carrying amount* | % |
|---|---|---|---|---|
| Lutech S.p.A. | BCC di Milano | Carugate, Italy | 19,977 | 0.05% |
| Lutech S.p.A., DIEM S.r.l, C.S.T. S.r.l.: | Conai | Milan, Italy | 683 | — |
| Lutech S.p.A. | Consorzio 2Net | Rome, Italy | 800 | 28.58% |
| Lutech S.p.A. | La nuova Colonia | Civo, Italy | 5,000 | 0.14% |
| Lutech S.p.A. | Banca Veneto Centrale | Rovigo, Italy | 415 | — |
| Lutech S.p.A. | Neafidi | Vicenza, Italy | 300 | — |
| Lutech S.p.A. | Eurocons | Turin, Italy | 51 | — |
| Tecla.it S.r.l. | Bcc Ravennate Forlivese e Imolese | Faenza, Italy | 1,663 | 0.053% |
| Disc | Consorzio DyGroup | | 5,000 | — |
| Finance Evolution | Unionfidi | Turin | 2,709 | 0,002% |
| Finance Evolution | Banca delle Alpi Marittime | Carru, Italy | 6,712 | 0,004% |
| Telesio Systems S.r.l. | Consorzio Openstaff | Rome, Italy | 1,472 | 12.16% |
| | **Total** | | **44,782** | |

Lutech S.p.A. sold its minority interest in Datagraf Servizi S.r.l. on 27 November 2020 as it did not deem it strategic.

### Financial fixed assets: Financial receivables

Financial receivables of €391,842, increased by €39,674 on the previous year end.

| | 31/12/2019 | Increases | Decreases | 31/12/2020 |
|---|---|---|---|---|
| From unconsolidated subsidiaries | 10,000 | — | (10,000) | — |
| From others | 352,168 | 39,674 | — | 391,842 |
| **Total** | **362,168** | **39,674** | **(10,000)** | **391,842** |

Receivables from others of €391,842 chiefly refer to guarantee deposits on leases or supply contracts and increased by a €39,674, of which €3,288 due to the change in consolidation scope.

### Inventory

Inventory, amounting to €44,112,085 at 31 December 2020, increased by a total of €9,812,606 on the previous year end. Raw materials, consumables and supplies, along with work in progress and semi-finished products, are inherent to production and assembly activities, mainly by the subsidiary Teratron. Finished goods include the finished goods of the production companies Teratron and Kronatech and goods acquired for resale by other companies.

Contract work in progress is recognised based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognised on the basis of the work performed. The Group measures the percentage of completion using the cost-to-cost approach. This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly.

| | 31/12/2019 | Variation | 31/12/2020 |
|---|---|---|---|
| Raw materials, consumables and supplies | 886,111 | (98,396) | 787,715 |
| Work in progress and semi- finished products | 150,664 | (51,837) | 98,827 |
| Contract work in progress | 16,884,610 | 9,861,928 | 26,746,538 |
| Finished goods | 16,378,094 | 99,933 | 16,478,027 |
| Intangible fixed assets for resale | — | — | — |
| Payments on account | — | 978 | 978 |
| **Total** | **34,299,479** | **9,812,606** | **44,112,085** |

Inventory is shown net of the provision for inventory write-down of €2,290,589, which underwent the following changes during the year:

| | Amount |
|---|---|
| **Balance at 31/12/2019** | **1,380,073** |
| Accrual | 910,516 |
| **Balance at 31/12/2020** | **2,290,589** |

### Capitalised borrowing costs

No borrowing costs were capitalised under assets during the year.

### Receivables

After the elimination of intraGroup balances, receivables amount to €192,597,440 and are broken down as follows

| | Due within one year | Due after one year | Due after five years | Total |
|---|---|---|---|---|
| Trade receivables | 182,423,053 | 794,140 | — | 183,217,193 |
| From parents | 85,000 | — | — | 85,000 |
| Tax receivables | 3,031,466 | 537,899 | — | 3,569,365 |
| Deferred tax assets | 2,127,133 | 14,366 | — | 2,141,499 |
| From others | 3,584,383 | — | — | 3,584,383 |
| | **191,251,035** | **1,346,405** | **—** | **192,597,440** |

There were no receivables related to repurchase agreements.

*Trade receivables*

Trade receivables of €183,217,193 increased by €3,155,734 on the previous year end (€179,267,319). The increase includes the €351,433 rise related to the change in the consolidation scope. Trade receivables refer to ordinary transactions carried out with third parties by the parent and its subsidiaries.

The caption is shown net of the provision for bad debts, which underwent the following changes during the year:

| | Amount |
|---|---|
| **Balance at 31/12/2019** | **2,218,343** |
| Utilisation | (310,050) |
| Accrual | 489,372 |
| **Balance at 31/12/2020** | **2,406,665** |

*Receivables from parents*

Receivables from parents of €85,000 due to OEP Solution S.r.l. and refer to advances for the subsidiary's expenses.

*Receivables from associates*

None.

*Tax receivables*

Tax receivables of €3,569,365 include VAT receivables (€582,629), tax credits for excess IRES (corporate income tax) and IRAP (regional tax on production activities) paid (€1,989,562), and withholdings on dividends distributed by foreign companies (€157,547) collected in the first few months of 2021. Tax receivables due after one year mainly relate to the IRES portion claimed for reimbursement as per Law decree no. 201/2011 which has not been collected yet.

Some Group companies are entitled to tax benefits pursuant to the decree of the Ministry of Economic Development and the Ministry of Economy and Finance of 27 May 2015, implementing article 3 of Law decree no. 145 from 2013 (tax credit for research and development activities), to support the Group's main research and development activities. Based on the research and development costs of the different Group companies, management estimates a total tax benefit of €476,500 for 2020. The calculation and certification of the amount are still underway and, therefore, these financial statements do not include any tax relief, which will be recognised in the following year, once the amount has been actually calculated and certified.

*Deferred tax assets*

Deferred tax assets amount to €2,141,499 compared to €2,017,625 at 31 December 2019. They refer to deductible temporary differences mainly for deferred employee bonuses of €691,440, accruals to the provision for inventory write-down of €548,452, amortisation of goodwill of €620,729 and accruals to the provision for bad debts of €80,154. They were recognised as the Group was reasonably certain that it will have a taxable profit at least equal to the amount of differences that will reverse in the years in which this will take place.

*Receivables from others*

Receivables from others of €3,584,383 (€2,004,633 at 31 December 2019) mainly refer to receivables from factors of €1,831,622 for non-recourse factoring pending payment, the sale of the Gioia del Colle building with a reservation of title clause in 2018 for €650,000, net of amounts already paid, advances to suppliers of €495,719 and grants and other minor amounts of €249,862.

**Current financial assets**

The parent has some interest rate caps with a one-off upfront premium for the term loans in place at the reporting date. They were agreed to hedge the interest rate risk. Derivatives at 31 December 2020 (€180) reflect the fair value of the interest rate caps at such date.

Other securities amounting to €16,293 mainly include liquid funds invested in the short term in the subsidiary Cimworks.

**Liquid funds**

| | 31/12/2019 | Variation | 31/12/2020 |
|---|---|---|---|
| Bank and postal accounts | 29,686,740 | 20,052,468 | 49,739,208 |
| Cash-in-hand and cash equivalents | 425,804 | (9,269) | 416,535 |
| **Total** | 30,112,544 | 20,043,199 | 50,155,743 |

The closing balance shows the cash and cash equivalents at the reporting date. Changes in the consolidation scope led to a €129,393 increase in the caption.

**Prepayments and accrued income**

They are calculated on an accruals basis. The Group checks that the conditions that led to the recognition of prepayments and accrued income still existed at the reporting date and made the appropriate variations, if necessary. They refer to income and charges collected or paid in advance or after the related cash and/or document movements and are recognised regardless of the collection or payment date of the related income and charges, that are common to two or more years and can be allocated over time. They mainly relate to contracts for future maintenance. The caption amounted to €29,669,683 at 31 December 2020, compared to €26,187,419 at the previous year end. At the reporting date, the parent did not have any prepayments and accrued income related to more than five years.

**Net equity**

**Reconciliation of the parent's net loss for the year and net equity with the Group's net profit for the year and net equity**

Below is the reconciliation of the parent's net loss for the year and net equity with the Group's net loss for the year and net equity.

| | Net equity | Net loss |
|---|---|---|
| **Net equity and net loss for the year of the parent** | **116,084,584** | **(10,195,619)** |
| Elimination of write-downs or write-backs of investments in subsidiaries , | — | 1,862,238 |
| Elimination of the dividends of the subsidiaries | — | (6,615,125) |
| Contribution of consolidated companies | 29,623,605 | 18,126,884 |
| Amortisation /write-down of goodwill | (31,260,758) | (14,546,156) |
| Adjustment to amortisation of the parent's goodwill | 296,184 | 41,278 |
| Equity accounting of associates | (470,514) | (620,596) |
| Exchange rate effect | 36 | — |
| Other changes | 43,841 | (36) |
| **Net equity and net loss for the year attributable to the Group** | **114,316,978** | **(11,947,131)** |
| Net equity and net profit for the year attributable to the minority interests | 2,750,816 | 517,942 |
| **Net equity and net loss as per the consolidated financial statements** | **117,067,794** | **11,429,189** |

### Changes in net equity attributable to the Group

Below are the changes in net equity attributable to the Group:

| | Opening net equity attributable to the Group | Fair value adjustment | Allocation of the net loss for the year | Exchange rate losses | Other | Loss for the year attributable to the Group | Closing net equity attributable to the Group |
|---|---|---|---|---|---|---|---|
| **Share capital** | **3,210,000** | **—** | **—** | **—** | **—** | **—** | **3,210,000** |
| Share premium reserve | 10,466,900 | — | — | — | — | — | 10,466,900 |
| Legal reserve | 642,000 | — | — | — | — | — | 642,000 |
| Reserve for capital injections | 100,233,476 | — | — | — | — | — | 100,233,476 |
| Negative goodwill | 304,722 | — | — | — | — | — | 304,722 |
| Translation reserve | 43,340 | — | 103,489 | — | — | — | 146,829 |
| Other reserves | 15,624 | — | — | (16,146) | — | — | (522) |
| Consolidation reserve | 179,226 | — | — | — | — | — | 179,226 |
| Hedging reserve | (157,234) | (329,537) | — | — | — | — | (486,771) |
| Reserve for own shares | (244,043) | — | — | — | — | — | (244,043) |
| **Total reserves** | **111,484,011** | **(329,537)** | **103,489** | **(16,146)** | **—** | **—** | **111,241,817** |
| Retained earnings | 19,150,785 | — | (7,339,363) | — | 870 | — | 11,812,292 |
| Net loss for the year | (7,235,874) | — | 7,235,874 | — | — | (11,947,131) | (11,947,131) |
| **Total attributable to the Group** | **126,608,922** | **(329,537)** | **—** | **(16,146)** | **870** | **(11,947,131)** | **114,316,978** |

### Provisions for risks and charges

| | 31/12/2019 | Increases | Decreases | 31/12/2020 |
|---|---|---|---|---|
| Pension and similar provisions | 98,487 | 13,079 | — | 111,566 |
| Tax provision, including deferred tax liabilities | 1,017,304 | — | (120,164) | 897,140 |
| Derivatives | 157,798 | 328,973 | — | 486,771 |
| Others | 631,395 | 175,000 | (597,728) | 208,667 |
| **Total** | **1,904,984** | **517,052** | **(717,892)** | **1,704,144** |

Provisions for risks and charges amount to €1,704,144, compared to €1,904,984 at 31 December 2019.

Pension and similar provisions amounted to €111,566 (€98,487 at 31 December 2019) and represent the best estimate of the amount of termination benefits that will be due to agents and directors at the end of their term of office/mandate.

Tax provision, including deferred tax liabilities amounted to €897,140 (€1,017,304 at 31 December 2019) and presents the tax effect of taxable temporary differences linked to the effect of the amortisation of trademarks recognised on the basis of the purchase price allocation procedure of €762,266 and unrealised exchange rate gains of €134,874.

Derivatives amounting to €486,771 (€157,798 at 31 December 2019) refer to the fair value of currency forwards in place at the reporting date, since the requirements for hedge accounting were met.

Other provisions of €208,667 mainly comprise the provision for employee risks described below and other minor amounts. With reference to one of the companies acquired by and merged into Lutech S.p.A., the basis used to calculate certain indirect contractual remuneration items was inaccurate for a small number of employees during a brief period of time. Although no claims have been made, the parent deemed it appropriate to accrue a provision for risks of €175,000. In calculating and accruing this amount, the parent took into consideration the right to compensation of the seller against which a claim was made for breach of a specific contractual guarantee.

Movements in other provisions during the year were as follows:

| | Amount |
|---|---|
| **Balance at 31/12/2019** | **631,395** |
| Increases | 175,000 |
| Decreases | (251,844) |
| Other | (345,884) |
| **Balance at 31/12/2020** | **208,667** |

Other refers to the reclassification of certain Other payables due to the settlement of the final balances and an adjustment to comply with the Group's accounting policies.

### Employees' leaving entitlement

The employees' leaving entitlement amounted to €15,015,489 at 31 December 2020. It is the actual payable accrued by Group employees at the reporting date, net of any advances paid, in accordance with the law and ruling labour contracts, considering any type of continuous remuneration.

| | 31/12/2019 | Variation | 31/12/2020 |
|---|---|---|---|
| Employees' leaving entitlement | 14,680,083 | 335,406 | 15,015,489 |

The following table sets out the changes in employees' leaving entitlement during the year:

| | Amount |
|---|---|
| **Employees' leaving entitlement at 31/12/2019** | **14,680,083** |
| Accruals | 1,539,821 |
| Changes in the consolidation scope | 75,741 |
| Utilisation | (1,280,156) |
| **Employees' leaving entitlement at 31/12/2020** | **15,015,489** |

Changes in the consolidation scope led to a €75,741 increase in the employees' leaving entitlement.

### Payables

After the elimination of intragroup balances, payables are measured at amortised cost and are broken down as follows:

| | Due within one year | Due after one year | Due after five years | Total |
|---|---|---|---|---|
| Bank loans and borrowings | 53,968,360 | 127,730,598 | — | 181,698,958 |
| Loans and borrowings from other financial backers | 4,160,554 | 943,570 | — | 5,104,124 |
| Payments on account | 29,289,453 | — | — | 29,289,453 |
| Trade payables | 102,781,324 | 6,427,489 | — | 109,208,813 |
| Payables to parents | 327,000 | — | — | 327,000 |
| Tax payables | 9,668,724 | — | — | 9,668,724 |
| Social security charges payable | 10,675,290 | — | — | 10,675,290 |
| Other payables | 22,610,436 | — | — | 22,610,436 |
| **Total** | **233,481,141** | **135,101,657** | **—** | **368,582,798** |

Changes in consolidation scope led to a €292,835 increase in payables

Bank loans and borrowings amounted to €181,698,959 at 31 December 2020 net of transaction costs of €3,518,138 recognised at amortised cost. The gross payable of €185,217,097 relates to a medium to long-term receivable of €152,327,098, of which €141,711,400 pertaining to the syndicate credit facility described below, and to short-term credit facilities of €32,889,999 to fund working capital, of which €24,000,000 refers to the drawn-down portion of the revolving credit facility.

€141,711,400 of the syndicate credit facility refers to a fully-used credit facility granted to Lutech S.p.A. by a bank syndicate whose agent is Credit Agricole Italia S.p.A.. The financing is comprised of eight senior facilities expiring on 27 July 2023, 30 June 2024 and 27 July 2024, as summarised below:

| | Amount | Interest rate | Repayment date | Short-term portion | Long-term portion |
|---|---|---|---|---|---|
| Credit Agricole syndicate A1 | 11,251,400 | 3.25% | 27/07/2023 | 5,013,000 | 6,238,400 |
| Credit Agricole syndicate A2 | 4,040,000 | 3.25% | 27/07/2023 | 1,800,000 | 2,240,000 |
| Credit Agricole syndicate A3 | 21,875,000 | 3.00% | 30/06/2024 | 6,250,000 | 15,625,000 |
| Credit Agricole syndicate A4 | 16,625,000 | 3.00% | 30/06/2024 | 3,062,500 | 13,562,500 |
| Credit Agricole syndicate B1 | 33,420,000 | 3.75% | 27/07/2024 | — | 33,420,000 |
| Credit Agricole syndicate B2 | 12,000,000 | 3.75% | 27/07/2024 | — | 12,000,000 |
| Credit Agricole syndicate B3 | 25,000,000 | 3.50% | 30/06/2024 | — | 25,000,000 |
| Credit Agricole syndicate B4 | 17,500,000 | 3.50% | 30/06/2024 | — | 17,500,000 |
| **Total** | **141,711,400** | | | **16,125,500** | **125,585,900** |

During the year, the Group had adequate short and long-term credit facilities. The acquisition of Lutech S.p.A. by OEP as well as the subsequent acquisitions were supported by a balanced mix of own funds and bank loans. The financial debt that supported the acquisition process refers to financing granted by a bank syndicate comprised of Crédit Agricole Italia S.p.A., Banca IMI S.p.A. and Banco BPM S.p.A., as arrangers and lending banks, and ICCREA Bancaimpresa S.p.A., BCC Milano and Unione di Banche Italiane S.p.A. as lending banks. The syndicate credit facility also makes a revolving credit facility of €24 million available to the company to support its working capital requirements. As is customary in transactions of this nature, the financing was backed by guarantees. These are comprised of collateral and a special lien as per article 46 of the Consolidated banking act issued on the company's main assets, in addition to a pledge on the shares/quotas of Lutech S.p.A., OEP Italy Solution S.r.l., TenEnigen S.r.l., CST S.r.l., Telesio Systems S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Pivotal Italia S.r.l., CDM Tecnoconsulting S.r.l., Cimworks SL, Tecla.it S.r.l., DIEM Technologies S.r.l., LutechNL BV, Finance Evolution S.r.l., Disc S.p.A., and Mediana S.r.l.. The borrowers of the credit facilities are the company and Arcares S.p.A., while the guarantors are OEP 14 BV, OEP Italy Solution S.r.l., Lutech S.p.A., Arcares S.p.A., Liscor S.p.A., CDM Tecnoconsulting S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Tecla.it S.r.l., TenEnigen S.r.l., Disc S.p.A., Finance Evolution S.r.l. and Mediana S.r.l.. The financing agreement requires compliance with financial covenants and contractual obligations. At the date of preparation of these financial statements, the covenants and obligations were all met.

Loans and borrowings from other financial backers of €5,104,124 refer to borrowings of €1,976,242 from financing companies agreed specifically to purchase (including by instalments) products and services for resale, and refer for €2,173,859 to payables to factors for non-recourse factoring, the contractual conditions of which were not deemed suitable for the derecognition of the recognised amounts and, lastly, €954,019 to factoring transactions with recourse. The caption amounted to €3,797,707 at 31 December 2019 and the change is due to new loans of €10,086,335 and repayments of €8,779,918.

Payments on account amounted to €29,289,453 (€20,369,233 at 31 December 2019) and mainly comprise amounts invoiced to customers for revenues not matured. They increased by €8,920,220 compared to the previous year end.

Trade payables of €109,208,213 increased by €14,414,846 from €94,793,967 at the previous year end, mainly due to the streamlining of acquisitions of the year, in addition to the change in consolidation scope which accounted for €182,625.

Payables to parents amounted to €327,000 and comprise Lutech S.p.A.'s remaining payable due to OEP Italy Solution S.r.l. related to a prepayment made by the parent in 2018.

Tax payables amounted to €9,668,724 (€8,848,344 at 31 December 2019) and mainly refer to VAT payables (€3,037,599), income taxes (€2,440,585) and withholdings made at source (€3,902,494). The caption decreased by €820,380 on the previous year end, net of an increase of €13,606 due to changes in the consolidation scope.

Social security charges payable amounted to €10,675,290 and decreased by €471,279 on the previous year end (€11,146,569). €15,022 of such increase was due to changes in the consolidation scope.

Other payables amount to €22,610,436 (€24,972,875 at 31 December 2019) and mostly refer to accrued holiday and additional monthly pay (€20,001,360) and payables to the sellers of the acquired companies, Sinergetica S.r.l., Mediana S.r.l. and BeeToBit (€850,000), for deferred price portions or price adjustments already agreed. The caption also includes €84,861 due to partners in a financed project for which Lutech S.p.A. obtained a collection mandate for the subsidy to be distributed to the partners and €1,032,261 of collections received from customers to be paid to factors as they refer to factored receivables. The caption decreased by €2,62,439 on the previous year end. The changes in the consolidation scope resulted in an increase of €1,530.

### Accrued expenses and deferred income

These are recognised on an accruals and matching basis.

They mostly include revenues for future years on service agreements, which are recognised over the agreement's term.

The caption amounted to €30,147,710 at 31 December 2020 compared to €32,684,398 at the previous year end. €163,583 relates to changes in the consolidation scope. At the reporting date, the parent did not have any accrued expenses and deferred income related to more than five years.

### Revenues

The caption may be analysed as follows:

| | 2019 | Variation | 2020 |
|---|---|---|---|
| Sale of products | 145,288,992 | 15,017,943 | 160,306,935 |
| Services | 276,631,500 | (13,978,548) | 262,652,952 |
| Change in inventory | 2,108,661 | 7,701,427 | 9,810,088 |
| **Revenues for products and services** | **424,029,153** | **8,740,822** | **432,769,975** |
| Other revenues and income | 5,831,539 | (3,494,575) | 2,336,964 |
| **Total** | **429,860,692** | **(5,246,247)** | **435,106,939** |

Turnover from sales and services, which includes the change in inventory, increased by 2.1% from €424,029,153 to €432,769,975 due to the growth in the resale of products, offset by the partly expected decrease in services as a result of the slowdown caused by the Covid-19 pandemic. The acquisition of BeeToBit S.r.l. amounted to €290,303.

Other revenues and income decreased by €3,494,575 as the Group received fewer tax credits pursuant to the decree of the Ministry of Economic Development and the Ministry of the Economy and Finance of 27 May 2015, implementing article 3 of Law decree no. 145 of 2013 (tax credit for research and development activities).

Change in inventory amounts to €9,810,088, and comprises the €51,837 decrease in work in progress, semi-finished products and finished goods and the €9,861,925 increase in contract work in progress. The latter change refers to the progress of projects underway.

Internal work capitalised amounts to €5,307,322 and includes product development costs in line with the previous year (€5,581,693).

**Revenues by geographical segment**

| | 2020 |
|---|---|
| Italy | 401,070,686 |
| Abroad | 31,699,289 |
| **Total** | **432,769,975** |

**Production cost**

The caption may be analysed as follows:

| | 2019 | Variation | 2020 |
|---|---|---|---|
| Raw materials, consumables, supplies and goods | 107,673,666 | 13,879,499 | 121,553,165 |
| Services | 124,501,907 | (11,712,642) | 112,789,265 |
| Use of third party assets | 9,735,370 | 751,500 | 10,486,870 |
| Wages and salaries | 108,526,112 | 1,687,120 | 110,213,232 |
| Social security contributions | 31,114,233 | 799,940 | 31,914,173 |
| Employees' leaving entitlement | 6,759,494 | 633,673 | 7,393,167 |
| Pension and similar costs | 33,948 | (30,132) | 3,816 |
| Other costs | 2,115,118 | (225,609) | 1,889,509 |
| Amortisation of intangible fixed assets | 28,863,031 | 2,809,171 | 31,672,202 |
| Depreciation of tangible fixed assets | 2,829,105 | 173,222 | 3,002,327 |
| Other write-downs of fixed assets | 38,394 | 1,316,386 | 1,354,780 |
| Write-downs of current receivables | 299,933 | 189,439 | 489,372 |
| Change in raw materials | (930,455) | 903,820 | (26,635) |
| Provisions for risks | — | 175,000 | 175,000 |
| Other provisions | — | — | — |
| Other operating costs | 4,351,305 | 1,111,046 | 5,462,351 |
| **Total** | **425,911,161** | **12,461,433** | **438,372,594** |

The most significant items and the reasons for the changes therein are summarised below.

*Raw materials, consumables, supplies and goods* mainly comprise the cost of purchasing hardware and software for resale. The €13,879,499 increase is due to the higher business volumes as part of the resale of third party hardware and software solutions.

*Services* include the cost of maintenance services for IT equipment, IT assistance and sundry consultancy services. Other significant cost items refer to personnel travel and transfers and remote connection costs. They decreased by €11,712,642 compared to 31 December 2019. The caption includes €3,000,867 of consultancies and ancillary activities related to the tender offer for the majority of Techedge S.p.A.. The change in the consolidation scope amounted to €246,211.

*Use of third party assets* mostly comprises lease expense for the Group's facilities, electronic equipment and cars. The caption increased by €751,500, including €6,200 pertaining to the change in consolidation scope. The increase in the caption is partly due to the overlapping of certain leases during the relocation of offices.

Wages and salaries include all expenses related to the Group's employees including merit-based increases, promotions, seniority increases, employee bonuses, untaken holidays and the legal and national contract obligations. The average number of employees increased by 187 (people) also due to the consolidation of the companies acquired in 2019 for 12 months, resulting in an increase in cost of €1,687,120, together with the change in the mix and remuneration policies. The change in the consolidation scope amounted to €106,075.

*Social security contributions* refer to contributions made for employees and increased by €799,940 for the same reasons mentioned above. The change in the consolidation scope amounted to €31,457.

*Employees' leaving entitlement* is the cost of the year related to the entitlements accrued pursuant to the law and increased by €633,673 for the aforementioned reasons. The changes in the consolidation scope amounted to €26,507

*Other costs* mainly refer to leaving incentives and company welfare of €1,889,509 and decreased by €225,609 compared to the previous year.

*Amortisation of intangible fixed assets* amounts to €31,672,202 and increased by €2,809,171. The change in the consolidation scope amounted to €1,214.

*Depreciation of tangible fixed assets* amounts to €3,002,327 and increased by €173,222 compared to the previous year. The change in the consolidation scope amounted to €1,059.

*Other write-downs of fixed assets* include the write-down of the goodwill of Teratron Gmbh of €1,254,957 and Teia S.r.l. of €99,823 as mentioned in the note to the relevant balance sheet caption.

*Write-downs of current receivables* represent the financial effect of the adjustment of receivables to the estimated realisable value. €489,372 was prudently accrued during the year.

*Change in raw materials* represents the consumption of goods and raw materials during the sales cycle. It amounts to €26,636, compared to €930,455 in the previous year.

*Provisions for risks* represent the portion of the provisions accrued based on the best estimate of the expected cost to adjust certain indirect remuneration captions related to previous years, as described in the note to the provisions for risks.

*Other operating costs* mostly consist of membership fees, taxes and duties, commercial costs, and gifts. The increase is mainly due to prior year expense.

**Interest and other financial charges**

The caption may be analysed as follows:

| | 2019 | Variation | 2020 |
|---|---|---|---|
| Income from equity investments | (23,869) | 21,727 | (2,142) |
| Other financial income | (29,002) | (9,295) | (38,297) |
| Interest expense on loans, short-term payables and other financing | 5,981,746 | 477,869 | 6,459,615 |
| Transaction costs on financing and commissions for non-utilisation | 1,409,790 | (106,689) | 1,303,101 |
| Factoring interest expenses | 415,612 | (66,317) | 349,295 |
| Other financial charges | 37,134 | (13,651) | 23,483 |
| Net exchange rate losses | (49,598) | (94,171) | (143,769) |
| | **7,741,813** | **209,473** | **7,951,286** |

*Interest and other financial charges* remained largely stable. Interest on loans refers mostly to the loan taken out to acquire Lutech and the latter's acquisition process commenced in 2017. The change in the consolidation scope amounted to €473.

**Income taxes**

| | 2019 | Variation | 2020 |
|---|---|---|---|
| IRES | 7,499,082 | (571,410) | 6,927,672 |
| IRAP | 1,755,548 | (508,475) | 1,247,073 |
| Taxes relative to prior years | — | (1,297,941) | (1,297,941) |
| Deferred taxes | (522,907) | 273,290 | (249,617) |
| Receivables under the tax consolidation scheme | (569,430) | (440,023) | (1,009,453) |
| | **8,162,293** | **(2,544,559)** | **5,617,734** |

The benefit recognised under taxes relative to prior years is mainly due to the success of the application for the recovery of the tax losses incurred by OEP Italy Solutions S.r.l. following the reverse merger into Lutech S.p.A. in 2018.

**Reconciliation of the effective tax expense with the theoretical tax expense (IRES)**

| | Amount |
|---|---|
| Pre-tax loss | **(5,811,455)** |
| Theoretical tax (24%) | 0 |
| Increases: | |
| Non-deductible interest expense | 5,013,391 |
| Non-deductible car expense | 1,948,825 |
| Non-deductible amortisation and depreciation | 25,627,104 |
| Non-deductible accruals | 1,332,261 |
| Non-deductible write-downs | 1,399,798 |
| Future charges | 2,881,000 |
| Unrealised exchange rate losses | 396,005 |
| Non-deductible prior year expense | 1,786,778 |
| Other non-deductible costs | 2,443,846 |
| Total | **42,829,008** |
| Decreases: | |
| Costs and charges not deducted in previous years | (610,578) |
| Unrealised exchange rate gains | (216,370) |
| Untaxed revenues | (875,808) |
| Other decreases | (4,059,057) |
| Total: | **(5,761,812)** |
| ACE (Aid for economic growth) deduction | (2,451,993) |
| Tax base | **28,803,748** |
| Effective tax expense (24%) | 6,912,900 |
| Foreign tax effect | 14,772 |
| Effective tax expense | **6,927,672** |

**Calculation of IRAP base**

| | Amount |
|---|---|
| Operating profit for IRAP purposes | 155,474,716 |
| Operating loss of foreign companies not subject to IRAP | (10,087,314) |
| Operating profit of companies subject to IRAP | **145,387,402** |
| Costs not deductible for IRAP purposes | 32,098,998 |
| Revenues not taxable for IRAP purposes | (332,831) |
| Net deduction for IRAP purposes | (141,058,247) |
| IRAP base | **36,095,322** |
| Effective IRAP expense | 1,247,073 |

**Fair value of derivatives**

Pursuant to article 38.1. o-ter of Legislative decree no. 127/1991, this section presents the fair value and information (for the current and previous year) on the size and nature of each category of derivatives held by the company, grouped by characteristics and purpose.

With regard to hedges recognised in accordance with hedge accounting rules (OIC 32), the derivatives are measured at *fair* value and changes in fair value are taken to the hedging reserve. The interest rate caps are recognised at fair value, while changes in their fair value are directly taken to the profit and loss account.

| **Underlying** | **Exchange rate/Interest rate** | | |
|---|---|---|---|
| Type of transaction | Fair value | | |
| | Opening | Closing | Fair value losses |
| **Unlisted** derivatives | | | |
| *financial derivatives* . . . . . . . . . . . . . . . . . . . | 923 | 180 | (743) |
| *forwards* | | | |
| - currency forwards . . . . . . . . . . . . . . . . . . . . | (157,234) | (486,771) | (329,537) |

The table below provides a breakdown of transactions underway:

| **ID** | **Purpose** | **Notional amount** | **Underlying risk** | **Fair value** | **Hedged liability** | **Hedge Accounting** |
|---|---|---|---|---|---|---|
| 1 . . . | Cash flow hedge | 422,119 | EUR/USD exchange rate fluctuations | (13,059) | Purchase orders | Si |
| 2 . . . | Cash flow hedge | 412,371 | EUR/USD exchange rate fluctuations | (2,102) | Purchase orders | Si |
| 3 . . . | Cash flow hedge | 651,990 | EUR/USD exchange rate fluctuations | (21,004) | Purchase orders | Si |
| 4 . . . | Cash flow hedge | 456,583 | EUR/USD exchange rate fluctuations | (5,676) | Purchase orders | Si |
| 5 . . . | Cash flow hedge | 757,448 | EUR/USD exchange rate fluctuations | (19,764) | Purchase orders | Si |
| 6 . . . | Cash flow hedge | 37,659 | EUR/USD exchange rate fluctuations | (2,743) | Purchase orders | Si |
| 7 . . . | Cash flow hedge | 1,597,104 | EUR/USD exchange rate fluctuations | (62,350) | Purchase orders | Si |
| 8 . . . | Cash flow hedge | 4,962,779 | EUR/USD exchange rate fluctuations | (35,342) | Purchase orders | Si |
| 9 . . . | Cash flow hedge | 505,051 | EUR/USD exchange rate fluctuations | (13,352) | Purchase orders | Si |
| 10 . . | Cash flow hedge | 179,461 | EUR/USD exchange rate fluctuations | (644) | Purchase orders | Si |
| 11 . . | Cash flow hedge | 45,188 | EUR/USD exchange rate fluctuations | (4,104) | Purchase orders | Si |
| 12 . . | Cash flow hedge | 697,674 | EUR/USD exchange rate fluctuations | (38,883) | Purchase orders | Si |
| 13 . . | Cash flow hedge | 152,033 | EUR/USD exchange rate fluctuations | (6,972) | Purchase orders | Si |
| 14 . . | Cash flow hedge | 272,650 | EUR/USD exchange rate fluctuations | (9,081) | Purchase orders | Si |
| 15 . . | Cash flow hedge | 505,689 | EUR/USD exchange rate fluctuations | (14,064) | Purchase orders | Si |
| 16 . . | Cash flow hedge | 758,022 | EUR/USD exchange rate fluctuations | (20,947) | Purchase orders | Si |
| 17 . . | Cash flow hedge | 249,847 | EUR/USD exchange rate fluctuations | (4,833) | Purchase orders | Si |
| 18 . . | Cash flow hedge | 329,859 | EUR/USD exchange rate fluctuations | (6,760) | Purchase orders | Si |
| 19 . . | Cash flow hedge | 1,362,755 | EUR/USD exchange rate fluctuations | (45,314) | Purchase orders | Si |
| 20 . . | Cash flow hedge | 1,597,104 | EUR/USD exchange rate fluctuations | (61,426) | Purchase orders | Si |
| 21 . . | Cash flow hedge | 2,114,258 | EUR/USD exchange rate fluctuations | (59,100) | Purchase orders | Si |
| 22 . . | Cash flow hedge | 5,580,165 | EUR/USD exchange rate fluctuations | (39,251) | Purchase orders | Si |

| **ID** | **Purpose** | **Notional amount** | **Underlying risk** | **Fair value** | **Hedged liability** | **Hedge Accounting** |
|---|---|---|---|---|---|---|
| 1 . . . | Cash flow hedge | 2,922,266 | Euribor fluctuations | — | Term loan | No |
| 2 . . . | Cash flow hedge | 8,680,000 | Euribor fluctuations | 3 | Term loan | No |
| 3 . . . | Cash flow hedge | 2,812,500 | Euribor fluctuations | 23 | Term loan | No |
| 4 . . . | Cash flow hedge | 2,671,875 | Euribor fluctuations | 17 | Term loan | No |
| 5 . . . | Cash flow hedge | 2,922,266 | Euribor fluctuations | 6 | Term loan | No |
| 6 . . . | Cash flow hedge | 8,680,000 | Euribor fluctuations | 22 | Term loan | No |
| 7 . . . | Cash flow hedge | 3,718,750 | Euribor fluctuations | 6 | Term loan | No |
| 8 . . . | Cash flow hedge | 4,250,000 | Euribor fluctuations | 7 | Term loan | No |
| 9 . . . | Cash flow hedge | 1,484,375 | Euribor fluctuations | 16 | Term loan | No |
| 10 . . | Cash flow hedge | 1,562,500 | Euribor fluctuations | 21 | Term loan | No |
| 11 . . | Cash flow hedge | 2,922,266 | Euribor fluctuations | — | Term loan | No |
| 12 . . | Cash flow hedge | 8,680,000 | Euribor fluctuations | — | Term loan | No |
| 13 . . | Cash flow hedge | 3,718,750 | Euribor fluctuations | — | Term loan | No |
| 14 . . | Cash flow hedge | 4,250,000 | Euribor fluctuations | — | Term loan | No |
| 15 . . | Cash flow hedge | 1,484,375 | Euribor fluctuations | — | Term loan | No |
| 16 . . | Cash flow hedge | 1,562,500 | Euribor fluctuations | — | Term loan | No |
| 17 . . | Cash flow hedge | 4,000,000 | Euribor fluctuations | 2 | Term loan | No |
| 18 . . | Cash flow hedge | 3,500,000 | Euribor fluctuations | 1 | Term loan | No |
| 19 . . | Cash flow hedge | 2,671,875 | Euribor fluctuations | 24 | Term loan | No |
| 20 . . | Cash flow hedge | 2,812,500 | Euribor fluctuations | 31 | Term loan | No |

### Disclosure about financial fixed assets recognised at an amount higher than their fair value

The consolidated financial statements do not include financial fixed assets recognised at an amount higher than their fair value.

### Own shares and shares/quotas held in parents

The parent holds 73,458 own shares with a nominal amount of €1 each, equal to roughly 2.29% of its share capital. These own shares are worth €244,043. The parent deducted this amount from net equity.

The parent does not hold shares or quotas of its ultimate parent nor has it purchased or sold any such shares or quotas directly or through trustees or nominees.

### Re'lated party transactions

Related party transactions were carried out on an arm's length basis. Transactions with associates and parents are described in the specific paragraphs of these notes, while transactions with Group companies included in the consolidation scope were eliminated on preparation of the consolidated financial statements. Lutech S.p.A. and the main subsidiaries joined the tax consolidation scheme in 2019.

However, that there were no atypical or unusual transactions outside the Group's ordinary operations or such to prejudice the Group's financial position, results of operations and cash flows.

### Off-balance sheet agreements

Some put and call options and, specifically, drag along and tag along rights were granted to the minority share/quotaholders of Teratron Gmbh and Kronotech S.r.l., the exercising of which is related to the potential withdrawal of One Equity Partner from the Group's capital. As a result of the preliminary sales agreement for the transfer of the entire Group to APAX funds, signed 14 March 2021, it is highly probable that such rights will be exercised although this is subject to the effective signing of the sale agreement. In accordance with the existing agreements, the parent has therefore communicated with such minority investors about the drag along right, which is dependent on the formal transfer of ownership, setting out the conditions for the acquisition in more detail. At the same time as the closing with APAX or during a slightly longer interim period, Lutech S.p.A. will therefore acquire such minority interests for €7.1 million.

The agreement for the sale of the Gioia del Colle building in 2018 contained a reservation of title clause under which the building would return to Lutech in the event of non-payment. Should this occur, the parent would need to find a new buyer as the building is no longer deemed strategic. At 31 December 2020, payments have been duly made, net of five instalments during the initial phase of the Covid-19 pandemic for which the couterparty had requested a payment extension.

Under the loan agreements in place, the parent pledged its own shares in TEN Tecnologie & Networking S.r.l., CST S.r.l., Telesio Systems S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Pivotal Italia S.r.l., CDM Tecnoconsulting S.r.l., Cimworks SI, Tecla.it S.r.l., DIEM Technologies S.r.l., LutechNL BV, Finance Evolution S.r.l., Disc S.p.A., Enigen.IT S.r.l. and Mediana S.r.l.. The parent also placed its assets under special lien as per article 46 of the Consolidated banking act and pledged as guarantee its potential future receivables arising from the compensation obligations set out in the individual agreements to acquire the investments. The Lutech S.p.A. shares held by the ultimate parent OEP Italy Solution S.r.l. were also pledged under the same loan agreements.

At 31 December 2020, the Group has sureties granted by banks and insurance companies to guarantee the correct fulfilment of non-financial obligations taken on by the Group for €33 million.

The Group's finance leases relate to cars and electric devices and are not material.

### Fees of the independent auditors engaged to perform the statutory audit

As required by law, we note that the fees due to the independent auditors are as follows:

- statutory audit of the consolidated financial statements: €155,350
- other audit services: €114,000

The statutory audit is performed by KPMG S.p.A. with registered office in Via Vittor Pisani 25, Milan.

**Fees of the directors and statutory auditors**

As required by law, the fees due to the parent's directors and statutory auditors, including for their services provided to other consolidated companies, are shown below:

| | Fees |
|---|---|
| Directors | 420,000 |
| Statutory auditors | 218,074 |
| **Total** | **638,087** |

**Post-balance sheet events**

On 4 December 2020, the shareholders/quotaholders of Lutech S.p.A. and Telesio Systems S.r.l. approved the merger of Telesio Systems S.r.l. into Lutech S.p.A.. The merger deed was signed on 18 February 2021 effective from 28 February 2021, but with accounting and tax effect from 1 January 2021.

On 2 March 2021, the shareholders/quotaholders of Lutech S.p.A. and Beetobit S.r.l. approved the merger of Beetobit S.r.l. into Lutech S.p.A.. Subject to obtaining the necessary authorisation from the bank, the merger is expected to take place in May 2021, effective from June 2021, but with accounting and tax effect from 1 January 2021.

On 14 March 2021, One Equity Partners entered into a preliminary agreement with APAX for the sale of 100% of Lutech Group. At the reporting date, preliminary and regulatory activities are underway, with the aim of completing the sale by June 2021.

Despite the continued uncertainty caused by the ongoing Covid-19 pandemic, the Group believes it has adopted the measures necessary to safeguard its ability to continue as a going concern and to operate on market. Furthermore, it is in a good position to promptly embrace the signs of recovery expected for 2021.

**Information about the company that prepares consolidated financial statements of the largest/ smallest group to which the company belongs**

| | Largest group | Smallest group |
|---|---|---|
| Company name | OEP 14 COOPERATIIEF U.A. | OEP 14 COOPERATIIEF U.A |
| Registered office | HOLLAND | HOLLAND |
| Place where the copy of the consolidated financial statements is filed | HOLLAND | HOLLAND |

The company is managed and coordinated by OEP Italy Solution S.r.l., for which the latest approved financial statements data are prvided below:

| Date of approval of most recent financial statements | 31/12/2019 |
|---|---|
| **FIXED ASSETS** | **131,873,650** |
| **CURRENT ASSETS** | **1,001,781** |
| **TOTAL ASSETS** | **132,875,431** |
| **NET EQUITY** | **131,822,632** |
| **PAYABLES** | **1,052,800** |
| **TOTAL LIABILITIES** | **132,875,431** |
| **PRODUCTION REVENUES** | **500** |
| **PRODUCTION COST** | **51,518** |
| **Net loss for the year** | **(51,018)** |
| **Share capital** | **1,000,000** |
| **Reserves** | **130,873,650** |
| **Net loss for the year** | **(51,018)** |
| **NET EQUITY** | **131,822,632** |

These consolidated financial statements, comprising the balance sheet, the profit and loss account, the cash flow statement and notes thereto, give a true and fair view of the Group's financial position and results of operations. They are consistent with the accounting records of the parent and the information provided by the consolidated companies.

CEO
Tullio Pirovano

KPMG S.p.A.
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# Independent auditors' report

*To the sole shareholder of*
*Lutech S.p.A.*

## Report on the audit of the consolidated financial statements

### *Opinion*

We have audited the consolidated financial statements of the Lutech S.p.A. and its subsidiaries (the "Group" or the "Lutech Group"), which comprise the balance sheet as at 31 December 2019, the profit and loss account and cash flow statement for the year then ended and notes thereto.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Lutech Group as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Lutech S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements*

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Group's financial reporting process.

### *Auditors' 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 ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level 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, 15 June 2020

KPMG S.p.A.

Ernesto Ciceri
Director of Audit

**LUTECH GROUP**

**Registered office in VIA DANTE 14 -20121 MILAN (MI)**
**Fully paid-up share capital €3,210,000.00**

## Consolidated financial statements as at and for the year ended 31 December 2019

### Balance Sheet

| Balance sheet assets | 31/12/2019 | 31/12/2018 |
|---|---|---|
| **A) Share capital proceeds to be received** | | |
| (of which: called up) | | |
| **B) Fixed assets** | | |
| *I. Intangible fixed assets* | | |
| 1) Start-up and capital costs | 5,276 | 4,782 |
| 2) Development costs | 9,342,681 | 5,886,028 |
| 3) Industrial patents and intellectual property rights | 1,051,035 | 979,631 |
| 4) Concessions, licences, trademarks and similar rights | 3,429,398 | 4,112,305 |
| 5) Goodwill | 206,534,601 | 189,313,794 |
| 6) Assets under development and payments on account | 162,750 | 944,659 |
| 7) Other | 1,949,182 | 2,065,760 |
| | 222,474,923 | 203,306,959 |
| *II. Tangible fixed assets* | | |
| 1) Land and buildings | 5,184,057 | 4,331,977 |
| 2) Plant and machinery | 403,440 | 150,568 |
| 3) Industrial and commercial equipment | 229,416 | 123,784 |
| 4) Other assets | 7,309,784 | 6,263,470 |
| | 13,126,697 | 10,869,799 |
| *III. Financial fixed assets* | | |
| 1) Equity investments: | | |
| a) Unconsolidated subsidiaries | 40 | 136 |
| b) Associates | 1,416,899 | 1,482,208 |
| d-bis) Other | 59,135 | 44,802 |
| | 1,476,074 | 1,527,146 |
| 2) Financial receivables | | |
| a) From unconsolidated subsidiaries | | |
| –due after one year | 10,000 | 38,228 |
| | 10,000 | 38,228 |
| b) From associates | | |
| –due within one year | 0 | 47,355 |
| | 0 | 47,355 |
| d-bis) From others | | |
| –due within one year | 170,234 | 68,893 |
| –due after one year | 181,934 | 193,815 |
| | 352,168 | 262,708 |
| | 362,168 | 348,291 |
| | 1,838,242 | 1,875,437 |
| ***Total fixed assets*** | **237,439,862** | **216,052,195** |

| Balance sheet assets | 31/12/2019 | 31/12/2018 |
|---|---|---|
| **C) Current assets** | | |
| *I. Inventory* | | |
| 1) Raw materials, consumables and supplies | 886,111 | 977,894 |
| 2) Work in progress and semi-finished products | 150,664 | 113,121 |
| 3) Contract work in progress | 16,884,610 | 14,761,013 |
| 4) Finished goods | 16,378,094 | 15,355,858 |
| | 34,299,479 | 31,207,886 |
| *II. Receivables* | | |
| 1) Trade receivables | | |
| –due within one year | 179,267,319 | 171,209,861 |
| –due after one year | 0 | 2,091,768 |
| | 179,267,319 | 173,301,629 |
| 3) From associates | | |
| –due within one year | 2,244,560 | 3,037,841 |
| | 2,244,560 | 3,037,841 |
| 4) From parents | | |
| –due within one year | 20,000 | 500 |
| | 20,000 | 500 |
| 5-bis) Tax receivables | | |
| –due within one year | 4,953,893 | 8,921,433 |
| –due after one year | 660,763 | 524,786 |
| | 5,614,656 | 9,446,219 |
| 5-ter) Deferred tax assets | | |
| –due within one year | 2,017,625 | 1,686,270 |
| | 2,017,625 | 1,686,270 |
| 5-quater) From others | | |
| –due within one year | 1,262,404 | 5,373,808 |
| –due after one year | 742,229 | 752,461 |
| | 2,004,633 | 6,126,269 |
| | 191,168,793 | 193,598,728 |
| *III. Current financial assets* | | |
| 5) Derivatives | 923 | 30,722 |
| 6) Other securities | 18,347 | 131,233 |
| | 19,270 | 161,955 |
| *IV. Liquid funds* | | |
| 1) Bank and postal accounts | 29,686,740 | 27,459,509 |
| 3) Cash-in-hand and cash equivalents | 425,804 | 416,087 |
| | 30,112,544 | 27,875,596 |
| ***Total current assets*** | **255,600,086** | **252,844,165** |
| **D) Prepayments and accrued income** | **26,187,419** | **25,451,941** |
| **Total assets** | **519,227,367** | **494,348,301** |

| Balance sheet liabilities | 31/12/2019 | 31/12/2018 |
|---|---|---|
| **A) Net equity** | | |
| *I. Share capital* | 3,210,000 | 3,210,000 |
| *II. Share premium reserve* | 10,466,900 | 10,466,900 |
| *III. Legal reserve* | 642,000 | 642,000 |
| *IV. Other reserves, indicated separately* | | |
| Capital injections | 100,233,476 | 97,132,976 |
| Goodwill | 304,722 | 0 |
| Translation reserve | 43,340 | 226,082 |
| Euro rounding difference | (1) | 0 |
| Translation reserve arising from consolidation of a foreign operation | 15,625 | 0 |
| Consolidation reserve | 179,226 | 179,226 |
| | 100,776,388 | 97,538,284 |
| *V. Hedging reserve* | (157,234) | (165,480) |
| *VI. Retained earnings* | 19,150,785 | 19,428,756 |
| *VII. Net loss for the year* | (7,235,874) | (233,398) |
| *VIII. Reserve for own shares in portfolio* | (244,043) | (244,043) |
| ***Total net equity attributable to the group*** | **126,608,922** | **130,643,019** |
| -) Share capital and reserves of minority interests | 2,221,721 | 1,743,403 |
| -) Net profit for the year attributable to minority interests | 1,187,480 | 565,060 |
| Total net equity of minority interests | 3,409,201 | 2,308,463 |
| ***Total net equity*** | **130,018,123** | **132,951,482** |
| **B) Provisions for risks and charges** | | |
| 1) Pension and similar provisions | 98,487 | 116,064 |
| 2) Tax provision, including deferred tax liabilities | 1,017,304 | 1,212,671 |
| 3) Derivatives | 157,798 | 165,480 |
| 4) Other provisions | 631,395 | 6,469,600 |
| ***Total provisions for risks and charges*** | **1,904,984** | **7,963,815** |
| **C) Employees' leaving entitlement** | 14,680,083 | 13,708,027 |
| **D) Payables** | | |
| 4) Bank loans and borrowings | | |
| –due within one year | 31,733,942 | 24,084,710 |
| –due after one year | 143,277,142 | 117,143,184 |
| | 175,011,084 | 141,227,894 |
| 5) Loans and borrowings from other financial backers | | |
| –due within one year | 3,416,519 | 4,268,653 |
| –due after one year | 381,188 | 1,132,940 |
| | 3,797,707 | 5,401,593 |
| 6) Payments on account | | |
| –due within one year | 20,369,233 | 17,870,908 |
| | 20,369,233 | 17,870,908 |
| 7) Trade payables | | |
| –due within one year | 92,109,672 | 96,211,234 |
| –due after one year | 2,684,295 | 1,179,427 |
| | 94,793,967 | 97,390,661 |
| 10) Payables to associates | | |
| –due within one year | 0 | 98,247 |
| | 0 | 98,247 |

| Balance sheet liabilities | 31/12/2019 | 31/12/2018 |
|---|---|---|
| 11) Payables to parents | | |
| –due within one year | 1,000,000 | 1,000,000 |
| | 1,000,000 | 1,000,000 |
| 12) Tax payables | | |
| –due within one year | 8,848,344 | 9,378,683 |
| –due after one year | 0 | 41,199 |
| | 8,848,344 | 9,419,882 |
| 13) Social security charges payable | | |
| –due within one year | 11,146,569 | 9,249,616 |
| | 11,146,569 | 9,249,616 |
| 14) Other payables | | |
| –due within one year | 24,972,875 | 24,629,964 |
| | 24,972,875 | 24,629,964 |
| ***Total payables*** | **339,939,779** | **306,288,765** |
| **E) Accrued expenses and deferred income** | **32,684,398** | **33,436,212** |
| **Total liabilities** | **519,227,367** | **494,348,301** |

**Profit and loss account**

| | 2019 | 2018 |
|---|---|---|
| **A) Production revenues** | | |
| *1) Turnover from sales and services* | 421,920,492 | 317,439,666 |
| *2) Change in work in progress, semi-finished products and finished goods* | 37,543 | (23,023) |
| *3) Change in contract work in progress* | 2,071,118 | 2,613,416 |
| *4) Internal work capitalised* | 5,581,693 | 2,595,496 |
| *5) Other revenues and income with separate presentation of capital grants:* | | |
| –sundry | 3,249,720 | 7,932,780 |
| –grants related to income | 2,581,819 | 2,180,076 |
| | 5,831,539 | 10,112,856 |
| ***Total production revenues*** | **435,442,385** | **332,738,411** |
| **B) Production cost** | | |
| *6) Raw materials, consumables, supplies and goods* | 107,673,666 | 96,996,062 |
| *7) Services* | 124,501,907 | 91,476,596 |
| *8) Use of third party assets* | 9,735,370 | 7,504,911 |
| *9) Personnel expenses* | | |
| a) Wages and salaries | 108,526,112 | 74,386,942 |
| b) Social security contributions | 31,114,233 | 21,184,926 |
| c) Employees' leaving entitlement | 6,759,494 | 4,841,721 |
| d) Pension and similar costs | 33,948 | 0 |
| e) Other costs | 2,115,118 | 1,077,141 |
| | 148,548,905 | 101,490,730 |
| *10) Amortisation, depreciation and write-downs* | | |
| a) Amortisation of intangible fixed assets | 28,863,031 | 18,410,304 |
| b) Depreciation of tangible fixed assets | 2,829,105 | 2,012,356 |
| c) Other write-downs of fixed assets | 38,394 | 0 |
| d) Write-downs of current receivables and liquid funds | 299,933 | 76,929 |
| | 32,030,463 | 20,499,589 |
| *11) Change in raw materials, consumables, supplies and goods* | (930,455) | (522,394) |
| *12) Provisions for risks* | | 1,500,000 |
| *14) Other operating costs* | 4,351,305 | 3,149,547 |
| ***Total production cost*** | **425,911,161** | **322,095,041** |
| **Operating profit (A-B)** | **9,531,224** | **10,643,370** |
| **C) Financial income and charges** | | |
| *15) Income from equity investments with separate presentation of that from investments in subsidiaries and associates and in parents and subsidiaries of parents:* | | |
| –In subsidiaries | | |
| –In associates | 23,760 | 0 |
| –Other | 109 | 212 |
| | 23,869 | 212 |
| *16) Other financial income:* | | |
| a) from financial receivables classified as fixed assets with separate presentation of those from subsidiaries and associates and from parents and subsidiaries of parents: | | |
| - From others | 0 | 15 |
| | 0 | 15 |

| | 2019 | 2018 |
|---|---|---|
| b) From securities classified as current assets which are not equity investments | 0 | 354 |
| c) other income with separate presentation of that from subsidiaries and associates and from parents and subsidiaries of parents: | | |
| –From others | 29,002 | 70,843 |
| | 29,002 | 71,212 |
| *17) Interest and other financial charges with separate presentation of those to subsidiaries and associates and to parents and subsidiaries of parents:* | | |
| –Other | 7,844,282 | 5,312,844 |
| | 7,844,282 | 5,312,844 |
| *17-bis) Net exchange rate gains (losses)* | 49,598 | (280,104) |
| ***Net financial charges*** | **(7,741,813)** | **(5,521,524)** |
| **D) Adjustments to financial assets and liabilities** | | |
| *18) Write-backs:* | | |
| f) Equity-accounted investees | 735,756 | 619,328 |
| | 735,756 | 619,328 |
| *19) Write-downs:* | | |
| a) Equity investments | 303,149 | 0 |
| d) Derivatives | 108,119 | 144,258 |
| | 411,268 | 144,258 |
| ***Total adjustments*** | **324,488** | **475,070** |
| **Pre-tax profit (A-B±C±D±E)** | **2,113,899** | **5,596,916** |
| *20) Income taxes, current and deferred* | | |
| Current taxes | 9,254,630 | 6,056,905 |
| Changes in deferred taxes | (522,907) | (791,651) |
| Income from participation in the tax consolidation scheme/tax transparency | (569,430) | 0 |
| | 8,162,293 | 5,265,254 |
| **21) Net profit/(loss) for the year** | **(6,048,394)** | **331,662** |
| –) Net loss for the year attributable to the group | (7,235,874) | (233,398) |
| –) Net profit for the year attributable to minority interests | 1,187,480 | 565,060 |

CEO
Tullio Pirovano

**Cash flow statement**

| | 2019 | 2018 |
|---|---|---|
| *A) Cash flows from operations (indirect method)* | | |
| Net profit (loss) for the year | (6,048,394) | 331,662 |
| Income taxes | 8,162,293 | 5,265,254 |
| Net interest expense | 7,815,280 | 5,241,632 |
| Dividends | (23,869) | (212) |
| Gain/losses on the sale of assets | (17,115) | 16,653 |
| **1) Profit for the year before income taxes, interest, dividends and gains/losses on the sale of assets** | **9,888,195** | **10,854,989** |
| *Adjustments for non-monetary elements that do not affect other working capital items* | | |
| Accruals to provisions | 0 | 1,500,000 |
| Amortisation and depreciation | 31,692,136 | 20,422,660 |
| Write-downs for impairment losses | 38,394 | 0 |
| Write-downs of derivatives that do not lead to cash flows | (324,488) | 144,258 |
| Other decreases for non-monetary items | 0 | (619,328) |
| **Total adjustments for non-monetary elements that do not affect other working capital items** | **31,406,042** | **21,447,590** |
| **2) Cash flows before changes in other working capital items** | **41,294,237** | **32,302,579** |
| *Changes in other working capital items* | | |
| Increase in inventory | (3,091,593) | (2,844,832) |
| Decrease/(increase) in trade receivables | 3,452,036 | (23,152,556) |
| Increase/(decrease) in trade payables | (8,106,749) | 13,872,703 |
| Decrease/(increase) in prepayments and accrued income | 19,724 | (3,319,767) |
| Increase/(decrease) in accrued expenses and deferred income | (2,244,867) | 3,142,454 |
| Other decreases in other working capital items | 8,169,544 | 625,734 |
| **Total changes in other working capital items** | **(1,801,905)** | **(11,676,264)** |
| **3) Cash flows after changes in other working capital items** | **39,492,332** | **20,626,315** |
| *Other adjustments* | | |
| Interest paid | (7,815,280) | (5,241,632) |
| Income taxes paid | (9,024,438) | (6,335,462) |
| Dividends collected | 23,869 | 212 |
| Utilisation of provisions | (6,103,376) | (3,901,211) |
| **Total other adjustments** | **(22,919,225)** | **(15,478,093)** |
| **Cash flows from operating activities (A)** | **16,573,107** | **5,148,222** |
| *B) Cash flows from investing activities* | | |
| *Tangible fixed assets* | | |
| Investments | (3,063,732) | (3,567,550) |
| Disinvestments | 136,293 | 1,795,422 |
| *Intangible fixed assets* | | |
| Investments | (7,433,835) | (4.154.447) |
| *Financial fixed assets* | | |
| Investments | (136,714) | (56,590) |
| Disinvestments | 0 | 0 |
| *Non-current financial assets* | | |
| Investments | 0 | (144,258) |
| Disinvestments | 626,166 | 0 |
| Acquisitions of subsidiaries net of cash | (39,575,195) | (105.251.098) |
| Sale of subsidiaries net of liquid funds | 0 | 0 |
| **Cash flows used in investing activities (B)** | **(49,447,017)** | **(111,378,521)** |

| | 2019 | 2018 |
|---|---|---|
| *C) Cash flows from financing activities* | | |
| *Third party funds* | | |
| Increase in short-term bank loans and borrowings | 2,455,256 | 8,408,449 |
| Increase in loans | 43,795,677 | 40,567,512 |
| Decrease in loans | (14,390,074) | (8,388,397) |
| *Own funds* | | |
| Proceeds from the issue of shares | 3,249,999 | 56,413,150 |
| Redemption of shares | 0 | 0 |
| Sale/(Repurchase) of own shares | 0 | 0 |
| Dividends and interim dividends paid | 0 | 0 |
| **Cash flows from financing activities (C)** | **35,110,858** | **97,000,714** |
| **Increase/(decrease) in liquid funds (A ± B ± C)** | **2,236,948** | **(9,229,587)** |
| **Exchange rate effect on liquid funds** | 0 | 0 |
| **Opening liquid funds** | **27,875,596** | **37,105,183** |
| Bank and postal accounts | 27,459,509 | 37,088,655 |
| Cheques on hand | 0 | 0 |
| Cash-in-hand and cash equivalents | 416,087 | 16,528 |
| of which not fully available for use | 0 | 0 |
| **Closing liquid funds** | **30,112,544** | **27,875,596** |
| Bank and postal accounts | 29,686,740 | 27,459,509 |
| Cheques on hand | 0 | 0 |
| Cash-in-hand and cash equivalents | 425,804 | 416,087 |
| of which not fully available for use | 0 | 0 |
| **INCREASE/(DECREASE) IN LIQUID FUNDS** | **2,236,948** | **(9,229,587)** |
| *Acquisitions or sales of subsidiaries* | | |
| Total consideration paid or received | 47,146,193 | 112,541,849 |
| Consideration paid as cash | 0 | 0 |
| Cash acquired or sold with the acquisition/sale of subsidiaries | 7,570,998 | 18,472,931 |
| Carrying amount of the assets/liabilities acquired or sold | 8,759,224 | 18,420,889 |

CEO
Tullio Pirovano

**LUTECH GROUP**

**Registered office in VIA DANTE 14 -20121 MILAN (MI)**
**Fully paid-up share capital €3,210,000.00**

**Notes to the consolidated financial statements as at and for the year ended 31 December 2019**

The Lutech S.p.A. and its subsidiaries (the "Group" or the "Lutech Group") Group is a system integrator that supports the digital transformation of its customers with an end-to-end service. The parent, Lutech S.p.A. ("Lutech" or the "company") is a recognised leader in next generation IT infrastructure, Cloud solutions, customer engagement solutions, credit and e-payment management solutions, cybersecurity, IoT, big data, e-Health solutions and cognitive computing. Lutech's leadership was further bolstered with targeted acquisitions on the IT market in Italy over the past three years.

## Basis of preparation

The consolidated financial statements of the Lutech Group have been prepared in accordance with the provisions of article 2423 and following articles of the Italian Civil Code and Legislative decree no. 127/91, interpreted in the context of and integrated by the reporting standards promulgated by the Italian Accounting Standard Setter (the "OIC"). They consist of a balance sheet, a profit and loss account, a cash flow statement and these notes. In addition to the annexes required by law, tables showing a reconciliation of the parent's net loss for the year and net equity with the Group's net profit for the year and net equity are also provided in these notes.

The data and information required by article 38 of the above decree are provided in these notes.

The cash flow statement shows the reasons for increases and decreases in liquid funds during the year and has been prepared under the indirect method, using the layout provided for by OIC 10. The amounts presented in the balance sheet, profit and loss account, cash flow statement and these notes are in Euros, without decimal points, except as otherwise specified.

Significant post-balance sheet events and off-balance sheet commitments, guarantees and contingent liabilities are described in a section of these notes.

## Consolidation scope

The consolidated financial statements are based on the financial statements of Lutech S.p.A. (the parent) and the companies in which the parent directly or indirectly holds a majority investment or over which it has control.

These financial statements are consolidated on a line-by-line basis.

The list of the consolidated companies at 31 December 2019 are as follow:

| COMPANY | INVESTMENT % | CONTROL | BUSINESS |
|---|---|---|---|
| ARCARES S.P.A. | 100% | Direct | Design and sale of business process management software for the banking and financial sectors |
| TERATRON GMBH | 74.7% | Direct | Design, development and production of electronic components used in security and localisation products |
| LISCOR S.P.A. | 100% | Indirect | Design and sale of business process management software for the banking and financial sectors |
| ICTEAM S.P.A. | 100% | Direct | Development of software & system integration, system & Cloud services, loyalty & direct marketing |
| CDM TECNOCONSULTING S.P.A. | 100% | Direct | Product lifecycle management (PLM), IoT, ERP |
| CIMWORKS SL (SPAIN) | 100% | Direct | Product lifecycle management (PLM) for the Spanish market |
| TEN TECNOLOGIE & NETWORKING S.R.L. | 100% | Direct | Consultancy company specialised in customer relationship management (CRM) and customer experience (CX) in Cloud mode based on the Salesforce platform |
| ENIGEN.IT S.R.L. | 100% | Direct | Company operating in Customer Relation Management, with strong Salesforce.com skills, both in terms of implementation of complex projects and in terms of training. |
| FINANCE EVOLUTION S.R.L. | 100% | Direct | Company with a focus on the finance sector, offering business process consulting services and established positioning in the world of banking and capital markets, with experience in securities and derivatives, private banking and security services. |
| DISC S.P.A. | 100% | Direct | System integrator and software house specialised in the design and development of IT solutions with specific experience matured in the banking, industrial and public administration sector |
| APSIDE S.R.L. | 100% | Indirect | Company which develops IT solutions, with specific experience matured in the banking sector. |
| MEDIANA S.R.L.U. | 100% | Direct | Company active in the Energy market, with a billing platform and customer relation management solutions. |
| TECLA.IT S.R.L. | 100% | Direct | Company specialised in digital commerce |
| CST S.R.L. | 60% | Direct | Leading product company on the Italian market in compliance and regulatory solutions, highly specialised in finance sectors |
| SINERGETICA S.R.L. | 100% | Direct | Energy trading & risk management (ETRM) solutions |
| SINERGETICA RO | 100% | Indirect | Dormant |
| **PIVOTAL ITALIA S.R.L.** | 100% | Direct | CRM solutions |

| COMPANY | INVESTMENT % | CONTROL | BUSINESS |
|---|---|---|---|
| DIEM TECHNOLOGIES S.R.L. | 100% | Direct | System integrator specialised in satellite communication systems and digital broadcasting solutions |
| TELESIO SYSTEMS S.R.L. | 51% | Direct | Company with technological expertise in Database, Gold Partner Oracle |
| CDM CONSULTING CO. LTD | 100% | Indirect | Product lifecycle management (PLM), IoT, ERP |
| FORWARD SOFTWARE S.R.L. | 100% | Indirect | Software and services for financing application dossier management for specialised operators in Romania |
| KRONOTECH S.R.L. | 53% | Direct | Production and sale of mechanical, electronic, IT and telematics systems and process and office automation systems |
| SINERGY ICT SOLUTIONS SA | 90% | Indirect | IT system integrator set up in Switzerland by Sinergy S.p.A. to serve the local market |
| TEIA TECHNOLOGIES S.R.L. | 70% | Direct | Big Data Solutions |
| STEPFOUR S.R.L. | 100% | Indirect | Company specialised in the SAP Hybris platform |
| 2MLAB S.R.L. | 100% | Indirect | Web agency expert in UI/UX design and digital marketing |
| TECLA US | 100% | Indirect | Dormant |
| LUTECHNL B.V. | 100% | Direct | Sale of business process management software for the banking and financial sectors |

There are no exclusions due to the different nature of the businesses of the Group companies, nor are there any investments measured using the proportionate method.

Associates in which the parent has an investment of between 20% and 50% are measured at cost. A list of such companies is reported in specific section of these notes. Companies in which the parent has an investment of less than 20% and which qualify as fixed assets are also measured at cost (adjusted for impairment). For the purposes of consolidation, the financial statements of the individual companies were used as prepared by the boards of directors for the approval of the respective shareholders or quotaholders, and partly already approved thereby, reclassified and adjusted to bring them into line with the Group's accounting policies and basis of preparation.

The consolidated companies have the same reporting date as the consolidated financial statements, having resolved and implemented during the year the adjustments to the by-laws related to CDM Tecnoconsulting S.p.A., Cimworks SI and Pivotal S.r.l., which resolved to change their financial year. For consolidation purposes, the 2019 profit and loss accounts of these companies covered the 9 months of the financial statements as at and for the year ended 31 December 2019, plus three months from the previous financial statements as at and for the year ended 31 March 2019.

The profit and loss accounts of companies acquired or sold during the year are consolidated on the basis of the period under the Group's ownership.

**Changes in the consolidation scope**

Five companies became part of the Group and thus were included in the consolidation scope during the year.

The following table summarises the relevant company information, investment percentage held, acquisition price, equity value acquisition date and date of consolidation:

| Company | Opening financial statements | Address | Equity value acquisition date | Price acquisition including the related transaction costs | % investment |
|---|---|---|---|---|---|
| Finance Evolution S.p.A. .......... | 31 March 2019 | Via Morosini 19, 10128 Turin (TO) | 3,001,229 | 11,195,997 | 100% |
| ENIGEN.IT S.r.l. .... | 30 June 2019 | Piazza 5 Giornate 1 Milan (MI) | 973,633 | 5,325,258 | 100% |
| DISC S.p.A. ....... | 31 May 2019 | Via Delle Canovine 46, 24100, Bergamo (BG) | 2,724,431 | 27,979,586 | 100% |
| Mediana S.r.l. ...... | 31 July 2019 | Via Panà 56 Bis, 35027, Noventa Padovana (PD) | 1,159,931 | 2,645,352 | 100% |
| Apside S.r.l. ....... | 31 May 2019 | Via A. Moro 5, 25124, Brescia (BS) | 810,673 | | Indirect 100% |

The opening balance sheets were taken from the financial statements at the closest dates to the acquisition dates.

On 19 March 2019, the dormant company 4PLM S.r.l. was put into liquidation. It was wound up and liquidated with effect as of 1 April 2019.

As of 1 January 2019, due to the merger of NEST2 S.p.A., Sinergy S.p.A. and Mediawebview S.r.l. into Lutech S.p.A., the figures of the three subsidiaries were merged into Lutech S.p.A..

Tecla US (liquidated on 30 October 2019 and therefore no longer in existence) and Sinergetica RO (wholly owned by Tecla.it S.r.l. and Sinergetica S.r.l., respectively) were excluded from the consolidation scope as they were dormant during the year. TAG S.r.l. (50% held by CST S.r.l.) was not included as the percentage of investment held does not entail full control of the company, which, in any case, is immaterial.

**Consolidation method**

The consolidated financial statements have been prepared on the basis of the financial statements approved by the consolidated companies' shareholders or boards of directors, adjusted, where necessary, to align them with the Group's accounting policies, or on the basis of the reporting packages submitted by the consolidated companies and prepared in accordance with the parent's instructions.

The accounting policies adopted in preparing these consolidated financial statements are the same as those adopted by the parent and the majority of consolidated companies.

Asset and liability items in the Group companies' financial statements with names and contents that are the same as or similar to those in the consolidated financial statements where they will be consolidated are measured using the same criteria.

The carrying amounts of the assets, liabilities, costs, revenues and cash flows of subsidiaries directly or indirectly controlled by the parent are consolidated on a line-by-line basis.

Consolidation on a line-by-line basis takes place as follows:

- adjustments to comply with the Group's accounting policies as well as other adjustments necessary for consolidation purposes, such as reclassifications;
- consolidation of the financial statements or reporting packages to be consolidated regardless of the percentage of investment held. The profit and loss accounts of the companies acquired or sold during the year are consolidated over the period of the Group's ownership;

- elimination of the carrying amount of investments in consolidated companies, offsetting the corresponding share of net equity of the subsidiary at the acquisition date.

Where possible, positive differences are allocated to each identifiable purchased asset to the extent of the carrying amount of such asset and, in any case, no higher than their recoverable amount, as well as for each identifiable liability taken on, including the relevant tax effects. If the positive difference is not entirely allocated to separately identified assets and liabilities, the residual amount is recognised as Goodwill in intangible fixed assets, unless it is required to be allocated to the profit and loss account, fully or in part. The residual amount of the elimination difference is allocated to goodwill provided that the requirements are met for the recognition of goodwill as per the relevant accounting policy.

Any additional residual value that cannot be allocated to assets and liabilities and goodwill is taken to the profit and loss account under “Other operating costs”.

If negative, the consolidation difference is allocated, where possible, to assets recognised at carrying amounts in excess of their recoverable amount and to liabilities whose carrying amounts are lower than their settlement amount, net of the tax effect. Any residual negative difference is recognised in the specific “Consolidation reserve” under net equity, unless the difference is not the result of the net losses of the investee but rather the result of a good deal.

Any further unallocated consolidation difference that relates, wholly or in part, to the forecast net losses is recognised in the “Consolidation provision for risks and charges” which will be used in subsequent years to reflect the assumptions made when the investee was acquired and, in any case, irrespective whether the forecast losses are actually incurred.

Undistributed profits and the other equity reserves of subsidiaries and any other changes in subsidiaries’ net equity captions which took place after the acquisition date are recognised as an increase in consolidated net equity for the portion attributable to the Group, usually under “Retained earnings (losses carried forward)”, except for those attributable to exchange differences of foreign operations, which are treated as described below;

- elimination of balances and transactions between companies included in the consolidation scope and internal or intraGroup profits or losses;
- recognition of any deferred tax assets and/or liabilities;
- elimination of dividends received from consolidated companies and write-downs of investments included in the consolidation scope, so that they are not counted twice;
- reclassification of the parent’s shares held by consolidated companies to A)X Negative reserve for own shares in portfolio;
- calculation of the portion of consolidated net equity and net profit or loss for the year attributable to minority interests of the consolidated investees in order to present it separately in the consolidated financial statements;
- measurement of investments in unconsolidated subsidiaries, associates and joint ventures using the equity method;
- analysis and correct presentation in the financial statements of the acquisition of further investments in already consolidated companies and of the sale of investments with or without losing control, as well as other changes in the consolidation scope;
- preparation of the consolidated financial statements.

Exchange rates applied for the translation into Euros are as follows:

| **Currency** | **Exchange rate** | |
|---|---|---|
| | **31/12/2019** | **Average annual rate** |
| RON (Romania) | 4.7830 | 4.7453 |
| CHF (Switzerland) | 1.0854 | 1.1124 |
| Renminbi (China) | 0.1274 | 0.1274 |

## Basis of presentation

The financial statements captions have been measured in accordance with the general principles of prudence and accruals on a going-concern basis. Captions have been recognised and presented in accordance with the substance over form principle, if in compliance with the Italian Civil Code and the OIC. In addition, the same accounting policies were applied as in previous years for the purposes of materiality and comparability.

Accordingly:

- The Group measures the individual assets and liabilities separately, in order to avoid offsetting profits on certain items against losses on other items. Specifically, the Group recognises profits only if realised before the reporting date, whereas it considers risks and losses on an accruals basis, even when they become known after the reporting date.
- The Group recognises income and charges on an accruals basis regardless of their collection or settlement date. Accruals-based accounting affects the timing with which income and expense are taken to profit or loss in order to determine the net profit or loss for the year.
- The directors performed a forward-looking assessment of the Group's ability to operate a business that will generate profits for the foreseeable future, or at least twelve months from the reporting date. The assessment showed that there are no significant uncertainties with respect to the Group's ability to continue as a going concern.
- Identifying rights, obligations and conditions of transactions was based on their contractual terms and conditions and by comparing them with the accounting standards to check that the balance sheet and profit and loss account items were correctly recognised or derecognised.
- The accounting policies are the same as those applied in the previous year in order to measure the Group's results consistently over time.
- During the year, no exceptional cases arose that would have made departure from the accounting policies, as allowed by article 29.4 of Legislative decree no. 127/91, necessary to allow a true and fair view of the Group's financial position and results of operations. Moreover, the Group did not perform any revaluations as per the relevant special laws.
- The materiality of the individual items comprising financial statements captions was assessed in the overall context of the consolidated financial statements. Both qualitative and quantitative elements were considered in quantifying materiality.
- Each balance sheet, profit and loss account and cash flow statement caption presents the corresponding figures of the previous year. Where necessary, the latter are adjusted for comparative purposes and the related effects are disclosed in the notes, if material.

## Accounting policies

The accounting policies applied to prepare the consolidated financial statements at 31 December 2019 are those used for the separate financial statements of the company that prepares the consolidated financial statements and are also consistent with the policies applied to prepare the previous year's consolidated financial statements, especially as regards the measurement criteria and their consistent use.

## Fixed assets

*Intangible fixed assets*

Intangible fixed assets are recognised at historical cost, including transaction costs, net of amortisation charged over the years to the individual assets.

They are amortised in line with their residual income generating potential and, if this cannot be determined, using a rate of 20%.

Deferred *start-up and capital costs and development costs* are recognised at cost, with the prior consent of the board of statutory auditors. Development costs are amortised in line with the income generating potential. When the company is not able to estimate this potential in cases, the costs are amortised over not more than five years.

Goodwill, arising on the cancellation of equity investments of acquirees and the exchange of shares or quotas assigned to the share or quotaholders of the merged companies, are amortised on a straight-line basis. This rate is deemed appropriate to allow the company to recover the goodwill through future economic benefits while complying with the principle of cost recoverability.

Net of the above, all goodwill is amortised over ten years.

*Extraordinary maintenance of third party assets* is amortised over the shorter of the period of future use of the costs incurred and the lease term of the assets that have undergone maintenance.

*Patents* are amortised using a 10% rate.

If, at the reporting date, there are indications of impairment losses on fixed assets, the recoverable amount of such assets is estimated.

Should their recoverable amount, being the higher of value in use and fair value less costs to sell, be lower than their carrying amount, the assets are written down.

When the recoverable amount of an asset cannot be estimated, it is tested for impairment at cash-generating unit ("CGU") level, that is, the lowest identifiable level for assets, which includes the assets to be measured and generates cash inflows that are largely independent of the cash inflows generated by other assets or Groups of assets.

The write-down is not maintained in subsequent years if the reasons therefor cease to exist. The write-down is reversed up to the amount the asset would have had if the write-down had never taken place, that is, net of the amortisation/depreciation that would have been recognised in the absence of the write-down. Write-downs of goodwill and deferred charges cannot be reversed.

*Tangible fixed assets*

Tangible fixed assets are recognised at purchase or production cost, including transaction costs and any costs that increase the carrying amount of the asset decreased by any large trade and cash discounts.

They are adjusted for depreciation and any write-downs.

Tangible fixed assets are usually depreciated systematically on a straight-line basis over their estimated useful lives using rates that match the ordinary tax rates.

*Maintenance and repair costs* that increase the value of an asset as they lengthen its useful life or lead to a significant and measurable increase in production capacity or occupational safety or an improvement in the environmental conditions are capitalised. Otherwise, they are expensed.

*Extraordinary maintenance costs* incurred to expand, modernise, replace or improve an asset are capitalised within the limits of its recoverable amount if they result in a significant and measurable increase in its production capacity, safety or useful life.

Depreciation taken to the profit and loss account is calculated using rates held to reflect the assets' utilisation and estimated useful life. The depreciation rates applied, which are unchanged from the previous year and halved for assets acquired during the year, are as follows:

| | 2019 rate | 2018 rate |
|---|---|---|
| LAND AND BUILDINGS | | |
| Buildings | 3% | 3% |
| PLANT AND MACHINERY | | |
| Plant and machinery | 15% | 15% |
| Air-conditioning systems | 15% | 15% |
| Alarm and CCTV systems | 30% | 30% |
| Electrical energy generation and transmission systems | 15% | 15% |
| Wired cabling telephone system | 15% | 15% |
| INDUSTRIAL AND COMMERCIAL EQUIPMENT | | |
| Sundry equipment | 15% 30% | 15% 30% |
| OTHER ASSETS | | |
| Ordinary office furniture and equipment | 12% | 12% |
| Furnishings | 15% | 15% |
| Cars | 25% | 25% |
| Electronic equipment | 20% | 20% |

Tangible fixed assets of the parent and consolidated companies are revalued, within the limits of their recoverable amount, only in the cases in which it is required or allowed by the relevant law of the respective countries

**Financial fixed assets**

Investments in associates are measured using the equity method.

They are initially recognised at acquisition cost, including the related transaction costs. The latter comprise bank and financial brokerage fees, i.e., commissions, expenses and taxes.

Upon initial recognition, the acquisition cost of an equity investment is compared to the relevant share of the investee's net equity resulting from its most recent financial statements.

If an initial positive difference is identified which can be attributed to higher carrying amounts of the investee's assets, measured at present value, or to goodwill, the investment is recognised at acquisition cost, including the initial positive difference. Otherwise, the investment is impaired and the write-down is recognised as a write-down of equity investments in the profit and loss account.

If an initial negative difference is identified which can be attributed to a good deal, the investment is recognised at the investee's higher net equity, adjusted compared to its cost, recognising an undistributable reserve in net equity as a balancing entry. Should the initial negative difference be attributable to assets recognised at higher carrying amounts than their recoverable amounts, liabilities recognised at lower carrying amounts than their settlement amounts or forecast losses, the investment is initially recognised at acquisition cost and the difference is a provision for future risks and charges. This provision, recognised as a memorandum account, in future years to adjust the investee's net profits or losses, in order to reflect the assumptions made upon acquisition.

The draft financial statements formally prepared by the investee's board of directors, if the shareholders/quotaholders have not approved them, are used for the equity measurement method.

The net profit or loss for the year and net equity shown in an investee's financial statements are subject to the same adjustments required for consolidation purposes. The parent's share of an investee's adjusted net profit or loss increases or decreases the carrying amount of the investment, with a balancing entry in the profit and loss account. Dividends received reduce the investment's carrying amount. Changes in the investee's net equity that did not affect its net profit or loss for the year increase or decrease its carrying amount and the specific undistributable reserve, without affecting the Group's profit and loss account. If, as a result of net losses, the carrying amount of an investment becomes negative, it is written off and, should the Group be legally or otherwise bound to support its investee, the losses exceeding the write-off are recognised in the provisions for risks and charges.

If any impairment losses are identified, the investment is written down, even when the resulting carrying amount is lower than the amount arising from equity accounting.

Investments in other companies are measured at cost and adjusted for impairment.

Receivables are recognised under fixed or current assets depending on their intended use in relation to the company's ordinary activities that generate them. Accordingly, financial receivables are recognised under *financial fixed assets,* whereas trade receivables are recognised under *current assets,* regardless of their due date.

Financial receivables are recognised at their estimated realisable value. Their nominal value is adjusted through the provision for bad debts to their estimated realisable value to account for possible insolvencies.

The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to article 12.2 of Legislative decree no. 139/2015, the Group opted not to recognise receivables arising before 1 January 2016 at amortised cost and did not discount them.

**Finance leases**

The Group accounts for finance leases using the balance sheet method, whereby the lease payments made are recognised in the profit and loss account on an accruals basis.

**Inventory**

Inventory is initially recognised at acquisition or production cost and is subsequently measured at the lower of acquisition cost and estimated realisable value based on market trends.

Purchase cost is the actual cost paid upon purchase including related charges. The purchase cost includes the price, transport costs, customs and other duties and other directly attributable costs. Returns, commercial discounts, rebates and bonuses are deducted from costs.

Production cost includes all direct costs and the reasonably attributable portion of indirect costs incurred from production up to when the asset is available for use, based on normal production capacity. Production cost excludes general and administrative costs, distribution costs and research and development costs.

The Group has adopted the weighted average cost model.

Goods in stock include IT equipment and software held for resale.

Spare parts are measured at average cost.

*Contract work in progress*

If the Group has a binding agreement with the counterparty and is able to measure the contract profit or loss reliably, contract work in progress is recognised based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognised on the basis of the work performed.

This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly. Any resulting profits or losses are recognised in the profit and loss account when the update is made.

Contract revenues include all contractual consideration, as well as approved variations to work, price escalation clauses, claims and incentives to the extent they can be determined reliably and their collection is reasonably certain. Accrued revenues are recognised when the Group is certain that it will definitively collect them as consideration for the work carried out. In the case of progress billings, since advances and payments on account are financial transactions, they do not affect revenue recognition and are always recognised as liabilities as they are not necessarily calculated on the basis of work carried out. Upon final billing, the company reverses the relevant amount of advances and payments on account from liabilities.

Contract costs include all costs directly related to the contract, indirect costs attributable to the entire production process and attributable to the contract, as well as any other costs that may be specifically charged to the customers under the contract terms. Contract costs also include pre-operating costs, i.e., those costs incurred in the initial stage of the contract before the contract work or production process begins, and those to be incurred after the closure of the contract.

If the company is unable to determine the outcome of a contract reliably, its carrying amount is calculated on the basis of the costs incurred, if their recovery is reasonably certain and, therefore, without recognising any profit.

The Group recognises the consideration to which it is definitively entitled as revenue, while it recognises the change in contract work in progress, which is the difference between the opening and closing inventory for work carried out and not yet definitively settled, in the specific profit and loss account caption.

**Financial receivables**

Receivables are rights to receive fixed or determinable amounts of cash or its equivalent from customers or other third parties at identified or identifiable due dates.

Receivables arising from the sale of goods and supply of services are recognised in accordance with the requirements set out in the section on revenues.

Receivables arising for other reasons are recognised if they result in a right to a receivable, i.e., if they actually give rise to a third party obligation to the Group.

Receivables are recognised at amortised cost, considering the time value of money and their estimated realisable value. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to article 12.2 of Legislative decree no. 139/2015, the Group opted not to recognise receivables arising before 1 January 2016 at amortised cost and did not discount them.

In this case, receivables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest collected and net of estimated write-downs and expected credit losses recognised to adjust their carrying amount to their estimated realisable value.

Cash discounts and allowances, that were not included in the calculation of the estimated realisable value as they could not be determined when the receivable was originally recognised, are recognised upon collection as financial charges.

Financial receivables are recognised at their estimated realisable value. Their nominal value is adjusted through the provision for bad debts to their estimated realisable value to account for possible insolvencies. To this end, the Group considers specific indicators based on past trends and any other useful information about a probable impairment. The write-downs are estimated on an individual basis for significant receivables and collectively for the others, by calculating the expected impairment losses at the reporting date.

Receivables are derecognised when the contractual rights to the cash flows from the receivable are extinguished or title thereto is transferred along with nearly all the related risks. To verify transfer of the risks, the company considers all the contractual clauses.

When the above-mentioned conditions are met and the receivable is derecognised, any difference between the amount collected and the receivable's carrying amount is recognised as an impairment loss in the profit and loss account, unless another classification, including financial, may be identified based on the transfer agreement.

**Derivatives**

A derivative is a financial instrument or other contract with all three of the following characteristics:

a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);

b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;

c) it is settled at a future date.

The Group recognises a derivative when it becomes party to its contractual provisions, i.e., when it signs the contract and is, therefore, subject to its rights and obligations. It recognises derivatives, including embedded derivatives, at fair value.

Derivatives embedded in hybrid contracts are separated from the non-derivative host and recognised separately if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative provided for in OIC 32. The Group assesses whether it is required to separate an embedded derivative and recognise it separately only at the hybrid instrument's initial recognition or at the date when its contractual clauses are amended.

At each reporting date, the Group measures derivatives at fair value and presents them in the specific balance sheet captions as current or fixed (in the case of hedges of fixed assets or liabilities due after one year) assets, if their fair value is positive or under provisions for risks and charges, if their fair value is negative. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures the fair value of unlisted derivatives using adequate valuation techniques and the assumptions, parameters and fair value hierarchy levels required by the relevant OIC.

Fair value gains or losses on derivatives that do not meet the hedge accounting requirements are recognised in the specific profit and loss account captions.

Therefore, if the company uses derivatives as hedges from a management perspective but the hedging relationship does not fully meet hedge accounting requirements, it recognises them based on the general treatment described earlier.

The hedge effectiveness is documented at initial recognition and also on an ongoing basis. At each reporting date, the Group assesses whether the hedging relationship is still effective.

*Cash flow hedges*

If a derivative is designated as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a firm commitment or a highly probable forecast transaction and could affect the net profit or loss, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in the specific net equity reserve, whereas the ineffective portion of the gain or loss on the hedging instrument is recognised in the profit and loss account.

The gains or losses accumulated in the net equity reserve are reclassified to the profit and loss account in the year or over the years during which the hedged future cash flows affect the net profit or loss. If a firm commitment or a highly probable forecast transaction subsequently results in the recognition of a non-financial asset or liability, the associated gains or losses that were recognised in the specific reserve are reclassified from net equity to the carrying amount of the asset (to the extent of its recoverable amount) or liability upon its recognition.

When the company discontinues hedge accounting for a cash flow hedge, but the hedged future cash flows are still expected to occur, the amount that has been accumulated in the reserve remains in net equity until the future cash flows occur. If the hedged future cash flows are no longer expected to occur or the forecast transaction is no longer highly probable, that amount is immediately reclassified from the reserve to the profit and loss account.

**Liquid funds**

These are the positive balances of bank and postal accounts and cheques, as well as the cash-in-hand and cash equivalents at year end. Bank and postal account deposits and cheques are recognised at their estimated realisable value, cash and revenue stamps at their nominal amount, while foreign currency is measured at the closing rate.

**Foreign currency transactions, assets and liabilities**

Assets and liabilities generated by foreign currency transactions are initially recognised in Euros, applying the transaction-date spot rate between the Euro and foreign currency to the foreign currency amount.

Foreign currency monetary items, including the provisions for risks and charges related to foreign currency liabilities, are translated using the closing spot rates. Any resulting gains or losses are taken to the profit and loss account.

Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the transaction-date exchange rate. Consequently, any exchange rate gains or losses are not recognised separately.

Any unrealised net exchange rate gain on foreign currency monetary items forms part of the net profit or loss for the year and, when the financial statements and consequent allocation of the net profit or loss for the year are approved, it is recognised in an undistributable reserve. Should the net profit for the year be lower than the unrealised net exchange rate gain, the amount recognised in the undistributable reserve is equal to the net profit for the year.

If foreign currency items are designated as hedged items or hedging instruments in a hedging relationship, the company applies the accounting treatment described in the “Derivatives” section.

**Prepayments and accrued income and accrued expenses and deferred income**

Accrued income and expense are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.

Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year or in previous years but pertaining to one or more subsequent years.

Accordingly, these captions comprise only portions of expenses and income relating to two or more years, whose amount varies on a time or economic accruals basis.

At each year end, the company analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on its expected realisable value, whereas that of prepayments is based on the existence of future economic benefits matching the deferred costs.

None of the prepayments and accrued income or accrued expenses and deferred income items relate to more than five years at the reporting date.

### Securities

Securities recognised as fixed assets held until their maturity are measured using the amortised cost method, while securities recognised as current assets are measured at the lower of amortised cost and estimated realisable value based on market trends.

### Net equity and own shares

The effects of the application of other accounting policies on net equity are disclosed in the relevant notes. Own shares are recognised at their repurchase cost in a negative net equity reserve when they are repurchased. That reserve is reversed following the shareholders' resolution to cancel own shares, concurrently reducing share capital by the cancelled shares' nominal amount. Any difference between the amount accumulated in the reserve and the cancelled shares' nominal amount increases or decreases net equity.

If the company sells its own shares, any difference between the amount accumulated in the reserve and the proceeds from the sale increases or decreases another net equity caption.

### Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years.

Accruals to provisions for risks and charges are primarily recognised in the profit and loss account section to which the transaction relates, privileging the classification of costs by nature. The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at each reporting date and is not discounted. Moreover, in estimating accruals to provisions for charges, the company may consider the related time horizon, if a reasonable estimate of the amount required to settle the obligation and its due date is possible and the latter is so far into the future that the obligation's present value and estimated liability will be considerably different at that settlement date.

If the measurement of the accruals gives a range of values, the accrual represents the best possible estimate between the upper and lower thresholds of the range.

The provisions are subsequently used directly and solely for those costs and liabilities for which they were originally set up. If they are not sufficient or are redundant, the shortfall or surplus is recognised in the profit and loss account in line with the original accrual.

### Employees' leaving entitlement

The Italian employees' leaving entitlement (TFR) is the benefit to which employees are entitled in any case of termination of employment pursuant to article 2120 of the Italian Civil Code and considering the changes in legislation introduced by Law no. 296/2006. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account and partial advances paid by virtue of national or individual labour contracts or company agreements which are not required to be repaid and net of portions transferred to supplementary pension funds or the treasury fund managed by INPS (the Italian social security institution).

The related liability is the amount that the company would have paid had all employees left at the reporting date. The amount due to employees who had already left the company at the reporting date but that will be paid in the following year is reclassified to payables.

### Payables

Payables are specific and certain liabilities that are obligations to pay fixed or determinable sums of cash or its equivalent to financial backers, suppliers or other parties.

Payables arising from the purchase of goods are recognised when the production process of goods has been completed and the substantial transfer of title has taken place, with the transfer of risks and benefits being the key parameter. Payables relating to services are recognised once the services have been delivered, i.e., when they have been carried out. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to article 12.2 of Legislative decree no. 139/2015, the Group opted not to recognise payables arising before 1 January 2016 at amortised cost and did not discount them.

In this case, payables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest paid.

In the event of early settlement, the difference between the residual outstanding amount and the outlay to settle the obligation is recognised as financial income or charges.

Cash discounts and allowances that were not included in the calculation of the carrying amount at initial recognition as they could not be determined when the payable was originally recognised, are recognised upon settlement as financial income.

### Revenues and costs

Revenues and income, costs and charges are stated net of returns, allowances, discounts and premiums, as well as taxes directly related to the sale of goods or provision of services, in compliance with the accruals and prudence concepts. Revenues from the sale of goods are recognised when the production process for the goods has been completed and the exchange has already taken place i.e., upon the substantial rather than formal transfer of title, with the transfer of risks and benefits being the key parameter. Revenues from the provision of services are recognised once the services have been provided, i.e., when they have been carried out. For the service projects, revenues are recognized based on the percentage of stage of completion (see contract working progress).

Revenues and income, costs and charges relating to foreign currency transactions are translated using the spot exchange rate ruling on the date of the relevant transaction.

Gains and losses from repurchase agreements, including those arising from the difference between the spot and forward prices, are recognised on an accruals basis.

When the amortised cost method is applied, interest is recognised using the effective interest method. Financial charges are recognised for the amount accrued during the year.

Revenues and costs, whose amount or impact is exceptional, are disclosed in a specific section of these notes.

### Income taxes

Current income taxes for the year are calculated on the basis of a realistic forecast of the taxable profit under the relevant tax legislation and applying the enacted tax rates at the reporting date. The related tax payable is stated at its nominal amount in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have been not claimed for reimbursement. A tax asset is recognised for payments on account, withholdings and receivables exceeding the taxes payable. Tax receivables and payables are measured at amortised cost, except when they are due within one year.

The preparation of consolidated financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, are recognised in the profit and loss account when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities and their tax base.

**Use of estimates**

The preparation of consolidated financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, are recognised in the profit and loss account when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.

**Commitments, guarantees and contingent liabilities**

Commitments, which are not recorded on the balance sheet, are obligations with third parties arising from legal agreements with certain obligatory effects which have not been executed by either of the parties. They include commitments of a certain amount and execution (e.g., purchase and sale forwards) and commitments the execution of which is certain but not the amount (e.g., a contract with a price revision clause). They are shown at their nominal amount as per the related supporting documentation.

Guarantees given by the Group include both personal guarantees and collateral.

| | Amount |
|---|---|
| GUARANTEES GIVEN ON BEHALF OF SUBSIDIARIES AND ASSOCIATES | 2,820,000 |
| CURRENCY FORWARDS | 15,467,707 |
| RECEIVABLES FACTORED WITH RECOURSE | 246,007 |
| GROUP ASSETS HELD BY THIRD PARTIES | 807,148 |

The series of acquisitions led to some contractual commitments.

Under the agreements to acquire controlling investments in CST S.r.l. (60%) and Telesio Systems S.r.l. (51%), Lutech undertook to acquire the remaining quotas within set deadlines, with the price calculation to be based on future results. For the price calculation, reference should be made to the recently approved financial statements as at and for the year ended 31 December 2019. Due diligence activities are being carried out on the amounts used in defining the price which will be used as a basis for the notary deed for the transfer of minority interests. At the date of approval of these financial statements, the best price estimate is equal to €1.0 million for Telesio Systems S.r.l. and €4.5 million for CST S.r.l..

During the year, the price adjustment required for the acquisition of DIEM Technologies S.r.l. was regulated with no material variations compared to the amount recognised in the previous year's provision for future charges while there were no changes resulting from the price adjustment for TECLA.IT S.r.l.. With regard to other price adjustments related to acquisitions made in 2019, the adjusted amounts are already defined and recognised as payables in these financial statements.

Under the share purchase agreement, the minority shareholders in Teratron GMBH and the minority quotaholders in Kronotech S.r.l. were granted put options to be exercised under specific conditions.

The agreement for the sale of the Gioia del Colle building in 2018 contained a reservation of title clause under which the building would return to Lutech in the event of non-payment. Should this occur the Group would need to find a new buyer as the building is deemed no longer strategic. At 31 December 2019, payments have been duly made.

Under the loan agreements in place, the parent pledged its own shares in OEP Italy Solution S.r.l., TEN Tecnologie & Networking S.r.l., CST S.r.l., Telesio Systems S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Pivotal Italia S.r.l., CDM Tecnoconsulting S.r.l., Cimworks SI, Tecla.it S.r.l., DIEM Technologies S.r.l., LutechNL BV, Finance Evolution S.r.l., Disc S.p.A., Enigen.IT S.r.l. and Mediana S.r.l.. The parent also placed its assets under special lien as per article 46 of the Consolidated banking act and pledged as guarantee its potential future receivables arising from the compensation obligations set out in the individual agreements to acquire the investments. The Lutech S.p.A. shares held by the ultimate parent OEP Italy Solution S.r.l. were also pledged under the same loan agreements.

### Post-balance sheet events

These events modify conditions existing at the reporting date. They require adjustments to the carrying amounts of recognised assets and liabilities in accordance with the relevant accounting policy. They are recognised on an accruals basis to present their reporting-date effect on the Group's financial position, financial performance and cash flows.

The post-balance sheet events that modify situations existing at the reporting date but do not require adjustments to the carrying amounts under the relevant accounting policy as they relate to the subsequent year are not recognised but are disclosed in the notes if necessary to give a more complete view of the Group's position.

The date within which an event shall be considered a post-balance sheet event is the date on which the directors prepare the consolidated financial statements, unless events that take place during the period from such date to the date on which the financial statements of the parent are expected to be approved by the shareholders have a significant impact on the consolidated financial statements.

### Workforce

The number of employees of the fully consolidated companies are shown separately by category.

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Managers | 74 | 61 | 13 |
| Junior managers | 351 | 320 | 31 |
| White collars | 2,276 | 1,844 | 432 |
| Blue collars | 48 | 49 | (1) |
| **Total** | **2,749** | **2,274** | **475** |

The Group companies had an average overall workforce of 2,452 in 2019. It increased by 345 is due to changes in the consolidation scope.

### Main risks and uncertainties

#### *Credit risk*

Credit risk represents the Group's risk to potential losses resulting from non compliance with the obligations assumed by the counterparties. The Group works with many customers that have an excellent credit standing and it is not exposed to any particular business risks, apart from those tied to the general conditions of the economy and country risk. Despite this, the Group constantly monitors receivables' collectability, in order to promptly identify any cases of non-compliance by customers.

#### *Liquidity risk*

During the year, the Group had sufficient short and long-term credit facilities. The acquisition of Lutech S.p.A. by OEP Italy Solutions S.r.l. as well as the subsequent acquisitions were supported by a balanced mix of own funds and bank loans. The financial debt that supported the acquisition process refers to financing granted by a syndicate of banks comprised of Crédit Agricole Italia S.p.A., Banca IMI S.p.A. and Banco BPM S.p.A., as arrangers and lending banks, and ICCREA Bancaimpresa S.p.A., BCC Milano and Unione di Banche Italiane S.p.A., as lending banks. Crédit Agricole Italia S.p.A. also acted as agent. The total financing at the reporting date included medium-long term loans of €152,524,400.00 and a revolving credit facility of €24,000,000 to support the Group's working capital funding needs. €10,000,000 of such revolving credit facility was used at the reporting date. The relevant bodies of the lending banks resolved to grant such financing following due preliminary investigations carried out by the banks. The outcome of such investigations was a positive assessment of the status of the parent and its future prospects in light of its development plans. As is customary in transactions of this nature, the financing was backed by guarantees. These comprised of collateral and a special lien as per article 46 of the Consolidated banking act issued on the parent's main assets, in addition to a pledge on the shares/quotas of Lutech S.p.A., OEP Italy Solution S.r.l., TEN Tecnologie & Networking S.r.l., CST S.r.l., Telesio Systems S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Pivotal Italia S.r.l., CDM Tecnoconsulting S.r.l., Cimworks SI, Tecla.it S.r.l., DIEM Technologies S.r.l., LutechNL BV, Finance Evolution S.r.l., Disc S.p.A., Enigen.it S.r.l. and Mediana S.r.l..

The borrowers of the credit facility were Lutech S.p.A. and Arcares S.p.A., while the guarantors were OEP 14 BV, OEP Italy Solution S.r.l., Lutech S.p.A., Arcares S.p.A., Liscor S.p.A., CDM Tecnoconsulting S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Tecla.it S.r.l. and TEN Tecnologie & Networking S.r.l..

The financing agreement requires compliance with financial covenants and contractual obligations. At the date of preparation of these consolidated financial statements, the covenants and obligations were all met.

The medium to long-term debt structure used to finance the various acquisitions, the availability of syndicate and non-syndicate short-term credit facilities and the initiatives underway to centralise the cash pooling system of the Group companies enable the Group to optimise the sources and application of funds and supports it in developing its core business.

***Market risk and hedging policies***

The parent purchases large amounts of products, services and software in foreign currency, mainly the US dollar. The US dollar was strong for much of 2019 driven by the rise in Fed rates. The parent hedges currency risk by making forward currency purchases to offset possible negative fluctuations in foreign currency transactions, compared to the sales conditions agreed with customers.

The Group's exposure to interest rate risk mainly derives from the volatility of borrowing costs related to the debt bearing a floating rate, i.e., the loan granted by the syndicate of banks comprised of Crédit Agricole Italia S.p.A., Banca IMI S.p.A. and Banco BPM S.p.A., ICCREA Bancaimpresa S.p.A., BCC Milano and Unione di Banche Italiane S.p.A.. Following the extension of the medium to long-term credit facilities between 2017 and 2019, the parent agreed to three new four-year interest rate cap for €85.7 million.

The aim of the Group's operating and financial policies is to minimise the impacts of such risks on its performance by improving its financial results and net financial debt.

### Intangible fixed assets

The caption may be analysed as follows:

| | 31/12/2018 | Change in cons. scope | Increases | Amortisation | Decreases | Reclassifications | 31/12/2019 |
|---|---|---|---|---|---|---|---|
| Start-up and capital costs | 4,782 | 1,399 | 1,419 | (2,324) | — | | 5,276 |
| Development costs | 5,886,028 | 162,105 | 6,009,473 | (3,489,751) | — | 774,826 | 9,342,681 |
| Industrial patents | 979,631 | 6,761 | 818,260 | (884,450) | — | 130,833 | 1,051,035 |
| Concessions, licences, trademarks and similar rights | 4,112,305 | 1,896 | 79,357 | (764,160) | — | | 3,429,398 |
| Goodwill | 189,313,794 | | 40,415,986 | (23,156,785) | (38,394) | | 206,534,601 |
| Assets under development and payments on account | 944,659 | | 123,750 | — | — | (905,659) | 162,750 |
| Other | 2,065,760 | 47,406 | 401,576 | (565,561) | — | | 1,949,182 |
| **Total** | **203,306,959** | **219,568** | **47,849,821** | **(28,863,031)** | **(38,394)** | **—** | **222,474,923** |

Intangible fixed assets increased by €219,568 due to changes in the consolidation scope which included five new companies at 31 December 2019. The increase in development costs was due to the investments made by Group companies to develop proprietary solutions. The rise in concessions, licences, trademarks and similar rights relates to the amount allocated to the Lutech and Sinergy trademarks following the expert appraisal carried out during the purchase price allocation net of the relevant amortisation. Goodwill includes those recognised in the financial statements of the subsidiaries, the Lutech goodwill arising on the reverse merger carried out in 2018 and the higher prices paid for the acquisitions carried out during the year. With regard to such acquisitions and the allocation of the higher price pursuant to OIC 17 and 24, the parent gathered information from all Group companies about tangible and intangible fixed assets other than goodwill to which the excess price paid could be allocated, including via sending a specific questionnaire. Once all such information had been gathered, the parent analysed the questionnaires in light of the OIC and the materiality of events and amounts. Such analysis found that no such assets existed, thus the parent recognised the excess price as goodwill.

At the reporting date, there are not indications of impairment losses on intangible assets.

### Write-downs and write-backs of the year

During the year, 2Mlab S.r.l. carried out the prudent write-down of goodwill arising on previous extraordinary transactions of €38,394.

### Start-up and capital costs

The caption may be analysed as follows:

| Costs | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Other changes to the deeds of incorporation | 5,276 | 4,782 | 494 |
| **Total** | **5,276** | **4,782** | **494** |

### Development costs

This caption refers to costs to develop the Group's various proprietary IT platforms.

| Costs | 31/12/2018 | Change in consolidation scope | Increases | Amortisation | 31/12/2019 |
|---|---|---|---|---|---|
| **Total** | **5,886,028** | **162,105** | **6,784,299** | **(3,489,751)** | **9,342,681** |

Increases include €774,826 related to the reclassification of development costs for the new Labware IT platform (developed by the subsidiary SISGE Medical S.r.l. which merged into Lutech on 1 January 2018), which was completed in 2019.

The main solutions for which development costs were capitalised are the wLab middleware, the wHospital medical record, the Intelligent Solutions RT3, the Forward 2000 and 3000 lease management platforms, the K4F loan management product, the Phoenix Compliance Platform (PCP™) compliance solution and the ENTROPY, PE2 PLM, ECS SUITE and POWERPLANNER solutions of CDM Tecnoconsulting.

The recognised costs are expected to refer to more than one year and are amortised systematically on a straight-line basis over five years.

### Industrial patents

This caption, amounting to €1,051,035 at 31 December 2019, increased by €6,761 due to changes in the consolidation scope and by €818,260 due to investments made during the year, net of amortisation of €884,850. The caption mainly includes the residual amount of investments in third-party software to support Group processes.

### Concessions, licences, trademarks and similar rights

This caption chiefly refers to the residual amount of the Lutech™ (€2,378,155), Radiotrevisan™ (€116,354), Kronotech™ (€31,620), and Sinergy™ (€891,372) trademarks, as found in the expert appraisal carried out for the allocation of the higher price paid for the acquisitions.

### Goodwill

Goodwill, net of accumulated amortisation, amounted to €206,534,601, compared to €189,313,794 at the previous year end. The caption includes the allocations of higher prices paid for the various acquisitions, as follows:

| | |
|---|---|
| LUTECH S.p.A. | 29,730,512 |
| SISGE MEDICAL S.r.l. (merged into Lutech) | 2,111,278 |
| WHEALTH S.r.l. (merged into Lutech) | 5,502,464 |
| IT BUSINESS S.r.l. (merged into Lutech) | 4,552,780 |
| ARCARES S.p.A. | 6,508,693 |
| LISCOR S.p.A. | 2,834,287 |
| FORWARD SOFTWARE S.r.l. | 1,899,274 |
| KRONOTECH S.r.l. | 1,096,469 |
| SOLTEC S.r.l. (merged into Kronotech) | 486,342 |
| TERATRON GmbH | 6,082,696 |
| TEIA TECHNOLOGIES S.r.l. | 176,802 |
| SINERGY S.p.A. (merged into Lutech) | 19,585,907 |
| TELESIO SYSTEMS S.r.l. | 581,209 |
| CDM TECNOCONSULTING S.p.A. | 22,029,380 |
| PIVOTAL ITALIA S.r.l. | 520,978 |
| TEN TECNOLOGIE & NETWORKING S.r.l. | 7,259,285 |

| | |
|---|---|
| NEST2 S.p.A. (merged into Lutech) | 6,701,931 |
| SINERGETICA S.r.l. | 6,024,639 |
| CIMWORKS SL | 10,329,365 |
| TECLA.IT S.r.l. | 6,825,703 |
| C.S.T. S.r.l. | 2,164,308 |
| DIEM TECHNOLOGIES S.r.l. | 5,696,742 |
| ICTEAM S.p.A. | 20,578,997 |
| CDM CONSULTING CO.LTD | (262,812) |
| STEPFOUR S.r.l. | 53,786 |
| 2MLAB S.r.l. | 19,390 |
| TAG S.r.l. | 68,178 |
| FINANCE EVOLUTION S.r.l. | 7,580,160 |
| ENIGEN.IT S.r.l. | 4,134,044 |
| MEDIANA S.r.l. | 1,423,524 |
| DISC S.p.A. | 23,782,021 |
| APSIDE S.r.l. | 456,271 |
| **TOTAL** | **206,534,601** |

The goodwill is mainly due to the allocation to Lutech S.p.A. of the goodwill arising from the reverse merger of OEP Italy Solutions S.r.l. finalized in 2018 and the acquisition of companies made in 2017, 2018 and 2019.

The increase of goodwill of € 40,415,986 is due to the higher price paid compare to book net asset for the acquisitions made in 2019 (Finance Evolution €8,194,768, Enigen.IT € 4,351,625, Mediana € 1,485,421, DISC € 25,255,155, Apside € 484,543), the Lutech S.p.A.'s acquisition of the Network Operating Center business unit from Huawei Technologies Italia S.r.l. (€274,860) and the price adjustment paid for Diem Technologies S.r.l.(€369,569).

**Assets under development**

This caption amounted to €162,750 at 31 December 2019 and mainly includes costs to acquire rights related to Centurio and Optio software products (€77,000) and the ų agent vehicle (€85,750) used in the Intelligence Solution. Compared to the previous year, it decreased due to the reclassification of development costs for the new Labware IT platform (developed by the subsidiary SISGE Medical S.r.l. which merged into Lutech on 1 January 2018) which was still ongoing at the reporting date. The caption also includes investments recently begun to create a new CRM solution to support the Lutech Group in commercial processes.

**Other**

This caption amounted to €1,949,182 at 31 December 2019 and includes extraordinary maintenance on third-party assets and legal, notary and administrative consultancy costs incurred over various years for the acquisition of the Mainframe Computer and Intelligence Solutions business units. The increases in this caption due to changes in the consolidation scope amounted to €47,606.

**Total revaluations of intangible fixed assets at the reporting date**

No revaluations were made during the year.

**Capitalisation of borrowing costs**

No borrowing costs were capitalised during the year.

**Tangible fixed assets**

The caption may be analysed as follows:

| | 31/12/2018 | Change in cons. scope | Increases | Depreciation | Decreases | 31/12/2019 |
|---|---|---|---|---|---|---|
| Land and buildings | 4,331,977 | 995,331 | 11,499 | (154,750) | — | 5,184,057 |
| Plant and machinery | 150,568 | 38,643 | 305,986 | (85,569) | (6,187) | 403,440 |
| Industrial and commercial equipment | 123,784 | 512 | 155,571 | (39,530) | (10,921) | 229,416 |
| Other assets | 6,263,470 | 1,106,963 | 2,590,676 | (2,549,256) | (102,070) | 7,309,784 |
| Assets under construction and payments on account | — | — | — | — | — | — |
| **Total** | **10,869,799** | **2,141,449** | **3,063,732** | **(2,829,105)** | **(119,178)** | **13,126,697** |

The increases in this caption due to changes in the consolidation scope amounted to €2,141,449.

**Land and buildings**

The change in consolidation scope of €995,331 refers to the buildings of DISC S.p.A., based in Via delle Canovine, Bergamo and the registered office of Apside S.r.l. in Brescia, which were both acquired by Lutech in 2019.

**Plant and machinery**

This caption, amounting to €430,440, increased during the year due to changes in the consolidation scope (€38,643) and investments made (€305,986), net of depreciation (€85,569) and disposals (€6,187).

**Industrial and commercial equipment**

This caption, amounting to €229,416, increased during the year due to changes in the consolidation scope (€512) and investments made (€155,571), net of depreciation (€39,530) and insignificant disposals.

**Other assets**

This caption, amounting to €7,309,784, increased during the year due to changes in the consolidation scope (€1,106,693) and investments made (€2,590,676), net of depreciation (€2,549,256) and disposals (€102,070). Disposals were impacted by the reorganisation projects rolled out by the Group at its facilities in an effort to streamline its presence throughout the country following the acquisitions made during the year.

Other assets include investments in electronic and electromechanical equipment (€6,132,990), vehicles (€225,265) and furnishings (€951,529).

**Write-downs and write-backs of the year**

No write-downs or write-backs were made during the year.

**Total revaluations of tangible fixed assets at the reporting date**

No revaluations were made during the year.

**Capitalisation of borrowing costs**

No borrowing costs were capitalised during the year.

**Financial fixed assets: equity investments**

Reference should be made to the annexes hereto for a list of consolidated subsidiaries, associates and other investees.

Investments in unconsolidated subsidiaries of €40 refer to Sinergetica RO which is wholly owned by Sinergetica S.r.l., and is excluded from the consolidation scope as they were dormant during the year.

Investments in associates totalling €1,416,899 were recognised using the equity method and refer to Lombardia Gestione S.r.l. (€1,375,834), TAG S.r.l. (€33,401) and Solution Team Swiss SAGL, put into liquidation at the end of 2019 (€7,664). The following table provides information about the associates.

On 19 December 2019, the 31.7% interest in the associate ITG Lutech S.r.l. was sold. After leaving the consolidation scope, it changed its name to ITG S.r.l..

| Name | City (Italy) or foreign country | Tax code | Quota capital (Euro) | Net profit (loss) for previous year (Euro) | Net equity (Euro) | Investment (Euro) | Investment % |
|---|---|---|---|---|---|---|---|
| Lombardia Gestione S.r.l. | Milan | 07004340969 | 1,000,000 | 1,441,845 | 2,807,824 | 1,375,834 | 49% |
| TAG S.r.l. | Milan | 07727520962 | 10,000 | 95,507 | 111,336 | 33,401 | 30% |
| Solution Team Swiss SAGL | Lugano - Switzerland | CHF-203,361,122 | 18,426 | (8,433) | 42,262 | 7,664 | 40% |

Investments in other companies refer to non-strategic minority interests in the following:

| Investor | Investee | Registered office | Carrying amount | Investment held |
|---|---|---|---|---|
| Lutech S.p.A. | Inn.Tech | Brescia, Italy | 5,200 | 28.00% |
| Lutech S.p.A. | BCC di Milano | Carugate, Italy | 19,977 | 0.05% |
| Lutech S.p.A. | Datagraf Servizi S.r.l. | Avellino, Italy | 7,500 | 15.00% |
| Lutech S.p.A., DIEM S.r.l. | Conai | Milan, Italy | 678 | — |
| Lutech S.p.A. | Consorzio 2Net | Rome, Italy | 800 | 50.00% |
| Lutech S.p.A. | La nuova Colonia | Civo, Italy | 5,000 | 0.14% |
| Lutech S.p.A. | Rovigo Banca Credito Cooperativo | Rovigo, Italy | 415 | — |
| Lutech S.p.A. | Banca Popolare | Padua, Italy | 2 | — |
| Lutech S.p.A. | Neafidi | Vicenza, Italy | 300 | — |
| Lutech S.p.A. | Eurocons | Turin, Italy | 51 | — |
| CST S.r.l. | Confidil -Artfidi Lombardia | Brescia, Italy | 5 | — |
| Tecla.it S.r.l. | Confidi Romagna | Forlì, Italy | 1,550 | — |
| Tecla.it S.r.l. | Bcc Ravennate Forlivese e Imolese | Faenza, Italy | 1,662 | — |
| Tecla.it S.r.l. | Fidindustria | Bologna, Italy | 103 | — |
| DISC | Consorzio DyGroup | | 5,000 | — |
| Finance Evolution | Unionfidi | Turin | 2,709 | 0.002% |
| Finance Evolution | Banca delle Alpi Marittime | Carru, Italy | 6,712 | 0.004% |
| Telesio Systems S.r.l. | Consorzio OPENSTAFF | Rome, Italy | 1,471 | 12.16% |
| **Total** | | | **59,135** | |

**Financial fixed assets: Financial receivables**

Financial receivables totalled €362,168, up €13,877 on the previous year end partly due to changes in the consolidation scope (€15,873). The caption may be analysed as follows:

| | 31/12/2018 | Increases | Decreases | 31/12/2019 |
|---|---|---|---|---|
| From unconsolidated subsidiaries | 38,228 | — | (28,228) | 10,000 |
| From associates | 47,355 | — | (47,355) | — |
| From others | 262,708 | 89,460 | — | 352,168 |
| **Total** | **348,291** | **89,460** | **(75,583)** | **362,168** |

Financial receivables from unconsolidated subsidiaries refer to receivables due from Sinergetica S.r.l. to Sinergetica RO (€10,000). The decrease of €28,228 refers to the liquidation of Tecla US.

Financial receivables from associates decreased by €47,355 due to the repayment of the quotaholder loan to ITG Lutech S.r.l., due to the sale of the 31.7% investment therein.

Receivables from others of €352,168 chiefly refer to guarantee deposits on leases or supply contracts and increased by €15,873 due to the change in consolidation scope.

### Inventory

Inventory, amounting to €34,229,479 at 31 December 2019, increased by a total of €3,091,593 on the previous year end. Such increase was due to higher volumes. Raw materials, consumables and supplies, along with work in progress and semi-finished products, are inherent to production and assembly activities, mainly by the subsidiary Teratron. Finished goods include the finished goods of the production companies Teratron and Kronatech and goods acquired for resale by other companies.

Contract work in progress is recognised based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognised on the basis of the work performed. The Group measures the percentage of completion using the cost-to-cost approach. This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly.

| | 31/12/2018 | Change in cons. scope | Increases | Decreases | 31/12/2019 |
|---|---|---|---|---|---|
| Raw materials, consumables and supplies | 977,894 | — | — | (91,783) | 886,111 |
| Work in progress and semi-finished products | 113,121 | — | 37,543 | — | 150,664 |
| Contract work in progress | 14,761,013 | 52,479 | 2,071,118 | — | 16,884,610 |
| Finished goods | 15,355,858 | — | 1,022,236 | — | 16,378,094 |
| **Total** | **31,207,886** | **52,479** | **3,130,897** | **(91,783)** | **34,299,479** |

Inventory is presented net of the provision for inventory write-down of €1,380,073, which underwent the following changes during the year:

| | Amount |
|---|---|
| **Balance at 31/12/2018** | **1,306,362** |
| Changes in the consolidation scope | — |
| Utilisation | (6,271) |
| Accrual | 79,982 |
| **Balance at 31/12/2019** | **1,380,073** |

The provision for inventory write-down at 31 December 2019 refers to contract write-downs (€232,000) and product obsolescence (€1,148,073).

### Capitalised borrowing costs

No borrowing costs were capitalised under assets during the year.

### Financial receivables

After the elimination of intragroup balances, receivables amounted to €191,168,793 and are broken down as follows:

| | Due within one year | Due after one year | Due after five years | Total |
|---|---|---|---|---|
| Trade receivables | 179,267,319 | — | — | 179,267,319 |
| From unconsolidated subsidiaries | — | — | — | — |
| From associates | 2,244,560 | — | — | 2,244,560 |
| From parents | 20,000 | — | — | 20,000 |
| From subsidiaries of parents | — | — | — | — |
| Tax receivables | 4,953,893 | 660,763 | — | 5,614,656 |
| Deferred tax assets | 2,017,625 | — | — | 2,017,625 |
| From others | 1,262,404 | 742,229 | — | 2,004,633 |
| Rounding | — | — | — | — |
| | **189,765,801** | **1,402,992** | **—** | **191,168,793** |

There were no receivables related to repurchase agreements.

*Trade receivables*

Trade receivables, amounting to €179,267,319, increased by €5,695,690 on the previous year end (€173,301,629). The increase is gross of the €9,417,726 increase related to the change in the consolidation scope. Trade receivables refer to ordinary transactions carried out with third parties by the parent and its subsidiaries.

The caption is presented net of the provision for bad debts, which underwent the following changes during the year:

| | Amount |
|---|---|
| **Balance at 31/12/2018** | **1,854,222** |
| Changes in the consolidation scope | 394,277 |
| Utilisation | (330,088) |
| Accrual | 299,933 |
| **Balance at 31/12/2019** | **2,218,343** |

*Receivables from associates*

Receivables from associates amounted to €2,244,560 (31 December 2018: €3,037,841) and refer to invoices issued or to be issued related to contracts signed with Lombardia Gestione S.r.l..

*Tax receivables*

Tax receivables amounted to €5,614,656 and include VAT receivables (€382,966), recognised by certain Group companies for tax relief of €2,449,744 as per the decree of the Ministry of Economic Development and the Ministry of the Economy and Finance of 27 May 2015, implementing article 3 of Law decree no. 145 of 2013 (Tax credit for research and development activities), to support the significant research and development activities carried out by the Group, grants related to income for the Atticus subsidised project (€132,075) withholdings on dividends distributed by foreign companies (€393,867), as well as tax credits for excess tax paid and for pending reimbursements. Tax receivables due after one year mainly relate to the portion not yet received of the IRES reimbursement as per Law decree no. 201 of 2011. The caption decreased by €2,808,835 from €9,446,219 at 31 December 2018, which is net of the €401,226 decrease due to the change in the consolidation scope.

*Deferred tax assets*

Deferred tax assets amounted to €2,017,625 compared to €1,686,270 at 31 December 2018. The €331,355 increase is partly due to changes in the consolidation scope (€17,748). The deferred tax assets refer to deductible temporary differences. They were recognised as the Group was reasonably certain that it will have a taxable profit at least equal to the amount of differences that will reverse in the years in which this will take place.

*Receivables from others*

Receivables from others amounted to €1,994,463 (31 December 2018: €6,126,269) and mainly refer to advances to suppliers (€758,976), receivables from factors (€105,000) and other minor receivables. The sale of the Gioia del Colle building generated a residual receivable from the buyer of €731,000 net of amounts already paid. €635,000 is due after one year from the reporting date. The caption decreased by €4,131,523 from €6,126,269 at 31 December 2018, largely due to the collection of the receivable from DXC Italia (formerly HP Enterprise) of €2,240,000 and the remaining amount is due to the decrease in advances to suppliers, net of the €43,315 related to the change in the consolidation scope.

**Current financial assets**

The parent has some interest rate caps with a one-off upfront premium for the term loans in place at the reporting date. They were to hedge interest rate risk. Derivatives at 31 December 2019 (€923) reflect the fair value of the interest rate caps at such date. Reference should be made to the specific section of these notes for greater information on such caps.

Other securities amounting to €18,347 mainly include liquid funds invested short term in the subsidiary Cimworks.

**Liquid funds**

| | 31/12/2018 | Variation | 31/12/2019 |
|---|---|---|---|
| Bank and postal accounts | 27,459,509 | 2,227,231 | 29,686,740 |
| Cash-in-hand and cash equivalents | 416,087 | 9,717 | 425,804 |
| **Total** | 27,875,596 | 2,236,948 | 30,112,544 |

The closing balance shows the cash and cash equivalents at the reporting date. Changes in the consolidation scope led to a €7,570,998 increase in the caption.

**Prepayments and accrued income**

They are calculated on an accruals basis. The Group checks that the conditions that led to the recognition of prepayments and accrued income still existed at the reporting date and made the appropriate variations, if necessary. They refer to income and charges collected or paid in advance or after the related cash and/or document movements and are recognised regardless of the collection or payment date of the related income and charges, that are common to two or more years and can be allocated over time. The caption amounted to €26,187,419 at 31 December 2019, compared to €25,451,941 at the previous year end. €755,202 of the total increase (€735,478) was due to changes in the consolidation scope. At the reporting date, the parent did not have any prepayments and accrued income related to more than five years.

### Net equity

### Reconciliation of the parent's net loss for the year and net equity with the Group's net profit for the year and net equity

Below is the reconciliation of the parent's net profit for the year and net equity with the Group's net profit for the year and net equity:

| | | |
|---|---|---|
| **Net equity and net loss of the parent** | **126,609,740** | **(6,190,698)** |
| Elimination of write-downs or write-backs of investments in subsidiaries | 1,006,132 | 1,006,132 |
| Elimination of the dividends of the subsidiaries | 0 | (4,182,322) |
| Parent's share of the investees' net profit | 16,956,989 | 15,213,397 |
| Amortisation of higher prices | (18,428,116) | (13,320,752) |
| Adjustment to amortisation of the goodwill of the parent | 254,906 | 119,628 |
| Equity accounting of associates | 150,082 | 118,754 |
| Exchange rate effect | 16,192 | 0 |
| Other changes | 42,996 | (13) |
| **Net equity and net loss for the year attributable to the group** | **126,608,922** | **(7,235,874)** |
| **Net equity and net profit for the year attributable to minority interests** | 3,409,201 | 1,187,480 |
| **Net equity and net loss for the year as per the consolidated financial statements** | **130,018,123** | **(6,048,394)** |

### Changes in net equity attributable to the Group

Below are the changes in net equity attributable to the Group:

| | Share capital | Share premium reserve | Legal reserve | Capital injections | Unrealised exchange | Other gains | Consol. reserve | Hedging reserve | Reserve for own shares | Reserves | Retained earnings (losses carried forward) | Net loss for the year | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Opening net equity attributable to the group** | **3,210,000** | **10,466,900** | **642,000** | **97,132,976** | **226,082** | **—** | **179,226** | **(165,480)** | **(244,043)** | **108,237,661** | **19,428,756** | **(233,398)** | **130,643,019** |
| Capital injections | — | — | — | 3,100,500 | — | — | — | — | | **(3,100,500)** | — | — | **3,100,500** |
| Fair value adjustment | — | — | — | — | — | — | — | 8,246 | — | **8,246** | — | | **8,246** |
| Allocation of the net profit for the year 2018 | — | — | — | — | (182,742) | — | — | — | — | **(182,742)** | (50,656) | 233,398 | **—** |
| Exchange rate effect | | | | | | 15,625 | — | — | — | **15,625** | | | **15,625** |
| Other changes | — | — | — | — | — | | — | — | — | **—** | 77,406 | — | **77,406** |
| Loss for the year attributable to the group | — | — | — | — | — | — | — | — | — | **—** | — | (7,235,874) | **(7,235,874)** |
| **Closing net equity attributable to the group** | **3,210,000** | **10,466,900** | **642,000** | **100,233,476** | **43,340** | **15,625** | **179,226** | **(157,234)** | **(244,043)** | **111,179,290** | **19,455,506** | **(7,235,874)** | **126,608,922** |

Retained earnings includes €304,722 related to goodwill.

### Provisions for risks and charges

Provisions for risks and charges amounted to €1,904,984 at 31 December 2019, down from €7,963,815 at 31 December 2018. The significant decrease is due to the use of the provision for the Mainframe Computer business unit, the provision for restructuring costs accrued in the previous year and the payment of the DIEM Earn out, which, at the previous year end, was not perfectly quantifiable and therefore was recognised net of the increase of €12,977 following the change in the consolidation scope.

Pension and similar provisions amounted to €98,487 (€116,064 at 31 December 2018) and represent the best estimate of the amount of termination benefits that will be due to agents and directors at the end of their term of office/mandate.

The tax provision, including deferred tax liabilities amounted to €1,017,304 (€1,212,671 at 31 December 2018) and presents the tax effect of taxable temporary differences mainly linked to the effect of the amortisation of trademarks recognised on the basis of the purchase price allocation.

Derivatives amounting to €157,798 (€165,480 at 31 December 2018) refer to the fair value of currency forwards in place at the reporting date, since the requirements for hedge accounting were met.

Other provisions of €631,395 are mainly comprised of the residual amount of the provision for the Mainframe Computer business unit (€114,280), the estimated adjustment for the acquisition of the investment in Mediana S.r.l. (€200,000), legal disputes (€27,564) and the residual amount due for the lease of the former registered office of the subsidiary Teratron Gmbh (€211,884).

Movements in other provisions during the year were as follows:

| | Amount |
|---|---|
| **Balance at 31/12/2018** | **6,469,600** |
| Changes in the consolidation scope | 210,000 |
| Increases | — |
| Decreases | (6,048,205) |
| **Balance at 31/12/2019** | **631,395** |

€2,488,971 of the provision for the Mainframe Computer business unit was utilised in 2018 for charges of the year.

### Employees' leaving entitlement

The employees' leaving entitlement amounted to €14,680,083 at 31 December 2019. It is the actual payable accrued by Group employees at the reporting date, net of any advances paid, in accordance with the law and ruling labour contracts, considering any type of continuous remuneration.

| | 31/12/2018 | Change in cons. scope | Variation | 31/12/2019 |
|---|---|---|---|---|
| Employees' leaving entitlement | 13,708,027 | 1,084,075 | (112,019) | 14,680,083 |

### Payables

After the elimination of intragroup balances, payables are measured at amortised cost and are broken down as follows:

| | Due within one year | Due after one year | Due after five years | Total |
|---|---|---|---|---|
| Bank loans and borrowings | 31,733,942 | 143,277,142 | — | 175,011,084 |
| Loans and borrowings from other financial backers | 3,416,519 | 381,188 | — | 3,797,707 |
| Payments on account | 20,369,233 | — | — | 20,369,233 |
| Trade payables | 92,109,672 | 2,684,295 | — | 94,793,967 |
| Payables to parents | 1,000,000 | — | — | 1,000,000 |
| Tax payables | 8,848,344 | — | — | 8,848,344 |
| Social security charges payable | 11,146,569 | — | — | 11,146,569 |
| Other payables | 24,972,875 | — | — | 24,972,875 |
| **Total** | **193,597,154** | **146,342,625** | **—** | **339,939,779** |

Changes in consolidation scope led to a €11,312,963 increase in payables.

Bank loans and borrowings amounted to €175,011,084 at 31 December 2019 net of transaction costs of €4,794,101 recognised on an amortised cost basis. The gross payable of €179,805,185 relates to a medium to long-term receivable of €159,825,414, of which €152,524,400 pertaining to a syndicate credit facility described below, and to short-term credit facilities of €19,979,770 for the funding of the working capital, of which €10,000,000 refers to the drawn-down portion of the revolving credit facility.

€152,524,400 of the syndicate credit facility refers to a fully-used credit facility granted to Lutech S.p.A. by a syndicate of banks whose agent is Credit Agricole Italia S.p.A The financing is comprised of eight senior facilities expiring on 27 July 2023, 30 June 2024 and 27 July 2024, as summarised below:

| Bank | Amount | Interest rate % | Repayment date | Short-term portion | Long-term portion |
|---|---|---|---|---|---|
| Credit Agricole syndicate A1 . . . . | 16,264,400 | 3.25% | 27/07/2023 | 5,013,000 | 11,251,400 |
| Credit Agricole syndicate A2 . . . . | 5,840,000 | 3.25% | 27/07/2023 | 1,800,000 | 4,040,000 |
| Credit Agricole syndicate A3 . . . . | 25,000,000 | 3.00% | 30/06/2024 | 3,125,000 | 21,875,000 |
| Credit Agricole syndicate B4 . . . . | 17,500,000 | 3.00% | 30/06/2024 | 875,000 | 16,625,000 |
| Credit Agricole syndicate B1 . . . . | 33,420,000 | 3.75% | 27/07/2024 | — | 33,420,000 |
| Credit Agricole syndicate B2 . . . . | 12,000,000 | 3.75% | 27/07/2024 | — | 12,000,000 |
| Credit Agricole syndicate B3 . . . . | 25,000,000 | 3.50% | 30/06/2024 | — | 25,000,000 |
| Credit Agricole syndicate B4 . . . . | 17,500,000 | 3.50% | 30/06/2024 | — | 17,500,000 |
| **Total** . . . . . . . . . . . . . . . . . . . . . . | **152,524,400** | | | **10,813,000** | **141,711,400** |

During the year, the Group had sufficient short and long-term credit facilities. The acquisition of Lutech S.p.A. by OEP Italy Solution S.r.l. as well as the subsequent acquisitions were supported by a balanced mix of own funds and bank loan. The financial debt that supported the acquisition process refers to a financing granted by a syndicate of banks comprised of Crédit Agricole Italia S.p.A., Banca IMI S.p.A. and Banco BPM S.p.A., as arrangers and lending banks, and ICCREA Bancaimpresa S.p.A., BCC Milano and Unione di Banche Italiane S.p.A., as lending banks. Crédit Agricole Italia S.p.A. also acted as agent. The syndicate credit facility also makes a revolving credit facility of €24 million available to the Group to support its working capital funding needs. The relevant boards of the lending banks resolved to grant such loan following due preliminary investigations carried out by the banks. The outcome of such investigations was a positive assessment of the status of the parent and its future prospects in light of its development plans. As is customary in transactions of this nature, the financing was backed by guarantees. These comprised of collateral and a special lien as per article 46 of the Consolidated banking act issued on the parent's main assets, in addition to a pledge on the shares/quotas of Lutech S.p.A., OEP Italy Solution S.r.l., TEN Tecnologie & Networking S.r.l., CST S.r.l., Telesio Systems S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Pivotal Italia S.r.l., CDM Tecnoconsulting S.r.l., Cimworks SI, Tecla.it S.r.l., DIEM Technologies S.r.l., LutechNL BV, Finance Evolution S.r.l., Disc S.p.A., Enigen.it S.r.l. and Mediana S.r.l.. The borrowers of the credit facility were Lutech S.p.A. and Arcares S.p.A., while the guarantors were OEP 14 BV, OEP Italy Solution S.r.l., Lutech S.p.A., Arcares S.p.A., Liscor S.p.A., CDM Tecnoconsulting S.r.l., ICTeam S.p.A., Sinergetica S.r.l., Tecla.it S.r.l. and Ten Tecnologie & Networking S.r.l.. The financing agreement requires compliance with financial covenants and contractual obligations. At the date of preparation of these consolidated financial statements, the covenants and obligations were all met.

Loans and borrowings from other financial backers amounted to €3,797,707 and refers to borrowings from financing companies specifically for the purchase (including by instalments) of products and services for resale. The caption amounted to €5,401,593 at 31 December 2018 and the decrease is due to the gradual repayment of the borrowings.

Payments on account amounted to €20,369,233 (€17,870,908 at 31 December 2018) and mainly comprise amounts invoiced to customers for revenues not fully matured. The €2,498,325 increase compared to the previous year end is not due to the change in consolidation scope.

Trade payables amounted to €94,793,967, down €2,596,694 on the previous year end (€97,390,661). This decrease is net of the €5,510,055 increase due to changes in the consolidation scope.

Payables to parents amounted to €1,000,000 and comprise Lutech S.p.A.'s payable due to OEP Italy Solution S.r.l..

Tax payables amounted to €8,848,344 (€9,419,882 at 31 December 2018) and mainly refer to VAT payables (€2,583,941), income taxes (€1,627,466) and withholdings made at source (€4,351,804). The caption decreased by €571,538 on the previous year end, net of an increase of €1,862,129 due to changes in the consolidation scope.

Social security charges payable amounted to €11,146,569 and increased by €1,896,953 on the previous year end (€9,249,616). €410,350 of such increase was due to changes in the consolidation scope.

Other payables amounted to €24,972,875 (€24,629,964 at 31 December 2018) and mostly refer to accrued holiday and additional monthly pay (€19,779,752) and payables to the selling shareholders/quotaholders of the acquired companies Sinergetica S.r.l., Mediana S.r.l. and DISC S.p.A. (€1,312,097) for deferred price portions or price adjustments already agreed. The caption also includes €546,825 due to partners in a financed project for which Lutech S.p.A. obtained a proxy for collecting the subsidy to be distributed to the partners and €2,126,058 of collections received from customers to be paid to factors as they refer to factored receivables. The caption increased by €342,911 on the previous year end. The changes in the consolidation scope resulted in an increase of €3,211,985.

### Accrued expenses and deferred income

These are recognised on an accruals and matching basis.

They mostly include revenues for future years on service agreements, which are recognised over the agreement's term.

The caption amounted to €32,684,398 at 31 December 2019 compared to €33,436,212 at the previous year end. €1,493,053 relate to changes in the consolidation scope. At the reporting date, the parent did not have any accrued expenses and deferred income related to more than five years.

### Revenues by business segment

The caption may be analysed as follows:

| | 2018 | Variation | 2019 |
|---|---|---|---|
| Sale of products | 124,501,610 | 20,787,382 | 145,288,992 |
| Services | 192,938,056 | 83,693,444 | 276,631,500 |
| Other | 10,112,856 | (4,281,317) | 5,831,539 |
| **Total** | **327,552,522** | **100,199,509** | **427,752,031** |

Turnover from sales and services and other revenues jumped significantly from €327,552,522 to €427,752,031 (+30.6%) due to organic growth and the changes in the consolidation scope following the external growth actions described earlier. The contribution of the acquirees, whose revenues were consolidated as of the acquisition date, amounted to €24,680,852.

Other decreased due to a transaction finalised with a Group customer to redefine guaranteed volume sales terms of an ongoing contract and due to lower tax relief as per the decree of the Ministry of Economic Development and the Ministry of the Economy and Finance of 27 May 2015, implementing article 3 of Law decree no. 145 of 2013 (tax credit for research and development activities).

The change in work in progress, semi-finished products and finished goods amounted to €37,543.

The change in contract work in progress amounted to €2,071,118, just below the prior year balance (€2,613,416), and refers to the progress of projects underway.

Internal work capitalised amounted to €5,581,693. The caption includes costs incurred for developing the products.

### Revenues by geographical segment

| Geographical segment | 2019 |
|---|---|
| Italy | 391,985,552 |
| Abroad | 35,766,479 |
| **Total** | **427,752,031** |

### Production cost

The caption may be analysed as follows:

| | 2018 | Change in consolidation scope | Variation | 2019 |
|---|---|---|---|---|
| Raw materials, consumables, supplies and goods | 96,996,062 | 3,251,533 | 7,426,071 | 107,673,666 |
| Services | 91,476,596 | 5,690,409 | 27,334,902 | 124,501,097 |
| Use of third party assets | 7,504,911 | 148,062 | 2,082,397 | 9,735,370 |
| Wages and salaries | 74,386,942 | 7,635,399 | 26,503,771 | 108,526,112 |
| Social security contributions | 21,184,926 | 1,848,633 | 8,080,674 | 31,114,233 |
| Employees' leaving entitlement | 4,841,721 | 498,307 | 1,419,466 | 6,759,494 |
| Pension and similar costs | — | 8,750 | 25,198 | 33,948 |
| Other costs | 1,077,141 | 87,754 | 950,223 | 2,115,118 |
| Amortisation of intangible fixed assets | 18,410,304 | 2,512,370 | 7,940,357 | 28,863,031 |
| Depreciation of tangible fixed assets | 2,012,356 | 250,297 | 566,452 | 2,829,105 |
| Other write-downs of fixed assets | — | — | 38,394 | 38,394 |
| Write-downs of current receivables | 76,929 | 54,513 | 168,491 | 299,933 |
| Change in raw materials | (522,394) | (58,718) | (349,343) | (930,455) |
| Provisions for risks | 1,500,000 | — | (1,500,000) | — |
| Other operating costs | 3,149,547 | 89,408 | 1,112,351 | 4,351,306 |
| **Total** | **322,095,041** | **22,016,717** | **81,799,403** | **425,911,161** |

The most significant items and the reasons for the changes therein are summarised below.

Raw materials, consumables, supplies and goods mainly consist of the cost of purchasing hardware and software for resale. The increase is due to the higher business volumes of the year, as well as changes in the consolidation scope (€3,251,533).

Services include the cost of maintenance services for IT equipment, IT assistance and sundry consultancy services. Other significant cost items refer to personnel travel and remote link-up costs. The increase is mainly due to the growth in volumes, as well as changes in the consolidation scope (€5,690,409).

Use of third party assets mostly comprises lease expense for the Group's facilities, electronic equipment and cars. €148,062 of the increase is due to changes in the consolidation scope.

Wages and salaries include all expenses related to the Group's employees including merit salary increases, promotions, cost of living adjustments, employee bonuses, untaken holidays and the legal and national contract obligations. The increase in the workforce led to a rise in such cost. The changes in the consolidation scope had an impact of €7,635,399.

Social security contributions refer to contributions made for employees. The increase in the workforce led to a rise in such cost. The changes in the consolidation scope had an impact of €1,848,633.

Employees' leaving entitlement is the cost of the year related to the entitlements accrued pursuant to the law. The increase in the workforce led to a rise in such cost. The changes in the consolidation scope had an impact of €498,307.

Other operating costs mostly consist of membership fees, taxes and duties, commercial costs, gifts and prior year expense. The increase of the year is due to higher volumes, as well as changes in the consolidation scope (€89,408).

### Interest and other financial charges

The caption may be analysed as follows:

| | 2018 | Variation | 2019 |
|---|---|---|---|
| Income from equity investments | (212) | (23,657) | (23,869) |
| Others financial income | (71,212) | 42,210 | (29,002) |
| Interest expense on loans, short-term payables and other financing | 4,021,236 | 1,960,510 | 5,981,746 |
| Transaction costs on financing and commissions for non-utilisation | 1,123,063 | 286,727 | 1,409,790 |
| Factoring commission expense | 167,631 | 247,981 | 415,612 |
| Other financial charges | 914 | 36,220 | 37,134 |
| Net exchange rate gains (losses) | 280,104 | (329,702) | (49,598) |
| | **5,521,524** | **2,220,289** | **7,741,813** |

Interest and other financial charges increased by €1,960,510 due to the financial debt to support the acquisitions made, with a model which included equal amounts of debt and own funds. The changes in the consolidation scope led to higher costs of €9,717.

### Income taxes

| 2018 | Variation | 2019 |
|---|---|---|
| 5,265,254 | 2,897,039 | 8,162,293 |

| Tax | 2018 | Variation | 2019 |
|---|---|---|---|
| **Current taxes:** | | | |
| IRES | 5,012,179 | 2,486,902 | 7,499,082 |
| IRAP | 1,044,726 | 710,823 | 1,755,549 |
| **Changes in deferred taxes** | (791,651) | 268,744 | (522,907) |
| **Effect of tax consolidation scheme/tax transparency** | — | (569,430) | (569,430) |
| | **5,265,254** | **2,897,039** | **8,162,293** |

The reconciliation of the effective tax charge with the theoretical tax charge is provided in the table below:

| | |
|---|---|
| **Profit before tax from continuing operations** | **2,114** |
| in EUR - 1,000 | |
| Tax using the Company's domestic tax rate | **1,087** |
| Effect of tax rates in foreign jurisdictions | 51 |
| Reduction in tax rate | |
| Tax effect of: | |
| —Non-deductible expenses | 8,909 |
| —Effect of share of profits of equity-accounted investees | |
| —Tax-exempt income | (712) |
| —Tax incentives | (516) |
| —Current year losses for which no deferred tax asset was recognised | |
| Recognition of previously unrecognised tax losses | (48) |
| Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences | 248 |
| Change in estimates related to prior years | 236 |
| **Current Taxes** | **9,255** |

### Deferred tax assets and liabilities

Deferred tax assets are recognised when the Group is reasonably certain that it will have a taxable profit at least equal to the amount of differences that will reverse in the years in which this will take place. The caption may be analysed as follows:

| **Deferred tax assets:**<br>in EUR - 1,000 | **2019** |
|---|---|
| Amortisation of goodwill | 600 |
| Unrealized exchange losses | 12 |
| Depreciation of inventory | 330 |
| Provisions for risks | 45 |
| Future charges for personell | 943 |
| Other future charges | 72 |
| Maintenance costs | 16 |
| **Total** | **2,018** |

Deferred tax liabilities are calculated using the global allocation method, considering the cumulative amount of all temporary differences and applying the average rate expected to be enacted when the temporary differences reverse. The caption may be analysed as follows:

| **Deferred tax liabilities:**<br>in EUR - 1,000 | **2019** |
|---|---|
| Lutech Trade Name (PPA) | 663 |
| Radio Trevisan Trade Name (PPA) | 32 |
| Kronotech Trade Name (PPA) | 9 |
| Sinergy Trade Name (PPA) | 249 |
| Intangible fixed assets | 953 |
| unrealized exchange gains | 47 |
| deferred income | 17 |
| **Total** | **1,017** |

### Fair value of derivatives

Pursuant to article 38.1. o-ter of Legislative decree no. 127/1991, this section presents the fair value and information (for the current and previous year) on the size and nature of each category of derivatives held by the Group, Grouped by characteristics and purpose.

With regard to hedges recognised in accordance with hedge accounting rules (OIC 32), the derivatives are measured at fair value and changes in fair value are taken to the hedging reserve. The interest rate caps are recognised at fair value, while changes in their fair value are directly taken to the profit and loss account.

| **Underlying** | **Exchange rate/Interest rate** | | |
|---|---|---|---|
| **Type of transaction** | **Fair value** | | |
| | **gain** | **loss** | **Fair value net** |
| Unlisted derivatives | | | |
| *Financial derivatives* | 923 | — | 923 |
| *Forwards* | | | |
| —purchases | 7,334 | (164,568) | 157,234 |
| —sales | — | — | — |
| **TOTAL** | **8,257** | **164,568** | **156,311** |

The table below provides a breakdown of transactions underway.

| ID | Purpose | Notional amount | Underlying risk | Fair value | Hedged liability | Hedge Accounting |
|---|---|---|---|---|---|---|
| 1 | Cash flow hedge | 280,000 | EUR/USD exchange rate fluctuations | (5,324.53) | Purchase orders | Yes |
| 2 | Cash flow hedge | 480,000 | EUR/USD exchange rate fluctuations | (6,401.19) | Purchase orders | Yes |
| 3 | Cash flow hedge | 966,000 | EUR/USD exchange rate fluctuations | (11,964.57) | Purchase orders | Yes |
| 4 | Cash flow hedge | 900,000 | EUR/USD exchange rate fluctuations | (10,873.53) | Purchase orders | Yes |
| 5 | Cash flow hedge | 820,347 | EUR/USD exchange rate fluctuations | (9,394.47) | Purchase orders | Yes |
| 6 | Cash flow hedge | 1,300,000 | EUR/USD exchange rate fluctuations | (1,493.47) | Purchase orders | Yes |
| 7 | Cash flow hedge | 1,500,000 | EUR/USD exchange rate fluctuations | 7,094.78 | Purchase orders | Yes |
| 8 | Cash flow hedge | 900,000 | EUR/USD exchange rate fluctuations | (6,011.87) | Purchase orders | Yes |
| 9 | Cash flow hedge | 487,000 | EUR/USD exchange rate fluctuations | (4,802.28) | Purchase orders | Yes |
| 10 | Cash flow hedge | 650,000 | EUR/USD exchange rate fluctuations | (10,662.57) | Purchase orders | Yes |
| 11 | Cash flow hedge | 500,000 | EUR/USD exchange rate fluctuations | (2,715.13) | Purchase orders | Yes |
| 12 | Cash flow hedge | 368,000 | EUR/USD exchange rate fluctuations | (6,117.74) | Purchase orders | Yes |
| 13 | Cash flow hedge | 250,000 | EUR/USD exchange rate fluctuations | (2,809.27) | Purchase orders | Yes |
| 14 | Cash flow hedge | 95,000 | EUR/USD exchange rate fluctuations | (1,073.08) | Purchase orders | Yes |
| 15 | Cash flow hedge | 575,090 | EUR/USD exchange rate fluctuations | (6,495.98) | Purchase orders | Yes |
| 16 | Cash flow hedge | 58,183 | EUR/USD exchange rate fluctuations | (257.25) | Purchase orders | Yes |
| 17 | Cash flow hedge | 350,000 | EUR/USD exchange rate fluctuations | 239.29 | Purchase orders | Yes |
| 18 | Cash flow hedge | 200,000 | EUR/USD exchange rate fluctuations | (282.50) | Purchase orders | Yes |
| 19 | Cash flow hedge | 270,000 | EUR/USD exchange rate fluctuations | (7,497.95) | Purchase orders | Yes |
| 20 | Cash flow hedge | 200,000 | EUR/USD exchange rate fluctuations | (2,704.49) | Purchase orders | Yes |
| 21 | Cash flow hedge | 578,000 | EUR/USD exchange rate fluctuations | (7,203.82) | Purchase orders | Yes |
| 22 | Cash flow hedge | 500,000 | EUR/USD exchange rate fluctuations | (2,892.95) | Purchase orders | Yes |
| 23 | Cash flow hedge | 107,500 | EUR/USD exchange rate fluctuations | (1,616.61) | Purchase orders | Yes |
| 24 | Cash flow hedge | 1,047,000 | EUR/USD exchange rate fluctuations | (14,130.69) | Purchase orders | Yes |
| 25 | Cash flow hedge | 1,907,000 | EUR/USD exchange rate fluctuations | (27,484.47) | Purchase orders | Yes |
| 26 | Cash flow hedge | 452,000 | EUR/USD exchange rate fluctuations | (9,057.57) | Purchase orders | Yes |
| 27 | Cash flow hedge | 732,790 | EUR/USD exchange rate fluctuations | (5,299.57) | Purchase orders | Yes |
| 28 | Cash flow hedge | 8,680,000.00 | Euribor fluctuations | 147.00 | Term loan | No |
| 29 | Cash flow hedge | 4,224,266.00 | Euribor fluctuations | 39.00 | Term loan | No |
| 30 | Cash flow hedge | 8,680,000.00 | Euribor fluctuations | 99.82 | Term loan | No |
| 31 | Cash flow hedge | 4,224,266.00 | Euribor fluctuations | 27.11 | Term loan | No |
| 32 | Cash flow hedge | 4,000,000.00 | Euribor fluctuations | 15.38 | Term loan | No |
| 33 | Cash flow hedge | 4,000,000.00 | Euribor fluctuations | 20.16 | Term loan | No |
| 34 | Cash flow hedge | 4,250,000.00 | Euribor fluctuations | 19.77 | Term loan | No |
| 35 | Cash flow hedge | 4,250,000.00 | Euribor fluctuations | 25.82 | Term loan | No |
| 36 | Cash flow hedge | 2,812,500.00 | Euribor fluctuations | 184.44 | Term loan | No |
| 37 | Cash flow hedge | 8,680,000.00 | Euribor fluctuations | 103.67 | Term loan | No |
| 38 | Cash flow hedge | 2,812,500.00 | Euribor fluctuations | 241.00 | Term loan | No |

### Own shares and shares/quotas held in parents

The parent holds 73,458 own shares with a nominal amount of €1 each, equal to roughly 2.29% of its share capital. These own shares are worth €244,043. As required by the 2016 OIC, the parent deducted this amount from net equity.

The parent does not hold shares or quotas of its ultimate parent nor has it purchased or sold any such shares or quotas directly or through trustees or nominees.

### Disclosure about financial fixed assets recognised at an amount higher than their fair value

The consolidated financial statements do not include financial fixed assets recognised at an amount higher than their fair value.

### Related party transactions

The parent's related party transactions were carried out on an arm's length basis. Transactions with associated and parent companies are described in specific paragraphs of these Notes, while transactions with Group companies included in the consolidation area have been eliminated in the preparation of these consolidated financial statements.

However, it should be noted that there are no transactions with related parties of an atypical or unusual nature, unrelated to normal business management or such as to prejudice the economic, equity and financial situation of the Group.

### Disclosure about off-balance sheet agreements

Commitments, which are not recognised on the balance sheet, are obligations with third parties arising from legal agreements with certain obligatory effects which have not been executed by either of the parties. They include commitments of a certain amount and execution (e.g., purchase and sale forwards) and commitments, the execution of which is certain but not the amount. They are shown at their nominal amount as per the related supporting documentation.

Guarantees given by the Group include both personal guarantees and collateral.

Risks for which a liability is probable are described in the notes and provided for in the provisions for risks.

Risks for which a liability is only possible are described in the notes but no provision is made therefor pursuant to the OIC.

Remote risks are not provided for.

Reference should be made to the specific section for information on guarantees, commitments and risks.

### Fees of the independent auditors engaged to perform the statutory audit

As required by law, we note that the fees due to the independent auditors are as follows:

- fees for the statutory audit of the consolidated financial statements: €180,350
- fees for other audit services: €190,000

The statutory audit is performed by KPMG S.p.A. with registered office in Via Vittor Pisani 25, Milan.

### Fees of the directors and statutory auditors

As required by law, the fees due to the parent's directors and statutory auditors, including for their services provided to other consolidated companies, are shown below:

| | Fees |
|---|---|
| Directors | 240,000 |
| Statutory auditors | 215,643 |
| **Total** | **455,643** |

### Significant post-balance sheet events

Post-merger integration activities are continuing in 2020 involving the main company processes in order to bring them into line with those of the parent and to achieve important business, functional and cost synergies. On 1 April 2020, APSIDE S.r.l. was merged into DISC S.p.A., with effect for tax and accounting purposes from 1 January 2020.

On 12 March 2020, the quotaholders of Tecla, 2MLAB and STEP4 resolved for the latter two to merge into the former. The merger became effective on 1 June 2020, with effect for accounting and tax purposes as of 1 January 2020.

The first months of 2020 were marred by the spread of a flu-like virus with severe consequences/ symptoms originating in China. Following the precautionary measures imposed by the Italian government, Lutech, in turn, introduced its own measures, allowing services to be provided remotely and making it easier for employees to work from home, in order to contain the spread of the virus. The spread of the disease and measures to minimise it will certainly have an impact on the relevant economies (China, Italy, the main European countries, Turkey and the US) and more generally on the world economy, the extent of which cannot easily be estimated at the time of preparation of this report. The directors have rolled out the necessary measures and have been in regular contact in order to monitor the situation, seriously and calmly informing the stakeholders. Furthermore, simulations aimed at quantifying the potential economic effects are underway and as it stands, the directors deem them to be manageable. The actions introduced, the safeguarding of employees and, in turn, of third parties with whom they are in contact, and the strict following of the government and regional requirements aimed at minimising contagion and the spread of the virus, ensure the protection of human capital and relevant skills, thus protecting the Group and the parent's and Group's ability to actively and proactively handle the aforementioned challenges, therefore guaranteeing their ability to continue as a going concern.

At 30 April 2020, the Group's revenues were lower than the same period of the prior year, but in line with the budget forecasts made pre-COVID-19. The impact on profit at 30 April 2020 due to project delays, cancellations and discounts related in various ways to the ongoing situation is estimated at about €1.5 million/€2 million, offset by cost cuts made during the same period. Assuming that the gradual recovery of customers' and suppliers' production activities results in market investments no lower than pre-crisis levels, but spread over a longer period, the directors believe that a reasonable objective for 2020 would be revenues in line with the previous year (give or take 5%), benefiting from the cost synergies already planned and being implemented.

**Information about the company that prepares consolidated financial statements of the largest/ smallest Group to which the company belongs**

| | Largest Group | Smallest Group |
|---|---|---|
| Company name | OEP 14 COOPERATIIEF U.A. | OEP 14 COOPERATIIEF U.A |
| Registered office | HOLLAND | HOLLAND |
| Place where the copy of the consolidated financial statements is filed | HOLLAND | HOLLAND |

The parent, Lutech S.p.A. is managed and coordinated by OEP Italy Solution S.r.l.. As such company was set up in 2018, the figures related to the same year are not available as no financial statements were prepared, while figures related to its first financial statements as at and for the year ended 31 December 2019 have not yet been approved.

These consolidated financial statements, comprising the balance sheet, the profit and loss account, the cash flow statement and notes thereto, give a true and fair view of the Group's financial position and results of operations. They are consistent with the accounting records of the parent and the information provided by the consolidated companies.

CEO
Tullio Pirovano

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

## Independent auditors' report

*To the sole shareholder of*
*Lutech S.p.A.*

## Report on the audit of the consolidated financial statements

### *Opinion*

We have audited the consolidated financial statements of the Lutech S.p.A. and its subsidiaries (the "Group" or the "Lutech Group"), which comprise the balance sheet as at 31 December 2018, the profit and loss account and cash flow statement for the year then ended and notes thereto.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Lutech Group as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Lutech S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements*

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

### *Auditors' 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 ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level 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

KPMG S.p.A.

Ernesto Cicori
Director of Audit

## LUTECH GROUP

Registered office in VIA DANTE 14 -20121 MILAN (MI)
Fully paid-up share capital € 3,210,000.00

## Consolidated financial statements as at and for the year ended 31 December 2018

### Balance Sheet

| Balance sheet assets | 31/12/2018 | 31/12/2017 |
|---|---|---|
| **A) Share capital proceeds to be received** | | |
| (of which: called up) | | |
| **B) Fixed assets** | | |
| *I. Intangible fixed assets* | | |
| 1) Start-up and capital costs | 4,782 | 22,671 |
| 2) Development costs | 5,886,028 | 4,821,226 |
| 3) Industrial patents and intellectual property rights | 979,631 | 1,318,150 |
| 4) Concessions, licences, trademarks and similar rights | 4,112,305 | 1,520,572 |
| 5) Goodwill | 189,313,794 | 45,095,007 |
| 6) Assets under development and payments on account | 944,659 | 359,870 |
| 7) Other | 2,065,760 | 1,447,962 |
| | 203,306,959 | 54,585,458 |
| *II. Tangible fixed assets* | | |
| 1) Land and buildings | 4,331,977 | 1,734,260 |
| 2) Plant and machinery | 150,568 | 64,364 |
| 3) Industrial and commercial equipment | 123,784 | 40,078 |
| 4) Other assets | 6,263,470 | 3,923,089 |
| 5) Assets under construction and payments on account | | 1,921,696 |
| | 10,869,799 | 7,683,487 |
| *III. Financial fixed assets* | | |
| 1) Equity investments: | | |
| a) Unconsolidated subsidiaries | 136 | 0 |
| b) Associates | 1,482,208 | 1,431,883 |
| d-bis) Other | 44,802 | 38,673 |
| | 1,527,146 | 1,470,556 |
| 2) Financial receivables | | |
| a) From unconsolidated subsidiaries | | |
| –due after one year | 38,228 | 0 |
| | 38,228 | 0 |
| b) From associates | | |
| –due within one year | 47,355 | 47,355 |
| | 47,355 | 47,355 |
| d-bis) From others | | |
| –due within one year | 68,893 | 54,687 |
| –due after one year | 193,815 | |
| | 262,708 | 54,687 |
| | 348,291 | 102,042 |
| | 1,875,437 | 1,572,598 |
| ***Total fixed assets*** | **216,052,195** | **63,841,543** |

| Balance sheet assets | 31/12/2018 | 31/12/2017 |
|---|---|---|
| **C) Current assets** | | |
| *I. Inventory* | | |
| 1) Raw materials, consumables and supplies | 977,894 | 1,022,721 |
| 2) Work in progress and semi-finished products | 113,121 | 136,144 |
| 3) Contract work in progress | 14,761,013 | 10,089,767 |
| 4) Finished goods | 15,355,858 | 13,741,598 |
| | 31,207,886 | 24,990,230 |
| *II. Receivables* | | |
| 1) Trade receivables | | |
| –due within one year | 171,209,861 | 119,734,446 |
| –due after one year | 2,091,768 | 1,853,184 |
| | 173,301,629 | 121,587,630 |
| 3) From associates | | |
| –due within one year | 3,037,841 | 3,023,693 |
| | 3,037,841 | 3,023,693 |
| 4) From parents | | |
| –due within one year | 500 | 0 |
| | 500 | 0 |
| 5-bis) Tax receivables | | |
| –due within one year | 8,921,433 | 2,043,208 |
| –due after one year | 524,786 | 701,478 |
| | 9,446,219 | 2,744,686 |
| 5-ter) Deferred tax assets | | |
| –due within one year | 1,686,270 | 691,667 |
| | 1,686,270 | 691,667 |
| 5-quater) From others | | |
| –due within one year | 5,373,808 | 1,202,309 |
| –due after one year | 752,461 | 23,137 |
| | 6,126,269 | 1,225,446 |
| | 193,598,728 | 129,273,122 |
| *III. Current financial assets* | | |
| 5) Derivatives | 30,722 | 174,980 |
| 6) Other securities | 131,233 | 32,199 |
| | 161,955 | 207,179 |
| *IV. Liquid funds* | | |
| 1) Bank and postal accounts | 27,459,509 | 18,615,724 |
| 3) Cash-in-hand and cash equivalents | 416,087 | 16,528 |
| | 27,875,596 | 18,632,252 |
| ***Total current assets*** | **252,844,165** | **173,102,783** |
| **D) Prepayments and accrued income** | **25,451,941** | **20,833,312** |
| **Total assets** | **494,348,301** | **257,777,638** |

| Balance sheet liabilities | 31/12/2018 | 31/12/2017 |
|---|---|---|
| **A) Net equity** | | |
| *I . Share capital* | 3,210,000 | 3,210,000 |
| *II. Share premium reserve* | 10,466,900 | 10,466,900 |
| *IV. Legal reserve* | 642,000 | 642,000 |
| *VI. Other reserves, indicated separately* | | |
| Capital injections | 97,132,976 | 5,000,000 |
| Translation reserve | 226,082 | 0 |
| Euro rounding difference | 0 | (2) |
| Other | 0 | (30,658) |
| Consolidation reserve | 179,226 | 179,226 |
| | 97,538,284 | 5,148,566 |
| *VII. Hedging reserve* | (165,480) | (251,347) |
| *VIII. Retained earnings* | 19,428,756 | 13,899,694 |
| *IX. Net profit (loss) for the year* | (233,398) | 7,179,334 |
| *X. Reserve for own shares in portfolio* | (244,043) | (244,043) |
| ***Total net equity attributable to the group*** | **130,643,019** | **40,051,104** |
| –) Share capital and reserves of minority interests | 1,743,403 | 1,253,780 |
| –) Net profit for the year attributable to minority interests | 565,060 | 835,542 |
| Total net equity of minority interests | 2,308,463 | 2,089,322 |
| ***Total net equity*** | **132,951,482** | **42,140,426** |
| **B) Provisions for risks and charges** | | |
| 1) Pension and similar provisions | 116,064 | 56,461 |
| 2) Tax provision, including deferred tax liabilities | 1,212,671 | 548,096 |
| 3) Derivatives | 165,480 | 251,347 |
| 4) Other provisions | 6,469,600 | 6,729,588 |
| ***Total provisions for risks and charges*** | **7,963,815** | **7,585,492** |
| **C) Employees' leaving entitlement** | 13,708,027 | 9,559,842 |
| **D) Payables** | | |
| 4) Bank loans and borrowings | | |
| –due within one year | 24,084,710 | 12,997,532 |
| –due after one year | 117,143,184 | 43,925,072 |
| | 141,227,894 | 56,922,604 |
| 5) Loans and borrowings from other financial backers | | |
| –due within one year | 4,268,653 | 5,117,739 |
| –due after one year | 1,132,940 | 1,939,437 |
| | 5,401,593 | 7,057,176 |
| 6) Payments on account | | |
| –due within one year | 17,870,908 | 10,592,452 |
| | 17,870,908 | 10,592,452 |
| 7) Trade payables | | |
| –due within one year | 96,211,234 | 67,530,541 |
| –due after one year | 1,179,427 | 2,234,064 |
| | 97,390,661 | 69,764,605 |
| 10) Payables to associates | | |
| –due within one year | 98,247 | 112,694 |
| | 98,247 | 112,694 |
| 11) Payables to parents | | |
| –due within one year | 1,000,000 | 1,599,000 |
| | 1,000,000 | 1,599,000 |

| Balance sheet liabilities | 31/12/2018 | 31/12/2017 |
|---|---|---|
| 12) Tax payables | | |
| –due within one year | 9,378,683 | 4,715,685 |
| –due after one year | 41,199 | 0 |
| | 9,419,882 | 4,715,685 |
| 13) Social security charges payable | | |
| –due within one year | 9,249,616 | 5,474,664 |
| | 9,249,616 | 5,474,664 |
| 14) Other payables | | |
| –due within one year | 24,629,964 | 17,878,727 |
| | 24,629,964 | 17,878,727 |
| ***Total payables*** | **306,288,765** | **174,117,607** |
| **E) Accrued expenses and deferred income** | **33,436,212** | **24,374,271** |
| **Total liabilities** | **494,348,301** | **257,777,638** |

## Profit and loss account

| | 2018 | 2017 |
|---|---|---|
| **A) Production revenues** | | |
| *1) Turnover from sales and services* | 317,439,666 | 216,924,801 |
| *2) Change in work in progress, semi-finished products and finished goods* | (23,023) | (85,586) |
| *3) Change in contract work in progress* | 2,613,416 | 2,992,808 |
| *4) Internal work capitalised* | 2,595,496 | 2,399,032 |
| *5) Other revenues and income with separate presentation of capital grants:* | | |
| –sundry | 7,932,780 | 2,072,600 |
| –grants related to income | 2,180,076 | 0 |
| | 10,112,856 | 2,072,600 |
| ***Total production revenues*** | **332,738,411** | **224,303,655** |
| **B) Production cost** | | |
| *6) Raw materials, consumables, supplies and goods* | 96,996,062 | 74,759,197 |
| *7) Services* | 91,476,596 | 56,145,302 |
| *8) Use of third party assets* | 7,504,911 | 4,584,067 |
| *9) Personnel expenses* | | |
| a) Wages and salaries | 74,386,942 | 49,852,619 |
| b) Social security contributions | 21,184,926 | 13,536,080 |
| c) Employees' leaving entitlement | 4,841,721 | 3,143,257 |
| e) Other costs | 1,077,141 | 343,635 |
| | 101,490,730 | 66,875,591 |
| *10) Amortisation, depreciation and write-downs* | | |
| a) Amortisation of intangible fixed assets | 18,410,304 | 6,309,891 |
| b) Depreciation of tangible fixed assets | 2,012,356 | 1,218,807 |
| d) Write-downs of current receivables and liquid funds | 76,929 | 181,000 |
| | 20,499,589 | 7,709,698 |
| *11) Change in raw materials, consumables, supplies and goods* | (522,394) | (1,002,835) |
| *12) Provisions for risks* | 1,500,000 | 18,584 |
| *14) Other operating costs* | 3,149,547 | 1,632,168 |
| ***Total production cost*** | **322,095,041** | **210,721,772** |
| **Operating profit (A-B)** | **10,643,370** | **13,581,883** |
| **C) Financial income and charges** | | |
| *15) Income from equity investments with separate presentation of that from investments in subsidiaries and associates and in parents and subsidiaries of parents:* | | |
| –In other companies | 212 | 108 |
| | 212 | 108 |
| *16) Other financial income:* | | |
| a) From financial receivables classified as fixed assets with separate presentation of those from subsidiaries and associates and from parents and subsidiaries of parents: | | |
| –From others | 15 | 0 |
| | 15 | 0 |
| b) From securities classified as current assets which are not equity investments | 354 | 0 |

| | 2018 | 2017 |
|---|---|---|
| c) Other income with separate presentation of that from subsidiaries and associates and from parents and subsidiaries of parents: | | |
| –From others | 70,843 | 24,313 |
| | 70,843 | 24,313 |
| | 71,212 | 24,313 |
| *17) Interest and other financial charges with separate presentation of those to subsidiaries and associates and to parents and subsidiaries of parents:* | | |
| –Other | 5,312,844 | 1,915,510 |
| | 5,312,844 | 1,915,510 |
| *17—bis) Net exchange rate gains (losses)* | (280,104) | 496,682 |
| ***Net financial charges*** | **(5,521,524)** | **(1,394,407)** |
| **D) Adjustments to financial assets and liabilities** | | |
| *18) Write-backs:* | | |
| f) Equity-accounted investees | 619,328 | 630,223 |
| | 619,328 | 630,223 |
| *19) Write-downs:* | | |
| a) Equity investments | | 12,377 |
| d) Derivatives | 144,258 | 60,220 |
| | 144,258 | 72,597 |
| ***Total adjustments*** | **475,070** | **557,626** |
| **Pre-tax profit (A-B±C±D±E)** | **5,596,916** | **12,745,102** |
| *20) Income taxes, current and deferred* | | |
| Current taxes | 6,056,905 | 4,483,048 |
| Changes in deferred taxes | (791,651) | 247,178 |
| | 5,265,254 | 4,730,226 |
| **21) Net profit for the year** | **331,662** | **8,014,876** |
| –) Net profit (loss) for the year attributable to the group | (233,398) | 7,179,334 |
| –) Net profit for the year attributable to minority interests | 565,060 | 835,542 |

CEO
Tullio Pirovano

## Cash flow statement

| | 2018 | 2017 |
|---|---|---|
| *A) Cash flows from operations (indirect method)* | | |
| Net profit for the year | 331,662 | 8,014,876 |
| Income taxes | 5,265,254 | 4,730,226 |
| Net interest expense | 5,241,632 | 1,891,197 |
| Gain/losses on the sale of assets | 16,653 | 0 |
| Dividends | (212) | (108) |
| **1) Profit for the year before income taxes, interest, dividends and gains/losses on the sale of assets** | **10,854,989** | **14,636,191** |
| *Adjustments for non-monetary elements that do not affect other working capital items* | | |
| Accruals to provisions | 1,500,000 | 18,584 |
| Amortisation and depreciation | 20,422,660 | 7,528,698 |
| Write-downs of derivatives that do not lead to cash flows | 144,258 | (557,626) |
| Other increases/(Decreases) for non-monetary items | (619,328) | 0 |
| **Total adjustments for non-monetary elements that do not affect otherworking capital items** | **21,447,590** | **6,989,656** |
| **2) Cash flows before changes in other working capital items** | **32,302,579** | **21,625,847** |
| *Changes in other working capital items* | | |
| Increase in inventory | (2,844,832) | (3,910,058) |
| Increase in trade receivables | (23,152,556) | (29,323,542) |
| Increase in trade payables | 13,872,703 | 17,064,470 |
| Increase in prepayments and accrued income | (3,319,767) | (5,328,746) |
| Increase in accrued expenses and deferred income | 3,142,454 | 7,519,445 |
| Other decreases in other working capital items | 625,734 | 13,041,506 |
| **Total changes in other working capital items** | **(11,676,264)** | **(936,925)** |
| **3) Cash flows after changes in other working capital items** | **20,626,315** | **20,688,922** |
| *Other adjustments* | | |
| Interest paid | (5,241,632) | (1,891,197) |
| Income taxes paid | (6,335,462) | (6,788,982) |
| Dividends collected | 212 | 108 |
| Utilisation of provisions | (3,901,211) | (2,447,134) |
| **Total other adjustments** | **(15,478,093)** | **(11,127,205)** |
| **Cash flows from operating activities (A)** | **5,148,222** | **9,561,717** |
| *B) Cash flows from investing activities* | | |
| *Tangible fixed assets* | | |
| Investments | (3,567,550) | (3,675,660) |
| Disinvestments | 1,795,422 | 178,090 |
| *Intangible fixed assets* | | |
| Investments | (4.154.447) | (40,993,963) |
| *Financial fixed assets* | | |
| Investments | (56,590) | 1,031,058 |
| Disinvestments | 0 | 0 |
| *Non-current financial assets* | | |
| Investments | (144,258) | 0 |
| Disinvestments | 0 | 115,984 |
| Acquisitions of business units net of cash | (105.251.098) | (6,701,133) |
| Sales of business units net of cash | 0 | 0 |
| **Cash flows used in investing activities (B)** | **(111,378,521)** | **(50,045,624)** |

| | 2018 | 2017 |
|---|---|---|
| *C) Cash flows from financing activities* | | |
| *Third party funds* | | |
| Increase/(Decrease) in short-term bank loans and borrowings | 8,408,449 | (4,873,445) |
| Increase in loans | 40,567,512 | 53,248,184 |
| Decrease in loans | (8,388,397) | (15,058,938) |
| *Own funds* | | |
| Proceeds from the issue of shares | 56,413,150 | 4,114,433 |
| Redemption of shares | 0 | 0 |
| Sale/(Repurchase) of own shares | 0 | 0 |
| Dividends and interim dividends paid | 0 | (2,289,676) |
| **Cash flows from financing activities (C)** | **97,000,714** | **35,140,558** |
| **Decrease in liquid funds (A ± B ± C)** | **(9,229,587)** | **(5,343,349)** |
| **Exchange rate effect on liquid funds** | 0 | 0 |
| **Opening liquid funds** | **37,105,183** | **23,975,601** |
| Bank and postal accounts | 37,088,655 | 23,962,838 |
| Cheques on hand | 0 | 0 |
| Cash-in-hand and cash equivalents | 16,528 | 12,763 |
| of which not fully available for use | 0 | 0 |
| **Closing liquid funds** | **27,875,596** | **18,632,252** |
| Bank and postal accounts | 27,459,509 | 18,615,724 |
| Cheques on hand | 0 | 0 |
| Cash-in-hand and cash equivalents | 416,087 | 16,528 |
| of which not fully available for use | 0 | 0 |
| **DECREASE IN LIQUID FUNDS** | **(9,229,587)** | **(5,343,349)** |
| *Acquisitions or sales of subsidiaries* | | |
| Total consideration paid or received | 112,541,849 | 45,600,000 |
| Consideration paid as cash | 0 | 0 |
| Cash acquired or sold with the acquisition/sale of subsidiaries | 18,472,931 | 15,028,808 |
| Carrying amount of the assets/liabilities acquired or sold | 18,420,889 | 19,729,940 |

CEO
Tullio Pirovano

**LUTECH GROUP**

Registered office in VIA DANTE 14 - 20121 MILAN (MI)
Fully paid-up share capital € 3,210,000.00

Notes to the consolidated financial statements as at and for the year ended
**31 December 2018**

The Lutech S.p.A. and its subsidiaries (the "Group" or the "Lutech Group") is a system integrator that supports the digital transformation of its customers with an end-to-end service. . The parent, Lutech S.p.A. ("Lutech" or the "company") is a recognised leader in next generation IT infrastructure, cloud solutions, customer engagement solutions, credit and e-payment management solutions, cybersecurity, IoT, big data, e-Health solutions and cognitive computing. Lutech's leadership was further bolstered with the acquisition of Sinergy S.p.A. in 2017 and additional targeted acquisitions on the IT market in Italy and Spain in 2018.

## Basis of preparation

The consolidated financial statements of Lutech Group have been prepared in accordance with the provisions of article 2423 and following articles of the Italian Civil Code and Legislative decree no. 127/91, interpreted in the context of and integrated by the reporting standards promulgated by the Italian Accounting Standard Setter (the "OIC"). They consist of a balance sheet, a profit and loss account, a cash flow statement and these notes. In addition to the annexes required by law, tables showing a reconciliation of the parent's net loss for the year and net equity with the Group's net profit for the year and net equity are also provided in these notes.

The data and information required by article 38 of the above decree are provided in these notes.

The cash flow statement shows the reasons for increases and decreases in liquid funds during the year and has been prepared under the indirect method, using the layout provided for by OIC 10. The amounts presented in the balance sheet, profit and loss account, cash flow statement and these notes are in Euros, without decimal points, except as otherwise specified.

Significant post-balance sheet events and off-balance sheet commitments, guarantees and contingent liabilities are described in a section of these notes.

## Consolidation scope

The consolidated financial statements are based on the financial statements of Lutech S.p.A. (the parent) and the companies in which the parent directly or indirectly holds a majority investment or over which it has control. These financial statements are consolidated on a line-by-line basis. The list of the consolidated companies at 31 December 2018 are as follow:

| Company | Investment % | Control | Business |
|---|---|---|---|
| Arcares S.p.A. | 100% | Direct | Design and sale of business process management software for the banking and financial sectors |
| Teratron GmbH | 74.7% | Direct | Design, development and production of electronic components used in security and localisation products |
| Liscor S.p.A. | 100% | Indirect | Design and sale of business process management software for the banking and financial sectors |
| Sinergy S.p.A. | 100% | Direct | Italian IT system integrator specialised in the data centre sector, providing all-around solutions for the design, development and management of ICT infrastructures crucial for company activities |

| Company | Investment % | Control | Business |
|---|---|---|---|
| ICTeam S.p.A. | 100% | Direct | Development of software & system integration, system & cloud services, loyalty & direct marketing |
| CDM Tecnoconsulting S.p.A. | 100% | Direct | Product lifecycle management (PLM), IoT, ERP |
| NEST 2 S.p.A. | 100% | Direct | Services managed H24x7, security, networking and compliance services, NOC and SOC. |
| Cimworks SL (Spain) | 100% | Direct | Product lifecycle management (PLM) for the Spanish market |
| TEN Tecnologie & Networking S.r.l. | 100% | Direct | Consultancy company specialised in customer relationship management (CRM) and customer experience (CX) in cloud mode based on the Salesforce platform |
| Tecla.It S.r.l. | 100% | Direct | Company specialised in digital commerce |
| CST S.r.l. | 60% | Direct | Leading product company on the Italian market in compliance and regulatory solutions, highly specialised in finance sectors |
| Sinergetica S.r.l. | 100% | Direct | Energy trading & risk management (ETRM) solutions |
| Sinergetica RO | 100% | Indirect | Dormant |
| Pivotal Italia S.r.l. | 100% | Direct | CRM solutions |
| DIEM Technologies S.r.l. | 100% | Direct | System integrator specialised in satellite communication systems and digital broadcasting solutions |
| Telesio Systems S.r.l. | 51% | Direct | Company with technological expertise in Database, Gold Partner Oracle |
| 4PLM S.r.l. | 100% | Indirect | Product lifecycle management (PLM) |
| CDM Consulting CO. Ltd | 100% | Indirect | Product lifecycle management (PLM), IoT, ERP |
| Forward Software S.r.l. | 100% | Indirect | Software and services for financing application dossier management for specialised operators in Romania |
| Kronotech S.r.l. | 53% | Direct | Production and sale of mechanical, electronic, IT and telematics systems and process and office automation systems |
| Sinergy ICT Solutions SA | 90% | Indirect | IT system integrator set up in Switzerland by Sinergy S.p.A. to serve the local market |
| Teia Technologies S.r.l. | 70% | Direct | Big Data Solutions |
| Stepfour S.r.l. | 100% | Indirect | Company specialised in the SAP Hybris platform |
| 2MLab S.r.l. | 100% | Indirect | Web agency expert in UI/UX design and digital marketing |
| Tecla US | 100% | Indirect | Dormant |
| Mediawebview S.r.l. | 100% | Direct | Design and sale of video surveillance software and solutions |
| LutechNL B.V. | 100% | Direct | Sale of business process management software for the banking and financial sectors |

There are no exclusions due to the different nature of the businesses of the Group companies, nor are there any investments measured using the proportionate method.

Associates in which the parent has an investment of between 20% and 50% are measured at cost. A list of such companies is reported in specific section of these notes. Companies in which the parent has an investment of less than 20% and which qualify as fixed assets are also measured at cost (adjusted for impairment).

For the purposes of consolidation, the financial statements of the individual companies were used as prepared by the boards of directors for the approval of the respective shareholders or quotaholders, and partly already approved thereby, reclassified and adjusted to bring them into line with the Group's accounting policies and basis of preparation.

The consolidated companies have the same reporting date as that of the consolidated financial statements, with the exception of CDM Tecnoconsulting S.p.A., Cimworks Sl, Pivotal S.r.l., CDM consulting Co Ltd and 4PLM S.r.l., whose reporting date is 31 March. Pending the change of their financial year following their acquisition, interim financial statements at 31 December 2018 duly approved by the directors were used for such companies.

The profit and loss accounts of companies acquired or sold during the year are consolidated on the basis of the period under the Group's ownership.

**Changes in the consolidation scope**

Sixteen companies became part of the Group and thus were included in the consolidation scope during the year. The following table summarises the relevant company information, investment percentage held, acquisition price, equity value acquisition date and date of consolidation:

| Company | Opening financial statements | Address | Equity value acquisition date | Price acquisition including the related transaction costs | % investment |
|---|---|---|---|---|---|
| Lutech NL B.V. | Newco | Herengracht 466, 1017CA Amsterdam | 10,000 | 10,000 | 100% |
| NEST 2 S.p.A. | 31/03/2018 | Limena (PD), Via Praimbole 13 | 1,297,862 | 9,421,414 | 100% |
| CST S.r.l. | 31/05/2018 | Milan, Via Ippolito Rossellini 12 | 199,007 | 2,770,451 | 60% |
| TEN Tecnologie & Networking S.r.l. | 31/05/2018 | Milan, Via della Giustizia 10 | 1,058,219 | 9,683,078 | 100% |
| Telesio Systems S.r.l. | 30/06/2018 | Rome, Piazza Irnerio 11 | 96,119 | 779,894 | 51% |
| ICTeam S.p.A. | 31/07/2018 | Grassobbio, Via Azzano San Paolo 139 | 506,095 | 24,290,363 | 100% |
| Sinergetica S.r.l. | 18/09/2018 | Varazze (SV), Via Goffredo Mameli 4 | 1,251,491 | 8,169,763 | 100% |
| CDM Tecnoconsulting S.p.A. | 30/09/2018 | Via Marconi 25, Sorbolo (Parma) | 1,374,169 | 26,506,646 | 100% |
| Pivotal Italia S.r.l | 30/09/2018 | Via Marconi 25, Sorbolo (Parma) | 126,679 | 722,082 | 100% |
| Cimworks SL (Spain) | 30/09/2019 | Cl. Oriente 68, San Cugat del Valles, Barcellona | 1,110,220 | 12,915,209 | 100% |
| Tecla.It S.r.l. | 31/10/2018 | Corso Garibaldi 5—Faenza (RA) | 1,264,595 | 8,991,835 | 100% |

| Company | Opening financial statements | Address | Equity value acquisition date | Price acquisition including the related transaction costs | % investment |
|---|---|---|---|---|---|
| DIEM Technologies S.r.l. | 30/11/2018 | Genoa, Via del Commercio 27 | 414,437 | 6,438,895 | 100% |
| 2MLab S.r.l. | 31/10/2018 | Cesena, Via Quinto Bucci 355 (FC) | 76,950 | | Indirect 100% |
| Stepfour S.r.l. | 31/10/2018 | Faenza, Via Paolo Costa 11 (RA) | 255,663 | — | Indirect 100% |
| 4PLM S.r.l. | 30/09/2018 | Via Marconi 25, Sorbolo (Parma) | 54,147 | — | Indirect 100% |
| CDM Consulting CO. Ltd | 30/09/2018 | Shangai, 153 Jumen Road | 2,000 | — | Indirect 100% |

The opening balance sheets were taken from the financial statements at the closest dates to the acquisition dates.

As of 1 January 2018, due to the reverse merger of OEP Italy Solutions S.r.l. into Lutech S.p.A., the ultimate parent's figures were merged into Lutech S.p.A., also leading to a change in the consolidation scope.

Tecla US and Sinergetica RO (wholly owned by Tecla.it S.r.l. and Sinergetica S.r.l., respectively) were excluded from the consolidation scope as they were dormant during the year. TAG S.r.l. (50% held by CST S.r.l.) was not included as the percentage of investment held does not entail full control of the company, which, in any case, is immaterial.

**Consolidation method**

The carrying amount of the investments in the consolidated companies is eliminated against the parent's portion of their net equity. Any differences are allocated to the relevant financial statements captions and the remaining difference, if positive, is recognised as goodwill, unless it has to be wholly or partly recognised in caption B14 of the profit and loss account. Goodwill recognised under assets is amortised over the period provided for by article 2426.1.6 of the Italian Civil Code. If the remaining difference is negative, it decreases the carrying amount of assets recognised at amounts higher than their recoverable amount and increases the carrying amount of liabilities recognised at amounts below their settlement amount, when possible. Any residual negative difference is allocated to the consolidation reserve or the provision for risks and charges in line with the provisions of article 33.3 of Legislative decree no. 127/91.

The provision is then used in subsequent years in accordance with the assumptions made when it was set up. Net equity attributable to minority interests is recognised separately in the balance sheet while their share of net profit or loss for the year is presented separately in the profit and loss account. IntraGroup transactions among the consolidated companies are eliminated.

Gains and losses on these transactions are eliminated when they do not arise on transactions with third parties. During pre-consolidation, items of an exclusively fiscal nature are eliminated and the relevant deferred taxes are recognised.

The financial statements of foreign subsidiaries and associates are translated into Euros using the spot closing rate for assets and liabilities, the average annual rate for the profit and loss account captions and the historical exchange rate ruling at the time of their formation for the net equity reserves. Any resulting net exchange rate gains or losses are recognised in the translation reserve.

The following rates were applied to translate foreign currency financial statements:

| Currency | Exchange rate | |
|---|---|---|
| | 31/12/2018 | Average annual rate |
| RON (Romania) | 4.6635 | 4.654 |
| CHF (Switzerland) | 1.1169 | 1.1150 |
| Renminbi (China) | 0.1200 | 0.1200 |

**Accounting policies**

The accounting policies applied to prepare the consolidated financial statements at 31 December 2018 are those used for the separate financial statements of the company that prepares the consolidated financial statements and are also consistent with the policies applied to prepare the previous year's consolidated financial statements, especially as regards the measurement criteria and their consistent use.

The consolidated financial statements captions have been measured in accordance with the general principles of prudence and accruals on a going-concern basis.

Captions have been recognised and presented in accordance with the substance over form principle, if in compliance with the Italian Civil Code and the OIC. In addition, the same accounting policies were applied as in previous years for the purposes of materiality and comparability.

The Group measures the individual assets and liabilities separately, in order to avoid offsetting profits on certain items against losses on other items.

The Group recognises income and charges on an accruals basis regardless of their collection or settlement date. Accruals-based accounting affects the timing with which income and expense are taken to profit or loss in order to determine the net profit or loss for the year.

The directors performed a forward-looking assessment of the Group's ability to operate a business that will generate profits for the foreseeable future, or at least twelve months from the reporting date. The assessment showed that there are no significant uncertainties with respect to the Group's ability to continue as a going concern.

Identifying rights, obligations and conditions of transactions was based on their contractual terms and conditions and by comparing them with the accounting standards to check that the balance sheet and profit and loss account items were correctly recognised or derecognised.

The accounting policies are the same as those applied in the previous year in order to measure the Group's results consistently over time.

The materiality of the individual items comprising financial statements captions was assessed in the overall context of the consolidated financial statements. Both qualitative and quantitative elements were considered in quantifying materiality.

During the year, no exceptional cases arose that would have made departure from the accounting policies, as allowed by article 29.4 of Legislative decree no. 127/91, necessary to allow a true and fair view of the Group's financial position and results of operations. Moreover, the Group did not perform any revaluations as per the relevant special laws.

Each balance sheet, profit and loss account and cash flow statement caption presents the corresponding figures of the previous year. Where necessary, the latter are adjusted for comparative purposes and the related effects are disclosed in the notes, if material.

## Fixed assets

*Intangible fixed assets*

Intangible fixed assets are recognised at historical cost, net of amortisation charged over the years to the individual assets.

They are amortised in line with their residual income generating potential and, if this cannot be determined, using a rate of 20%.

Deferred start-up and capital costs and development costs are recognised with the prior consent of the board of statutory auditors, where necessary. Start-up and capital costs are amortised over a period not exceeding five years. Development costs are amortised systematically in line with their income generating potential. When the Group is unable to reliably estimate its useful life, goodwill is amortised over a period not exceeding five years.

Goodwill, arising on the cancellation of equity investments of acquirees and the exchange of shares or quotas assigned to the share or quotaholders of the merged companies, are amortised on a straight-line basis. This rate is deemed appropriate to allow the company to recover the goodwill through future economic benefits while complying with the principle of cost recoverability.

Net of the above, all goodwill is amortised over ten years.

Patents, intellectual property rights, licences, concessions and trademarks are amortised over their expected useful life. *Patents* are amortised using a 10% rate.

Leasehold improvements are amortised over the lease term.

If the asset is impaired, it is written down accordingly regardless of the recognised accumulated amortisation and reinstated to its original value, net of accumulated amortisation, if the reasons for the impairment no longer exist in future years.

If, at the reporting date, there are indications of impairment losses on fixed assets, the recoverable amount of such assets is estimated.

Should their recoverable amount, being the higher of value in use and fair value less costs to sell, be lower than their carrying amount, the assets are written down.

When the recoverable amount of an asset cannot be estimated, it is tested for impairment at cash-generating unit ("CGU") level, that is, the lowest identifiable level for assets, which includes the assets to be measured and generates cash inflows that are largely independent of the cash inflows generated by other assets or Groups of assets.

The write-down is not maintained in subsequent years if the reasons therefor cease to exist. The write-down is reversed up to the amount the asset would have had if the write-down had never taken place, that is, net of the amortisation/depreciation that would have been recognised in the absence of the write-down. Write-downs of goodwill and deferred charges cannot be reversed.

*Tangible fixed assets*

Tangible fixed assets are recognised at purchase cost and adjusted by accumulated depreciation.

The carrying amount includes the related transaction costs and the costs incurred to use the asset, decreased by any large trade and cash discounts.

Depreciation taken to the profit and loss account is calculated using rates held to reflect the assets' utilisation and estimated useful life. The depreciation rates applied, which are unchanged from the previous year and halved for assets acquired during the year, are as follows:

| | 2018 | 2017 |
|---|---|---|
| LAND AND BUILDINGS | | |
| Buildings | 3% | 3% |
| PLANT AND MACHINERY | | |
| Plant and machinery | 15% | 15% |
| Air-conditioning systems | 15% | 15% |
| Alarm and CCT systems | 30% | 30% |
| Electrical energy generation and transmission systems | 15% | 15% |
| Wired cabling telephone system | 15% | 15% |
| INDUSTRIAL AND COMMERCIAL EQUIPMENT | | |
| Sundry equipment | 15% 30% | 15% 30% |
| OTHER ASSETS | | |
| Ordinary office furniture and equipment | 12% | 12% |
| Furnishings | 15% | 15% |
| Cars | 25% | 25% |
| Electronic equipment | 20% | 20% |

If the asset is impaired, it is written down accordingly regardless of the recognised accumulated depreciation and reinstated to its original value, net of accumulated depreciation, if the reasons for the impairment no longer exist in future years.

Assets acquired free of charge are recognised at their estimated market value, increased by the costs incurred or to be incurred to include the asset in the production process.

**Financial fixed assets**

Investments in associates are measured using the equity method.

The draft financial statements formally prepared by the investee's board of directors, if the shareholders/quotaholders have not approved them, are used for the equity measurement method.

The net profit or loss for the year and net equity shown in an investee's financial statements are subject to the same adjustments required for consolidation purposes. The parent's share of an investee's adjusted net profit or loss increases or decreases the carrying amount of the investment, with a balancing entry in the profit and loss account. Dividends received reduce the investment's carrying amount. Changes in the investee's net equity that did not affect its net profit or loss for the year increase or decrease its carrying amount and the specific undistributable reserve, without affecting the Group's profit and loss account. If, as a result of net losses, the carrying amount of an investment becomes negative, it is written off and, should the Group be legally or otherwise bound to support its investee, the losses exceeding the write-off are recognised in the provisions for risks and charges.

Investments in other companies are measured at cost and adjusted for impairment.

Receivables are recognised under fixed or current assets depending on their intended use in relation to the Group's ordinary activities that generate them. Accordingly, financial receivables are recognised under financial fixed assets, whereas trade receivables are recognised under current assets, regardless of their due date.

Financial receivables are recognised at their estimated realisable value. Their nominal value is adjusted through the provision for bad debts to their estimated realisable value to account for possible insolvencies.

The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to article 12.2 of Legislative decree no. 139/2015, the Group opted not to recognise receivables arising before 1 January 2016 at amortised cost and did not discount them.

**Finance leases**

The Group accounts for finance leases using the balance sheet method, whereby the lease payments made are recognised in the profit and loss account on an accruals basis.

**Inventory**

Goods in stock include IT equipment and software held for resale.

Inventory is initially recognised at purchase cost and subsequently measured at the lower of cost and estimated realisable value based on market trends.

Purchase cost is the actual cost paid upon purchase including related charges. The purchase cost includes the price, transport costs, customs and other duties and other directly attributable costs. Returns, commercial discounts, rebates and bonuses are deducted from costs.

Spare parts are measured at average cost.

**Contract work in progress**

If the Group has a binding agreement with the counterparty and is able to measure the contract profit or loss reliably, contract work in progress is recognised based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognised on the basis of the work performed.

The Group measures the percentage of completion using the cost-to-cost approach. This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly. Any resulting profits or losses are recognised in the profit and loss account when the update is made.

Contract revenues include all contractual consideration, as well as approved change orders and price escalation clauses to the extent they can be determined reliably and their collection is reasonably certain.

Accrued revenues are recognised only when the Group is certain that it will definitively collect them as consideration for the work carried out.

The Group recognises the consideration to which it is definitively entitled as revenue, while it recognises the change in contract work in progress, which is the difference between the opening and closing inventory for work carried out and not yet definitively settled, in the specific profit and loss account caption.

When the total estimated costs of an individual contract are likely to exceed total estimated revenues, the probable loss to complete the contract is recognised as a decrease in contract work in progress when it is forecast, based on an objective and reasonable assessment of the existing circumstances and regardless of the contract’s stage of completion.

**Receivables**

Receivables are rights to receive fixed or determinable amounts of cash or its equivalent from customers or other third parties at identified or identifiable due dates.

Receivables are recognised at their estimated realisable value. Their nominal value is adjusted through the provision for bad debts to their estimated realisable value to account for possible insolvencies. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to article 12.2 of Legislative decree no. 139/2015, the Group opted not to recognise receivables arising before 1 January 2016 at amortised cost and did not discount them.

**Payables**

Payables are specific and certain liabilities that are obligations to pay fixed or determinable sums of cash or its equivalent to financial backers, suppliers or other parties.

Payables arising from the purchase of goods are recognised when the production process of goods has been completed and the substantial transfer of title has taken place, with the transfer of risks and benefits being the key parameter. Payables relating to services are recognised once the services have been delivered, i.e., when they have been carried out. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant. Furthermore, pursuant to article 12.2 of Legislative decree no. 139/2015, the Group opted not to recognise payables arising before 1 January 2016 at amortised cost and did not discount them.

**Foreign currency receivables and payables**

Foreign currency receivables and payables, i.e., in a currency other than the Euro, are translated into Euros using the exchange rate ruling on the date the related revenues and costs were earned or incurred. They are then retranslated using the closing rate, pursuant to OIC 26.

Exchange rate gains and losses are recognised in caption 17-bis of the profit and loss account.

**Prepayments and accrued income, accrued expenses and deferred income**

They are calculated on an accruals basis.

The Group checks the conditions leading to the original recognition of prepayments and accrued income and accrued expenses and deferred income related to more than one year and makes any appropriate changes.

They relate to income or charges collected or paid in advance or after the related cash and/or document movements and are recognised regardless of the collection or payment date of the related income and charges, that are common to two or more years and can be allocated over time.

None of the prepayments and accrued income or accrued expenses and deferred income items relate to more than five years at the reporting date.

Accrued income and expense are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.

Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year or in previous years but pertaining to one or more subsequent years.

**Securities**

Securities recognised as fixed assets held until their maturity are measured using the amortised cost method, while securities recognised as current assets are measured at the lower of amortised cost and estimated realisable value based on market trends.

**Own shares**

Own shares are recognised at their repurchase cost in a negative net equity reserve when they are repurchased. That reserve is reversed following the shareholders' resolution to cancel own shares, concurrently reducing share capital by the cancelled shares' nominal amount. Any difference between the amount accumulated in the reserve and the cancelled shares' nominal amount increases or decreases net equity. If the Group sells its own shares, any difference between the amount accumulated in the reserve and the proceeds from the sale increases or decreases another net equity caption (OIC 28.39).

**Derivatives**

A derivative is a financial instrument or other contract with all three of the following characteristics:

a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);

b) it requires no initial net investment or an initial net investment that is smaller than that required for other types of contracts that would be expected to have a similar response to changes in market factors;

c) it is settled at a future date.

The Group recognises a derivative when it becomes party to its contractual provisions, i.e., when it signs the contract and is, therefore, subject to its rights and obligations. It recognises derivatives, including embedded derivatives, at fair value.

Derivatives embedded in hybrid contracts are separated from the non-derivative host and recognised separately if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative provided for in OIC 32. The Group assesses whether it is required to separate an embedded derivative and recognise it separately only at the hybrid instrument's initial recognition or at the date when its contractual clauses are amended.

At each reporting date, the Group measures derivatives at fair value and presents them in the specific balance sheet captions as current or fixed (in the case of hedges of fixed assets or liabilities due after one year) assets, if their fair value is positive or under provisions for risks and charges, if their fair value is negative. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures the fair value of unlisted derivatives using adequate valuation techniques and the assumptions, parameters and fair value hierarchy levels required by the relevant OIC.

Fair value gains or losses on derivatives that do not meet the hedge accounting requirements are recognised in the specific profit and loss account captions.

<u>Hedge accounting</u>

A derivative qualifies for hedge accounting if all of the following criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;
- the hedging relationship meets the qualitative and quantitative hedge effectiveness requirements or the simplified requirements as per OIC 32.

If all the requirements mentioned above are met, hedging relationships may be accounted for using the following models.

Fair value hedges

The hedging instrument is measured and recognised at fair value. The hedged item is measured at fair value. The fair value gains or losses on both the hedging instrument and hedged item are fully recognised in the specific profit and loss account captions and the Group is not required to calculate the difference to be taken to the profit and loss account captions relating to the hedged item.

Cash flow hedges

The fair value gains or losses on the hedging instrument are fully recognised in the specific net equity reserve and the Group is not required to calculate the ineffective portion of the hedge to be taken to the profit and loss account. The same accounting treatments described above are applied to reclassify the amount accumulated in net equity.

The disclosures required by article 2427-bis.1 of the Italian Civil Code on the fair value of derivatives and those required by OIC 32 are provided in a specific section of these notes.

**Provisions for risks and charges**

Provisions for risks and charges are set up to cover certain or probable losses or payables, the due date or amount of which is unknown at year end.

Such provisions are measured in accordance with the general principles of prudence and accruals and no provisions for generic risks are accrued.

Contingent liabilities are recognised and accrued for when deemed probable and if the amount of the relevant charge can reasonably be estimated.

**Employees' leaving entitlement**

The Italian employees' leaving entitlement is the actual payable matured by employees in accordance with the law and ruling labour contracts, considering any type of continuous remuneration.

The balance comprises the total of the individual entitlements vested up to 31 December 2016 for employees at the reporting date, net of advances paid, and is equal to the amount that the Group would have paid had all employees left at the reporting date.

The balance does not include entitlements accrued since 1 January 2007 allocated to supplementary pension funds as per Legislative decree no. 252 of 5 December 2005 or transferred to the INPS (Italian social security institution) treasury fund.

**Income taxes**

Income taxes are recognised on an accruals basis. Therefore, they include:

- accruals for taxes paid or to be paid for the year, calculated according to ruling rates and regulations;
- deferred tax assets or liabilities related to temporary differences arisen or reversed during the year;
- adjustments to deferred tax assets or liabilities to consider changes in rates during the year.
- Current income taxes for the year are calculated on the basis of a realistic forecast of the taxable profit under the relevant tax legislation and applying the enacted tax rates at the reporting date. The related tax payable is stated at its nominal amount in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have not been claimed for reimbursement. A tax asset is recognised for payments on account, withholdings and receivables exceeding the taxes payable. Tax receivables and payables are measured at amortised cost, except when they are due within one year.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities and their tax base.

**Use of estimates**

The preparation of consolidated financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, are recognised in the profit and loss account when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.

**Revenue recognition**

Revenues from the sale of products are recognised when the risks and rewards are transferred, which normally takes place with delivery or consignment of the goods.

Financial income and revenues from the provision of services are recognised on an accruals basis. For the service projects, revenues are recognized based on the percentage of stage of completion (see contract working progress).

Revenues and income, costs and charges relating to foreign currency transactions are translated into Euros using the spot exchange rate ruling on the date of the relevant transaction.

Gains and losses from repurchase agreements, including those arising from the difference between the spot and forward prices, are recognised on an accruals basis.

**Commitments, guarantees and contingent liabilities**

Commitments, which are not recorded on the balance sheet, are obligations with third parties arising from legal agreements with certain obligatory effects which have not been executed by either of the parties. They include commitments of a certain amount and execution (e.g., purchase and sale forwards) and commitments the execution of which is certain but not the amount (e.g., a contract with a price revision clause). They are shown at their nominal amount as per the related supporting documentation.

Guarantees given by the Group include both personal guarantees and collateral.

| | Amount |
|---|---|
| GUARANTEES GIVEN ON BEHALF OF SUBSIDIARIES AND ASSOCIATES | 3,863,971 |
| CURRENCY FORWARDS | 10,601,653 |
| RECEIVABLES FACTORED WITH RECOURSE | 201,764 |
| GROUP ASSETS HELD BY THIRD PARTIES | 504,473 |

The series of acquisitions beginning with Lutech S.p.A. led to some contractual commitments.

Under the agreements to acquire controlling investments in CST S.r.l. (60%) and Telesio Systems S.r.l. (51%), Lutech undertook to acquire the remaining quotas within the set deadlines, with the price calculation to be based on future results.

Under the agreements to acquire DIEM Tecnologies S.r.l. and TECLA.IT S.r.l., the price will be adjusted on the basis on performance as per the financial statements at 31 December 2018 pending approval and those at 31 December 2019, respectively. Specifically, with regard to DIEM Tecnologies S.r.l., a reasonable estimate (to be defined by 30 June 2019 under the agreement) was made on the basis of the draft financial statements at 31 December 2018 and such amount was recognised as the higher carrying amount of the investment with a balancing entry in the provision for future charges. At the date of preparation of these consolidated financial statements, the final amount has not yet been determined and any variations will be accounted for in 2019. Under the share purchase agreement, the minority shareholders in Teratron GMBH and the minority quotaholders in Soltec S.r.l. (now merged into Kronotech S.r.l.) were granted put options to be exercised under specific conditions.

The agreement for the sale of the Gioia del Colle building contained a reservation of title clause under which the building would return to Lutech in the event of non-payment. Should this occur the Group would need to find a new buyer as the building is deemed no longer strategic. At the date of preparation of these consolidated financial statements, payments have been duly made.

The acquisition price of the investments in NEST2 S.p.A. and CDM Tecnoconsulting S.p.A. included a portion that was deferred or to be determined on the basis of the recalculated net financial position at the closing date. The estimated amounts were recognised in the financial statements at 31 December 2018 and fully paid in early 2019 without any variations on the estimated amounts.

Two preliminary agreements were signed in December 2018 for the acquisition of 100% of two companies deemed strategic for the Group. The agreements included some conditions precedent which have been met at the date of preparation of these consolidated financial statements, thus allowing the acquisition of the target companies, as described in the specific section on post-balance sheet events of these notes.

Under the loan agreements in place, the parent pledged its own shares, 100% of the subsidiary Sinergy S.p.A. and shares or quotas of all companies acquired in 2018. The parent also placed its assets under special lien as per article 46 of the Consolidated banking act and pledged as guarantee its potential future receivables arising from the compensation obligations set out in the individual agreements to acquire the investments. The Lutech S.p.A. shares held by the ultimate parent OEP Italy Solution S.r.l. were also pledged under the same loan agreements.

**Workforce**

The number of employees of the fully consolidated companies are shown separately by category.

| | 31/12/2018 | 31/12/2017 | Variation |
|---|---|---|---|
| Managers | 61 | 38 | 23 |
| Junior managers | 320 | 221 | 99 |
| White collars | 1,844 | 1,046 | 798 |
| Blue collars | 49 | 29 | 20 |
| **Total** | **2,274** | **1,334** | **940** |

The Group companies had an average overall workforce of 2,202 in 2018. It increased by 914 is due to changes in the consolidation scope.

**Disclosures about risks and uncertainties**

***Credit risk***

The company works with many customers that have an excellent credit standing and it is not exposed to any particular business risks, apart from those tied to the general conditions of the economy and country risk.

***Liquidity* risk**

During the year, the Group had sufficient short and long-term credit facilities. The acquisition of Lutech S.p.A. by OEP Italy Solutions S.r.l. as well as the subsequent acquisitions were supported by a balanced mix of own funds and bank loans. The financial debt that supported the acquisition process refers to financing granted by a syndicate of banks comprised of Crédit Agricole Italia S.p.A., Banca IMI S.p.A. and Banco BPM S.p.A., as arrangers and lending banks, and ICCREA Bancaimpresa S.p.A., BCC Milano and Unione di Banche Italiane S.p.A., as lending banks. Crédit Agricole Italia S.p.A. also acted as agent.The total financing at the reporting date included medium-long term loans of €122,823,400 and a revolving credit facility of €24,000,000 to support the Group's working capital funding needs. €10,000,000 of such revolving credit facility was used at the reporting date. The relevant bodies of the lending banks resolved to grant such financing following due preliminary investigations carried out by the banks. The outcome of such investigations was a positive assessment of the status of the parent and its future prospects in light of its development plans.As is customary in transactions of this nature, the financing was backed by guarantees. These comprised collateral and a special lien as per article 46 of the Consolidated banking act issued on the parent's main assets, in addition to a pledge on the shares/quotas of Lutech S.p.A., Sinergy S.p.A, OEP Italy Solution S.r.l., TEN Tecnologie & Networking S.r.l., CST S.r.l., NEST2 S.p.A., Telesio System S.r.l., ICTeama S.p.A., Sinergetica S.r.l., Pivotal Italia S.r.l., CDM Tecnoconsulting S.r.l., Cimworks SI, Tecla.it S.r.l., DIEM Technologies S.r.l. and LutechNL BV.

The borrowers of the credit facility were Lutech S.p.A. and Arcares S.p.A., while the guarantors were OEP 14 BV, OEP Italy Solution S.r.l., Lutech S.p.A., Arcares S.p.A., Liscor S.p.A., Sinergy S.p.A., CDM Tecnoconsulting S.r.l., ICTeam S.p.A., NEST2 S.p.A., Sinergetica S.r.l., Tecla.it S.r.l. and TEN Tecnologie & Networking S.r.l..

The financing agreement requires compliance with financial covenants and contractual obligations. At the date of preparation of these consolidated financial statements, the covenants and obligations were all met.

On 27 March 2019, the syndicate loan was increased with the addition of new acquisition financing credit facilities for a total of €35 million, and a 50% bullet repayment due on 30 June 2024 and 50% in instalments over the interim period.

The medium to long-term debt structure used to finance the various acquisitions, the availability of syndicate and non-syndicate short-term credit facilities and the initiatives underway to centralise the cash pooling system of the Group companies enable the Group to optimise the sources and application of funds and supports it in developing its core business.

***Market* risk and hedging policies**

The parent purchases large amounts of products, services and software in foreign currency, mainly the US dollar. The US dollar was strong for much of 2018 driven by the rise in Fed rates. The parent hedges currency risk by making forward currency purchases to offset possible negative fluctuations in foreign currency transactions, compared to the sales conditions agreed with customers.

The Group's exposure to interest rate risk mainly derives from the volatility of borrowing costs related to the debt bearing a floating rate, i.e., the loan granted by the syndicate of banks comprised of Crédit Agricole Italia S.p.A. (the agent), Banca IMI e Banco BPM, ICCREA Banca Impresa and Banca di Credito Cooperativo di Milano. To hedge such risk, the parent has a four-year interest rate cap for €38.9 million. Following the extension of the medium to long-term credit facilities, the parent agreed a new three-year interest rate cap for €25 million.

The aim of the Group's operating and financial policies is to minimise the impacts of such risks on its performance by improving its financial results and net financial position.

There are no risks that could impede the Group's ability to continue as a going concern.

### Intangible fixed assets

The caption may be analysed as follows:

| | 31/12/2017 | Change in cons. scope | Increases | Amortisation | Decreases | 31/12/2018 |
|---|---|---|---|---|---|---|
| Start-up and capital costs | 22,671 | 4,541 | 529 | (22,959) | — | 4,782 |
| Development costs | 4,821,226 | 478,082 | 2,755,922 | (2,169,202) | — | 5,886,028 |
| Industrial patents | 1,318,150 | 112,460 | 314,804 | (765,783) | — | 979,631 |
| Concessions, licences, trademarks and similar rights | 1,520,572 | 80,961 | 3,223,529 | (712,757) | — | 4,112,305 |
| Goodwill | 45,095,007 | 9,564,352 | 148,800,489 | (14,146,054) | — | 189,313,794 |
| Assets under development and payments on account | 359,870 | 5,600 | 579,189 | — | — | 944,659 |
| Other | 1,447,962 | 707,344 | 504,003 | (593,549) | — | 2,065,760 |
| **Total** | **54,585,458** | **10,953,340** | **156,178,465** | **(18,410,304)** | **—** | **203,306,959** |

Intangible fixed assets increased by €10,953,340 due to changes in the consolidation scope which included 16 new companies at 31 December 2018. The increase in development costs was due to the investments made by Group companies to develop proprietary solutions. The rise in concessions, licences and trademarks was due to the recognition in Lutech S.p.A.'s financial statements of the amount allocated to the Lutech trademark following the expert appraisal carried out during the purchase price allocation due to the reverse merger of OEP Solutions S.r.l. into Lutech S.p.A.. Such item also included the residual amount of the Sinergy trademark as defined by the expert and net of the relevant amortisation. Goodwill includes that recognised in the financial statements of the subsidiaries, the Lutech goodwill arising on the reverse merger and the higher prices paid for the acquisitions carried out during the year. With regard to such acquisitions and the allocation of the higher price pursuant to OIC 17 and 24, the parent gathered information from all Group companies about tangible and intangible fixed assets other than goodwill to which the excess price paid could be allocated, including via sending a specific questionnaire. Once all such information had been gathered, the parent analysed the questionnaires in light of the OIC and the materiality of events and amounts. Such analysis found that no such assets existed, thus the parent recognised the excess price as goodwill.

At the reporting date, there are not indications of impairment losses on intangible assets.

### Write-downs and write-backs of the year

No write-downs or write-backs were made during the year.

### Start-up and capital costs

The caption may be analysed as follows:

| | 31/12/2018 | 31/12/2017 | Variation |
|---|---|---|---|
| Incorporation | — | 1,861 | (1,861) |
| Transformation | — | — | — |
| Merger | — | — | — |
| Capital increase | — | 20,810 | (20,810) |
| Other changes to the deeds of incorporation | 4,782 | — | 4,782 |
| **Total** | **4,782** | **22,671** | **(17,889)** |

### Development costs

This caption refers to costs to develop the Group's various proprietary IT platforms.

| | 31/12/2017 | Change in cons. scope | Increases | Amortisation | 31/12/2018 |
|---|---|---|---|---|---|
| Development costs | 4,821,226 | 478,082 | 2,755,922 | (2,169,202) | 5,886,028 |
| **Total** | **4,821,226** | **478,082** | **2,755,922** | **(2,169,202)** | **5,886,028** |

The main solutions for which development costs were capitalised are the wHospital medical record, the TMS security solution, the Forward 2000 and 3000 lease management platforms, the K4F loan management product, the GT e-payment solution, the Phoenix Compliance Platform (PCPTM) compliance solution and the ENTROPY, PE2 PLM, ECS SUITE and POWERPLANNER solutions of CDM Tecnoconsulting.

The recognised costs are expected to refer to more than one year and are amortised systematically on a straight-line basis over five years.

### Industrial patents

This caption, amounting to €979,631 at 31 December 2018, increased by €112,460 due to changes in the consolidation scope and by €314,804 due to investments made during the year, net of amortisation of €765,783. The caption mainly includes the residual amount of investments in third-party software to support Group processes.

### Concessions, licences, trademarks and similar rights

This caption chiefly refers to the residual amount of the Lutech™ (€2,691,754), Radiotrevisan™ (€161,394) and Kronotech™ (€43,860) trademarks, as found in the expert appraisal carried out for the allocation of the higher price paid for the acquisition of the Group on 27 July 2017 and the residual amount of the Sinergy™ trademark (€1,205,972) as per the expert appraisal carried out for the allocation of the higher price paid for the acquisition of the subsidiary on 24 October 2017.

**Goodwill**

Goodwill, net of accumulated amortisation, amounted to €189,313,794, compared to €45,095,007 at the previous year end. The caption includes the allocations of higher prices paid for the various acquisitions, as follows:

| | 31/12/2018 |
|---|---|
| LUTECH S.p.A. | 33,443,679 |
| SISGE MEDICAL S.r.l. (merged into Lutech) | 2,389,689 |
| WHEALTH S.r.l. (merged into Lutech) | 6,692,914 |
| IT BUSINESS S.r.l. (merged into Lutech) | 5,153,205 |
| LASERBIOMED S.r.l. (merged into Lutech) | (464,850) |
| ARCARES S.p.A. | 7,366,982 |
| LISCOR S.p.A. | 3,208,039 |
| FORWARD SOFTWARE S.r.l. | 2,149,728 |
| KRONOTECH S.r.l. | 1,241,058 |
| SOLTEC S.r.l. (merged into Kronotech) | 550,475 |
| TERATRON GmbH | 6,891,347 |
| TEIA TECHNOLOGIES S.r.l. | 200,116 |
| SINERGY S.p.A. | 22,086,236 |
| TELESIO SYSTEMS S.r.l. | 649,586 |
| CDM TECNOCONSULTING S.p.A. | 24,282,256 |
| PIVOTAL ITALIA S.r.l. | 580,518 |
| TEN TECNOLOGIE & NETWORKING S.r.l. | 8,121,771 |
| NEST2 S.p.A. | 7,514,286 |
| SINERGETICA S.r.l. | 6,716,466 |
| CIMWORKS SL | 11,509,864 |
| TECLA.IT S.r.l. | 7,598,427 |
| C.S.T. S.r.l. | 2,497,730 |
| DIEM TECHNOLOGIES S.r.l. | 5,974,274 |
| ICTEAM S.p.A. | 22,840,144 |
| STEPFOUR S.r.l. | 59,875 |
| 2MLAB S.r.l. | 59,979 |
| **TOTAL** | **189,313,794** |

The increase of € 148.800.489 is mainly due to the higher price paid compare to book net asset for the acquisitions made in 2018 (€92,413,370) and the allocation to Lutech S.p.A. and its subsidiaries of the goodwill arising from the reverse merger of OEP Italy Solutions S.r.l. (€ 56,387,119), as follow:

| Company | Goodwill Acquisition 2018 | Change in consolidation scope | Total Goodwill |
|---|---|---|---|
| NEST 2 S.p.A. | 8,123,552 | — | 8,123,552 |
| CST S.r.l. | 2,571,444 | — | 2,571,444 |
| TEN Tecnologie & Networking S.r.l. | 8,624,859 | — | 8,624,859 |
| Telesio Systems S.r.l. | 683,775 | — | 683,775 |
| ICTeam S.p.A. | 14,347,559 | 9,436,709 | 23,784,268 |
| Sinergetica S.r.l. | 6,918,272 | — | 6,918,272 |
| CDM Tecnoconsulting S.p.A. | 25,132,477 | 88,352 | 25,220,829 |
| Pivotal Italia S.r.l | 595,403 | — | 595,403 |
| Cimworks SL (Spain) | 11,804,989 | — | 11,804,989 |
| Tecla.It S.r.l. | 7,727,240 | — | 7,727,240 |
| DIEM Technologies S.r.l. | 6,024,458 | — | 6,024,458 |
| 2MLab S.r.l. | *21.951* | *39,291* | *61,242* |
| Stepfour S.r.l. | 60.890 | — | 60.890 |
| 4PLM S.r.l. | (4,145) | — | (4,145) |
| CDM Consulting CO. Ltd | (300,357) | — | (300,357) |
| TAG S.r.l. | 81,003 | — | 81,003 |
| Totale | 92,413,370 | 9,564,352 | 101,977,722 |

| Company | Goodwill PPA reverse merger |
|---|---|
| Lutech S.p.A. | 32,215,008 |
| Arcares S.p.A. | 5,923,612 |
| Liscor S.p.A. | 835,816 |
| IT Business S.p.A. | 4,460,633 |
| Forward Software S.r.l. | 2,400,182 |
| Soltec S.r.l. | 192,274 |
| Kronotech S.r.l. | 1,306,518 |
| Teratron Gmbh | (191,241) |
| Sisge Medical S.r.l. | 2,067,223 |
| wHealth S.r.l. | 6,953,664 |
| Teia Technologies S.r.l. | 223,431 |
| **Totale PPA** | **56,387,119** |

**Assets under development**

This caption amounted to €944,659 at 31 December 2018 and mainly includes development costs for the new Labware IT platform (developed by the subsidiary SISGE Medical S.r.l. which merged into Lutech on 1 January 2018) which was still ongoing at the reporting date. The caption also includes investments recently begun to create a new CRM solution to support the Lutech Group in commercial processes. The increases in this caption due to changes in the consolidation scope amounted to €5,600.

**Other**

This caption amounted to €2,065,760 at 31 December 2018 and includes extraordinary maintenance on third-party assets and legal, notary and administrative consultancy costs incurred over various years for the acquisition of the Mainframe Computer and Intelligence Solutions business units. The increases in this caption due to changes in the consolidation scope amounted to €707,344.

**Total revaluations of intangible fixed assets at the reporting date**

No revaluations were made during the year.

**Capitalisation of borrowing costs**

No borrowing costs were capitalised during the year.

**Tangible fixed assets**

The caption may be analysed as follows:

| | 31/12/2017 | Change in cons. scope | Increases | Depreciation | Decreases | Reclassifications | 31/12/2018 |
|---|---|---|---|---|---|---|---|
| Land and buildings | 1,734,260 | 1,229,176 | 807,814 | (123,659) | (1,237,310) | 1,921,696 | 4,331,977 |
| Plant and machinery | 64,364 | 105,766 | 218,940 | (36,183) | (202,319) | — | 150,568 |
| Industrial and commercial equipment | 40,078 | 44,768 | 53,154 | (12,828) | (1,388) | — | 123,784 |
| Other assets | 3,923,089 | 2,063,483 | 2,487,642 | (1,839,686) | (371,058) | — | 6,263,470 |
| Assets under construction and payments on account | 1,921,696 | — | — | — | — | (1,921,696) | — |
| **Total** | **7,683,487** | **3,443,193** | **3,567,550** | **(2,012,356)** | **(1,812,075)** | **—** | **10,869,799** |

The increases in this caption due to changes in the consolidation scope amounted to €3,443,193.

**Land and buildings**

The increases and reclassifications in this caption mainly refer to the completion of Teratron's new prestigious office in Gummersbach, Germany, which opened for business in April 2018 with the transfer of production and related activities.

The change in consolidation scope of €1,229,176 refers to the buildings of NEST2 (€649,395) and Cimworks SL in Barcelona, Spain (€579,781).

On 29 May 2018, the parent sold title to the land and building in Gioia del Colle as they were no longer used in its normal operations. The sale agreement included a reservation of title clause as the price was to be paid in instalments. The sale was made at the appraisal amount net of some minor costs for urgent restructuring works.

**Plant and machinery**

This caption, amounting to €150,568, increased during the year due to changes in the consolidation scope (€105,766) and investments made (€218,940), net of depreciation (€36,183) and disposals (€202,319). Disposals were impacted by the reorganisation project rolled out by the Group in an effort to streamline its infrastructure.

**Industrial and commercial equipment**

This caption, amounting to €123,784, increased during the year due to changes in the consolidation scope (€44,768) and investments made (€53,154), net of depreciation (€12,828) and insignificant disposals.

**Other assets**

This caption, amounting to €6,263,470, increased during the year due to changes in the consolidation scope (€2,063,483) and investments made (€2,487,642), net of depreciation (€1,893,686) and disposals (€371,058). Disposals were impacted by the reorganisation projects rolled out by the Group at its facilities in an effort to streamline its presence throughout the country following the acquisitions made during the year.

Other assets include investments in electronic and electromechanical equipment (€5,132,691), vehicles (€208,518) and furnishings (€922,261).

**Assets under construction and payments on account**

The decrease is due to the reclassification of investments previously made by Teratron GmbH for the new company office, now completed and open for business.

**Write-downs and write-backs of the year**

No write-downs or write-backs were made during the year.

**Total revaluations of tangible fixed assets at the reporting date**

No revaluations were made during the year.

**Capitalisation of borrowing costs**

No borrowing costs were capitalised during the year.

**Financial fixed assets: equity investments**

Reference should be made to the annexes hereto for a list of consolidated subsidiaries, associates and other investees.

Investments in unconsolidated subsidiaries of €136 refer to Tecla US and Sinergetica RO which are wholly owned by Tecla.it S.r.l. and Sinergetica S.r.l., respectively, and are excluded from the consolidation scope as they were dormant during the year.

Investments in associates totalling €1,482,208 were recognised using the equity method and refer to I.T.G. Lutech S.r.l. (€209,592), Lombardia Gestione S.r.l. (€1,232,830) and TAG S.r.l. (€39,788). The following table provides information about the associates.

| | City (Italy) or foreign country | Tax code | Quota capital (Euro) | Net profit for previous year (Euro) | Net equity (Euro) | Investment (Euro) | Investment % |
|---|---|---|---|---|---|---|---|
| I.T.G Lutech S.r.l. | Milan | 07356570155 | 179,190 | 56,580 | 663,895 | 209,592 | 31.57% |
| Lombardia Gestione S.r.l. | Milan | 07004340969 | 1,000,000 | 1,185,053 | 2,597,284 | 1,232,830 | 49% |
| TAG S.r.l. | Milan | 07727520962 | 10,000 | 118,802 | 132,628 | 39,788 | 30% |

Investments in other companies refer to non-strategic minority interests in the following:

| Investor | Investee | Registered office | Carrying amount | Investment held |
|---|---|---|---|---|
| Lutech S.p.A. | Inn.Tech | Brescia, Italy | 5,200 | 28.00% |
| Lutech S.p.A. | BCC di Milano | Carugate, Italy | 19,977 | 0.05% |
| Lutech S.p.A. | Datagraf Servizi S.r.l. | Avellino, Italy | 7,500 | 15.00% |
| Lutech S.p.A., CST S.r.l., DIEM S.r.l. | CONAI | Milan, Italy | 687 | — |
| Lutech S.p.A. | Consorzio 2Net | Rome, Italy | 800 | 50.00% |
| Lutech S.p.A. | La nuova Colonia | Civo, Italy | 5,000 | 0.14% |
| CST S.r.l. | CONFIDI - Artfidi Lombardia | Brescia, Italy | 250 | — |
| Tecla.it S.r.l. | CONFIDI ROMAGNA | Forlì, Italy | 1,550 | — |
| Tecla.it S.r.l. | BCC RAVENNATE FORLIVESE e IMOLESE | Faenza, Italy | 1,662 | — |
| Tecla.it S.r.l. | FIDINDUSTRIA | Bologna, Italy | 103 | — |
| NEST2 S.r.l. | Rovigo Banca Credito Cooperativo | Rovigo, Italia | 415 | — |
| NEST2 S.r.l. | Banca Popolare | Padua, Italy | 2 | — |
| NEST2 S.r.l. | EUROFIDI TORINO | Turin, Italy | 250 | — |
| NEST2 S.r.l. | Neafidi | Vicenza, Italy | 300 | — |
| NEST2 S.r.l. | Eurocons | Turin, Italy | 51 | — |
| NEST2 S.r.l. | Cofitalia | Milan, Italy | 250 | — |
| Telesio Systems S.r.l. | Consorzio OPENSTAFF | Rome, Italy | 806 | 6.67% |
| **Total** | | | | **44,802** |

### Financial fixed assets: Financial receivables

Financial receivables totalled €348,291, up €246,249 on the previous year end partly due to changes in the consolidation scope (€178,902). The caption may be analysed as follows:

| | 31/12/2017 | Variation | 31/12/2018 |
|---|---|---|---|
| From unconsolidated subsidiaries | — | 38,228 | 38,228 |
| From associates | 47,355 | — | 47,355 |
| From others | 54,687 | 208,021 | 262,708 |
| **Total** | **102,042** | **246,249** | **348,291** |

Financial receivables from unconsolidated subsidiaries refer to receivables due from Tecla.it S.r.l. and Sinergetica S.r.l. respectively to Tecla US (€10,000) and to Sinergetica RO (€28,228). The two subsidiaries were excluded from the consolidation scope as they are dormant.

Financial receivables from associates refer to quotaholder loans to ITG Lutech S.r.l., while financial receivables from others chiefly refer to guarantee deposits on leases or supply contracts.

## Inventory

Inventory, amounting to €31,207,886 at 31 December 2018, increased by a total of €6,217,656 on the previous year end. Such increase was due to changes in the consolidation scope (€3,350,730) and higher volumes for the remaining amount. Raw materials, consumables and supplies, along with work in progress and semi-finished products, are inherent to production and assembly activities, mainly by the subsidiary Teratron. Finished goods include the finished goods of the production companies Teratron and Kronatech and goods acquired for resale by other companies.

Contract work in progress is recognised based on the stage of completion (or percentage of completion), whereby contract costs, revenues and profits or losses are recognised on the basis of the work performed.

The Group measures the percentage of completion using the cost-to-cost approach. This method reflects the best estimate of work performed at the reporting date. The underlying estimates are updated regularly.

| | 31/12/2017 | Change in cons. scope | Variation | 31/12/2018 |
|---|---|---|---|---|
| Raw materials, consumables and supplies | 1,022,721 | — | (44,827) | 977,894 |
| Work in progress and semi-finished products | 136,144 | — | (23,023) | 113,121 |
| Contract work in progress | 10,089,767 | 2,236,394 | 2,434,852 | 14,761,013 |
| Finished goods | 13,741,598 | 1,114,336 | 499,924 | 15,355,858 |
| **Total** | **24,990,230** | **3,350,730** | **2,866,926** | **31,207,886** |

Inventory is presented net of the provision for inventory write-down of €1,306,362, which underwent the following changes during the year:

| | Amount |
|---|---|
| **Balance at 31/12/2017** | **1,206,234** |
| Changes in the consolidation scope | 45,259 |
| Utilisation | (3,012) |
| Accrual | 57,881 |
| **Balance at 31/12/2018** | **1,306,362** |

The provision for inventory write-down at 31 December 2018 refers to contract write-downs (€232,00) and product obsolescence (€1,032,116).

## Capitalised borrowing costs

No borrowing costs were capitalised under assets during the year.

## Receivables

After the elimination of intragroup balances, receivables amounted to €196,528,188 and are broken down as follows:

| | Due within one year | Due after one year | Due after five years | Total |
|---|---|---|---|---|
| Trade receivables | 171,209,861 | 2,091,768 | — | 173,301,629 |
| From unconsolidated subsidiaries | — | — | — | — |
| From associates | 3,037,841 | — | — | 3,037,841 |
| From parents | 500 | — | — | 500 |
| From subsidiaries of parents | — | — | — | — |
| Tax receivables | 8,921,433 | 524,786 | — | 9,446,219 |
| Deferred tax assets | 1,686,270 | — | — | 1,686,270 |
| From others | 5,373,808 | 752,461 | — | 6,126,269 |
| **Total** | **190,229,713** | **3,369,015** | **—** | **193,598,728** |

There were no receivables related to repurchase agreements.

*Trade receivables*

Trade receivables, amounting to €173,301,629, increased by €51,713,999 on the previous year end (€121,587,630). €28,561,443 of such increase was due to changes in the consolidation scope, while the remaining part was due to increased volumes and the high concentration of sales towards the end of the year. Trade receivables refer to ordinary transactions carried out with third parties by the parent and its subsidiaries. Trade receivables broken down by geographical segment include €164,597,895 due from domestic customers and €8,703,734 due from foreign customers.

The caption is presented net of the provision for bad debts, which underwent the following changes during the year:

| | **Amount** |
|---|---|
| **Balance at 31/12/2017** | **1,393,728** |
| Changes in the consolidation scope | 435,072 |
| Utilisation | (51,507) |
| Accrual | 76,929 |
| **Balance at 31/12/2018** | **1,854,222** |

*Receivables from associates*

Receivables from associates amounted to €3,037,841 (31 December 2017: €3,023,693) and refer to invoices issued or to be issued related to contracts signed with Lombardia Gestione (€3,060,482) and with ITG Lutech S.r.l. (€135,359).

*Tax receivables*

Tax receivables amounted to €9,446,219 and include VAT receivables (€1,862,888), recognised by certain Group companies for tax relief of €4,556.03 as per the decree of the Ministry of Economic Development and the Ministry of the Economy and Finance of 27 May 2015, implementing article 3 of Law decree no. 145 of 2013 (Tax credit for research and development activities), to support the significant research and development activities carried out by the Group, withholdings on dividends distributed by foreign companies (€413,560), as well as tax credits for excess tax paid and for pending reimbursements. Tax receivables due after one year mainly relate to the portion not yet received of the IRES reimbursement as per Law decree no. 201 of 2011. The caption increased by €6,701,533 from €2,744,686 at 31 December 2017, with €1,119,567 of such increase due to changes in the consolidation scope.

*Deferred tax assets*

Deferred tax assets amounted to €1,686,270 compared to €691,667 at 31 December 2017. The €994,603 increase is partly due to changes in the consolidation scope (€463,113). The deferred tax assets refer to deductible temporary differences. They were recognised as the Group was reasonably certain that it will have a taxable profit at least equal to the amount of differences that will reverse in the years in which this will take place.

*Receivables from others*

Receivables from others amounted to €6,126,269 (31 December 2017: €1,225,446) and mainly refer to a receivable due from DXC Italia (formerly HP Enterprise) of €2.2 million (duly collected on 30 April 2019), receivables from factors for receivables factored but not yet paid (€875 thousand) and other minor receivables. The sale of the Gioia del Colle building with a reservation of title clause generated a residual receivable from the buyer of €800 thousand net of amounts already paid. At the date of preparation of these consolidated financial statements, all due payments have been made; €731 thousand is due after one year from the reporting date. The caption increased by €4,900,823 from €1,225,446 at 31 December 2017, with €2,785,247 of such increase due to changes in the consolidation scope.

**Current financial assets**

The parent has some interest rate caps with a one-off upfront premium in place at the reporting date. They were agreed on 30 November 2017 to hedge interest rate risk. Derivatives at 31 December 2018 (€30,722) reflect the fair value of the interest rate caps at such date. Reference should be made to the specific section of these notes for greater information on such caps.

Other securities amounting to €131,233 mainly include liquid funds invested short term in risk-free instruments.

**Liquid funds**

| | 31/12/2017 | Increases | Decreases | 31/12/2018 |
|---|---|---|---|---|
| Bank and postal accounts | 18,615,724 | 8,843,785 | — | 27,459,509 |
| Cheques on hand | — | — | — | — |
| Cash-in-hand and cash equivalents | 16,528 | 399,559 | — | 416,087 |
| **Total** | **18,632,252** | **9,243,344** | **—** | **27,875,596** |

The closing balance shows the cash and cash equivalents at the reporting date. Changes in the consolidation scope led to an €18,472,931 increase in the caption.

**Prepayments and accrued income**

They are calculated on an accruals basis. The Group checks that the conditions that led to the recognition of prepayments and accrued income still existed at the reporting date and made the appropriate variations, if necessary. They refer to income and charges collected or paid in advance or after the related cash and/or document movements and are recognised regardless of the collection or payment date of the related income and charges, that are common to two or more years and can be allocated over time. The caption amounted to €25,451,941 at 31 December 2018, compared to €20,833,312 at the previous year end. €1,298,862 of the total increase (€4,618,629) was due to changes in the consolidation scope. At the reporting date, the parent did not have any prepayments and accrued income related to more than five years.

**Net equity**

**Reconciliation of the parent's net loss for the year and net equity with the Group's net profit for the year and net equity**

The table shows a reconciliation of the Group's net equity at 31 December 2018 and its net profit for the year with parent's net equity at 31 December 2018 and its net loss for the year:

| | Net equity | Net profit (loss) |
|---|---|---|
| **Net equity and net loss for the year of the parent** | **129,386,971** | **(1,588,937)** |
| Elimination of the dividends of the subsidiaries | (976,782) | (976,782) |
| Contribution of consolidated companies | 2,165,715 | 2,165,715 |
| Adjustment to amortisation of the goodwill of the parent | 135,278 | 135,278 |
| Equity accounting of associates | 31,328 | 31,328 |
| Exchange rate effect | 11,985 | — |
| Other changes | (111,476) | — |
| **Net equity and net loss for the year attributable to the Group** | **130,643,019** | **(233,398)** |
| Net equity and net profit for the year attributable to the minority interests | 2,308,463 | 565,060 |
| **Net equity and net profit as per the consolidated financial statements** | **132,951,482** | **331,662** |

**Changes in net equity attributable to the Group**

| | Share capital | Reserves | Retained earnings | Net profit (loss) for the year | Total attributable to the Group |
|---|---|---|---|---|---|
| **Opening balance at 31/12/2017** . . . . . | **3,210,000** | **15,762,076** | **13,899,694** | **7,179,334** | **40,051,104** |
| Variations of the year | | | | | |
| Merger contribution . . . . . . . . . . . . . . . . | — | 31,719,826 | (1,293,204) | — | **30,426,622** |
| Capital injections by shareholders . . . . | — | 60,413,150 | — | — | **60,413,150** |
| Adjustment to hedging reserve . . . . . . | — | 85,867 | — | — | **85,867** |
| Allocation of net profit for 2017 . . . . . . | — | 226,082 | 6,953,252 | (7,179,334) | **—** |
| Exchange rate effect . . . . . . . . . . . . . . . | — | 11,985 | — | — | **11,985** |
| Other changes . . . . . . . . . . . . . . . . . . . . | — | 18,675 | (130,986) | — | **(112,311)** |
| Net loss for the year . . . . . . . . . . . . . . | — | — | — | (233,398) | **(233,398)** |
| **Closing balance at 31/12/2018** . . . . . | **3,210,000** | **108,237,661** | **19,428,756** | **(233,398)** | **130,643,019** |

**Provisions for risks and charges**

Provisions for risks and charges amounted to €7,963,815 at 31 December 2018 and are broken down in the table below. €152,069 of the increase of the year is due to changes in the consolidation scope.

| | 31/12/2017 | Change in cons. scope | Variation | 31/12/2018 |
|---|---|---|---|---|
| Pension and similar provisions . . . . . . . . . . . . . . . . . . . . | 56,461 | 47,400 | 12,203 | 116,064 |
| Tax provision, including deferred tax liabilities . . . . . . . | 548,096 | 37,327 | 627,248 | 1,212,671 |
| Derivatives . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 251,347 | 7,219 | (93,086) | 165,480 |
| Other provisions . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 6,729,588 | 60,123 | (320,111) | 6,469,600 |
| **Total** . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **7,585,492** | **152,069** | **226,254** | **7,963,815** |

Pension and similar provisions amounted to €116,064 and represent the best estimate of the amount of termination benefits that will be due to agents and directors at the end of their term of office/mandate.

The tax provision, including deferred tax liabilities amounted to €1,212,671 and presents the tax effect of taxable temporary differences mainly linked to the effect of the amortisation of trademarks recognised on the basis of the purchase price allocation.

Derivatives amounting to €165,480 refer to the fair value of currency forwards in place at the reporting date, since the requirements for hedge accounting were met.

Other provisions are mainly comprised of the provision for the Mainframe Computer business unit, the provision for restructuring costs and the best estimate at the date of approval of the financial statements of the earnout of one of the most recent acquisitions. Movements in other provisions during the year were as follows:

| | Amount |
|---|---|
| **Balance at 31/12/2017** . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **6,729,588** |
| Changes in the consolidation scope . . . . . . . . . . . . . . . . . . . . . | 60,123 |
| Increases . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 3,795,866 |
| Decreases . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | (4,115,977) |
| **Balance at 31/12/2018** . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **6,469,600** |

€3,454,767 of the provision for the Mainframe Computer business unit was utilised in 2018 for charges of the year. With regard to the acquisition of the 100% investment in DIEM Tecnologies S.r.l., pending the calculation of the final price applying the price adjustment rights granted to the sellers, the Group recognised the best reasonable estimate of the outstanding balance with the carrying amount of the investment in the company as a balancing entry, thus as an increase in goodwill. The planned streamlining and integration of the numerous companies acquired and the integration programmes underway led the Group to prudentially accrue a provision for restructuring costs of €1,500,000.

**Employees' leaving entitlement**

The employees' leaving entitlement amounted to €13,708,027 at 31 December 2018. It is the actual payable accrued by Group employees at the reporting date, net of any advances paid, in accordance with the law and ruling labour contracts, considering any type of continuous remuneration.

| | 31/12/2017 | Change in cons. scope | Variation | 31/12/2018 |
|---|---|---|---|---|
| Employees' leaving entitlement | 9,559,842 | 3,841,799 | 306,386 | 13,708,027 |

**Payables**

After the elimination of intragroup balances, payables are measured at amortised cost and are broken down as follows:

| | Due within one year | Due after one year | Due after five years | Total |
|---|---|---|---|---|
| Bonds | — | — | — | — |
| Convertible bonds | — | — | — | — |
| Shareholder loans | — | — | — | — |
| Bank loans and borrowings | 24,084,710 | 117,143,184 | — | 141,227,894 |
| Loans and borrowings from other financial backers | 4,268,653 | 1,132,940 | — | 5,401,593 |
| Payments on account | 17,870,908 | — | — | 17,870,908 |
| Trade payables | 96,211,234 | 1,179,427 | — | 97,390,661 |
| Commercial paper | — | — | — | — |
| Payables to unconsolidated subsidiaries | — | — | — | — |
| Payable to associates | 98,247 | — | — | 98,247 |
| Payables to parents | 1,000,000 | — | — | 1,000,000 |
| Payables to subsidiaries of parents | — | — | — | — |
| Tax payables | 9,378,683 | 41,199 | — | 9,419,882 |
| Social security charges | 9,249,616 | — | — | 9,249,616 |
| Other payables | 24,629,964 | — | — | 24,629,964 |
| **Total** | **186,792,015** | **119,496,750** | **—** | **306,288,765** |

Changes in consolidation scope led to a €74,000,879 increase in payables.

Bank loans and borrowings amounted to €141,227,894 at 31 December 2018 net of transaction costs of €4,775,724 recognised on an amortised cost basis. The gross payable of €146,003,618 relates to a medium-term syndicate credit facility (€122,823,400), the drawn-down portion of the revolving credit facility (€10,000,000), drawn-down portions of short-term credit facilities (€6,822,795) and medium-term loans and borrowings of subsidiaries (€6,357,423).

€122,823,400 of the syndicate credit facility refers to a fully-used credit facility granted to Lutech S.p.A. by a syndicate of banks whose agent is Credit Agricole Italia S.p.A.. The financing is comprised of six senior facilities expiring on 27 July 2023, 30 June 2024 and 27 July 2024, as summarised below:

| Bank | Amount | Interest rate % | Repayment date | Short-term portion | Long-term portion |
|---|---|---|---|---|---|
| Credit Agricole syndicate A1 | 20,163,400 | 3.25% | 27/07/2023 | 3,899,000 | 16,264,400 |
| Credit Agricole syndicate A2 | 7,240,000 | 3.25% | 27/07/2023 | 1,400,000 | 5,840,000 |
| Credit Agricole syndicate A3 | 25,000,000 | 3.00% | 30/06/2024 | — | 25,000,000 |
| Credit Agricole syndicate B1 | 33,420,000 | 3.75% | 27/07/2024 | — | 33,420,000 |
| Credit Agricole syndicate B2 | 12,000,000 | 3.75% | 27/07/2024 | — | 12,000,000 |
| Credit Agricole syndicate B3 | 25,000,000 | 3.50% | 30/06/2024 | — | 25,000,000 |
| **Total** | | | | **5,299,000** | **117,524,400** |

During the year, the Group had sufficient short and long-term credit facilities. The acquisition of Lutech S.p.A. by OEP Italy Solutions S.r.l. as well as the subsequent acquisitions were supported by a balanced mix of own funds and bank loans. The financial debt that supported the acquisition process refers to a financing granted by a syndicate of banks comprised of Crédit Agricole Italia S.p.A., Banca IMI S.p.A. and Banco BPM S.p.A., as arrangers and lending banks, and ICCREA Bancaimpresa S.p.A., BCC Milano and Unione di Banche Italiane S.p.A., as lending banks. Crédit Agricole Italia S.p.A. also acted as agent.The syndicate credit facility also makes a revolving credit facility of €24 million available to the Group to support its working capital funding needs. The relevant boards of the lending banks resolved to grant such loan following due preliminary investigations carried out by the banks. The outcome of such investigations was a positive assessment of the status of the parent and its future prospects in light of its development plans. As is customary in transactions of this nature, the financing was backed by guarantees. These comprised of collateral and a special lien as per article 46 of the Consolidated banking act issued on the parent's main assets, in addition to a pledge on the shares/quotas of Lutech S.p.A., Sinergy S.p.A, OEP Italy Solution S.r.l., TEN Tecnologie & Networking S.r.l., CST S.r.l., NEST2 S.p.A., Telesio System S.r.l., ICTeama S.p.A., Sinergetica S.r.l., Pivotal Italia S.r.l., CDM Tecnoconsulting S.r.l., Cimworks SI, Tecla.it S.r.l., DIEM Technologies S.r.l. and LutechNL BV.

The borrowers of the credit facility were Lutech S.p.A. and Arcares S.p.A., while the guarantors were OEP 14 BV, OEP Italy Solution S.r.l., Lutech S.p.A., Arcares S.p.A., Liscor S.p.A., Sinergy S.p.A., CDM Tecnoconsulting S.r.l., ICTeam S.p.A., NEST2 S.p.A., Sinergetica S.r.l., Tecla.it S.r.l. and TEN Tecnologie & Networking S.r.l..

Following the reverse merger of OEP Italy Solutions S.r.l. into Lutech S.p.A., the former's payable of €32,041,597 at 31 December 2017 is now fully recognised in the latter's financial statements, net of paid instalments.

The financing agreement requires compliance with financial covenants and contractual obligations. At the date of preparation of these consolidated financial statements, the covenants and obligations were all met.

Loans and borrowings from other financial backers amounted to €5,401,593 and refers to borrowings from financing companies specifically for the purchase (including by instalments) of products and services for resale. The caption amounted to €7,057,176 at 31 December 2017 and the decrease is due to the gradual repayment of the borrowings.

Payments on account amounted to €17,870,908 and mainly comprise amounts invoiced to customers for revenues not fully matured. €537,727 of the €7,278,456 increase on the previous year end is due to changes in the consolidation scope.

Trade payables amounted to €97,390,661, up €27,626,056 on the previous year end (€69,764,605). €13,753,353 of such increase was due to changes in the consolidation scope.

Payables to parents amounted to €1,000,000 and comprise Lutech S.p.A.'s payable due to OEP Italy Solution S.r.l..

Tax payables amounted to €9,419,882 and mainly refer to VAT payables (€3,213,934) and withholdings made at source (€4,104,918). The caption increased by €4,704,197 on the previous year end, of which €3,494,514 was due to changes in the consolidation scope.

Social security charges payable amounted to €9,249,616 and increased by €3,774,952 on the previous year end (€5,474,664). €2,177,479 of such increase was due to changes in the consolidation scope.

Other payables amounted to €24,629,964 and mostly refer to accrued holiday and additional monthly pay (€16,705,980) and payables to the selling shareholders/quotaholders of the acquired companies NEST2 S.r.l., SISGE Medical S.r.l., Sinergetica S.r.l. and CDM Tecnoconsulting (€4,288,977) for deferred price portions or price adjustments already agreed.The caption also includes €1,230,000 due to partners in a financed project for which Lutech S.p.A. obtained a proxy for collecting the subsidy to then be distributed to the partners and €1,316,000 of collections received from customers to be paid to factors as they refer to factored receivables. The caption increased by €6,751,237 on the previous year end, net of a €9,939,012 increase due to changes in the consolidation scope. The main decrease in the caption in 2018 was due to the payment of the contingent consideration for the acquisition of Teratron GmbH (€5,332,891).

**Accrued expenses and deferred income**

These are recognised on an accruals and matching basis.

They mostly include revenues for future years on service agreements, which are recognised over the agreement's term.

The caption amounted to €33,436,212 at 31 December 2018 compared to €24,374,271 at the previous year end. €5,929,102 of the €9,061,941 increase is due to changes in the consolidation scope. At the reporting date, the parent did not have any accrued expenses and deferred income related to more than five years.

**Revenues by business segment**

The caption may be analysed as follows:

| | 2017 | Variation | 2018 |
|---|---|---|---|
| Sale of products | 96,221,005 | 28,280,605 | 124,501,610 |
| Services | 120,703,796 | 72,234,260 | 192,938,056 |
| Other | 2,072,600 | 8,040,256 | 10,112,856 |
| **Total** | **218,997,401** | **108,555,121** | **327,552,522** |

Turnover from sales and services and other revenues jumped significantly from €218,997,401 to €327,552,522 (+49.6%) due to organic growth and the changes in the consolidation scope following the external growth actions described earlier. The contribution of the acquirees, whose revenues were consolidated as of the acquisition date, amounted to €48,836,759.

Non-core (other) revenues grew due to a transaction finalised with a Group customer to redefine guaranteed volume sales terms of an ongoing contract and due to certain Group companies applying for tax relief as per the decree of the Ministry of Economic Development and the Ministry of the Economy and Finance of 27 May 2015, implementing article 3 of Law decree no. 145 of 2013 (tax credit for research and development activities).

The change in work in progress, semi-finished products and finished goods amounted to €23,023.

The change in contract work in progress amounted to €2,613,416, just below the prior year balance, and refers to the progress of projects underway.

Internal work capitalised amounted to €2,595,496, just above the prior year balance. The caption includes costs incurred for developing the products.

**Revenues by geographical segment**

| | 2018 |
|---|---|
| Italy | 309,632,935 |
| Abroad | 17,919,587 |
| **Total** | **327,552,522** |

**Production cost**

The caption may be analysed as follows:

| | 2017 | Change in cons. scope | Variation | 2018 |
|---|---|---|---|---|
| Raw materials, consumables, supplies and goods | 74,759,197 | 7,502,190 | 14,734,675 | 96,996,062 |
| Services | 56,145,302 | 12,175,174 | 23,156,120 | 91,476,596 |
| Use of third party assets | 4,584,067 | 1,100,620 | 1,820,224 | 7,504,911 |
| Wages and salaries | 49,852,619 | 14,956,447 | 9,577,876 | 74,386,942 |
| Social security contributions | 13,536,080 | 4,530,873 | 3,117,973 | 21,184,926 |
| Employees' leaving entitlement | 3,143,257 | 1,042,201 | 656,263 | 4,841,721 |
| Pension and similar costs | — | — | — | — |
| Other costs | 343,635 | 92,368 | 641,138 | 1,077,141 |
| Amortisation of intangible fixed assets | 6,309,891 | 627,473 | 11,472,940 | 18,410,304 |
| Depreciation of tangible fixed assets | 1,218,807 | 384,222 | 409,327 | 2,012,356 |
| Other write-downs of fixed assets | — | — | — | — |
| Write-downs of current receivables | 181,000 | 76,929 | (181,000) | 76,929 |
| Change in raw materials | (1,002,835) | (293,710) | 774,151 | (522,394) |
| Provisions for risks | 18,584 | — | 1,481,416 | 1,500,000 |
| Other provisions | — | — | — | — |
| Other operating costs | 1,632,168 | 807,818 | 709,561 | 3,149,547 |
| **Total** | **210,721,772** | **43,002,605** | **68,370,664** | **322,095,041** |

The most significant items and the reasons for the changes therein are summarised below.

Raw materials, consumables, supplies and goods mainly consist of the cost of purchasing hardware and software for resale. The increase is due to the higher business volumes of the year, as well as changes in the consolidation scope (€7,502,190).

Services include the cost of maintenance services for IT equipment, IT assistance and sundry consultancy services. Other significant cost items refer to personnel travel and remote link-up costs. The increase is mainly due to the growth in volumes, as well as changes in the consolidation scope (€12,175,174).

Use of third party assets mostly comprises lease expense for the Group's facilities, electronic equipment and cars. €1,100,620 of the increase is due to changes in the consolidation scope.

Wages and salaries include all expenses related to the Group's employees including merit salary increases, promotions, cost of living adjustments, employee bonuses, untaken holidays and the legal and national contract obligations. The increase in the workforce led to a rise in such cost. The changes in the consolidation scope had an impact of €14,956,447.

Social security contributions refer to contributions made for employees. The increase in the workforce led to a rise in such cost. The changes in the consolidation scope had an impact of €4,530,873.

Employees' leaving entitlement is the cost of the year related to the entitlements accrued pursuant to the law. The increase in the workforce led to a rise in such cost. The changes in the consolidation scope had an impact of €1,042,201.

Other operating costs mostly consist of membership fees, taxes and duties, commercial costs, gifts and prior year expense. The increase of the year is due to higher volumes, as well as changes in the consolidation scope (€807,818).

### Interest and other financial charges

The caption may be analysed as follows:

| | 2017 | Variation | 2018 |
|---|---|---|---|
| Income from equity investments | (108) | (104) | (212) |
| Other financial income: | (24,313) | (46,899) | (71,212) |
| Interest expense on loans, short-term payables and other financing | 1,208,168 | 2,813,068 | 4,021,236 |
| Transaction costs on financing and commissions for non-utilisation | 163,204 | 959,859 | 1,123,063 |
| Factoring commission expense | 183,700 | (16,069) | 167,631 |
| Other financial charges | 360,438 | (359,524) | 914 |
| Net exchange rate gains (losses) | (496,682) | 776,786 | 280,104 |
| | **1,394,407** | **4,127,117** | **5,521,524** |

Interest and other financial charges increased by approximately €4.1 million driven by two significant, but expected, elements: the reverse merger of the ultimate parent OEP Italy Solutions S.r.l. into Lutech S.p.A. which meant that Lutech took on the ultimate parent's debt incurred to acquire the Group (interest and transaction costs of €1,567,144) and led to an increase in financial debt to support the acquisitions made, with a model which included equal amounts of debt and own funds. The changes in the consolidation scope led to higher costs of €278,817.

The decrease in other financial charges is mainly due to the reclassification of bank fees and commissions on sureties to services.

### Income taxes

| 2017 | Variation | 2018 |
|---|---|---|
| 4,730,226 | 535,028 | 5,265,254 |

| Tax | 2017 | Variation | 2018 |
|---|---|---|---|
| **Current taxes:** | | | |
| IRES | 3,775,572 | 1,236,607 | 5,012,179 |
| IRAP | 707,476 | 337,250 | 1,044,726 |
| Changes in deferred taxes | 247,178 | (1,038,829) | (791,651) |
| | **4,730,226** | **535,028** | **5,265,254** |

The reconciliation of the effective tax charge with the theoretical tax charge is provided in the table below:

| | |
|---|---|
| **Profit before tax from continuing operations** | **5,597** |
| in EUR—1,000 | |
| Tax using the Company's domestic tax rate | **2,039** |
| Effect of tax rates in foreign jurisdictions | 284 |
| Reduction in tax rate | |
| Tax effect of: | |
| –Non-deductible expenses | 5,720 |
| –Effect of share of profits of equity-accounted investees | |
| –Tax-exempt income | (796) |
| –Tax incentives | (200) |
| –Current year losses for which no deferred tax asset was recognised | |
| Recognition of previously unrecognised tax losses | (490) |
| Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences | 56 |
| Change in estimates related to prior years | (554) |
| **Current Taxes** | **6,059** |

### Deferred tax assets and liabilities

Deferred tax assets are recognised when the Group is reasonably certain that it will have a taxable profit at least equal to the amount of differences that will reverse in the years in which this will take place. The caption may be analysed as follows:

| **Deferred tax assets:** | |
|---|---|
| in EUR—1,000 | **2018** |
| Amortisation of goodwill | 602 |
| Unrealized exchange losses | 11 |
| Depreciation of inventory | 352 |
| Provisions for risks | 410 |
| Future charges for personell | 240 |
| Other future charges | 53 |
| Maintenance costs | 18 |
| **Total** | **1,686** |

Deferred tax liabilities are calculated using the global allocation method, considering the cumulative amount of all temporary differences and applying the average rate expected to be enacted when the temporary differences reverse. The caption may be analysed as follows:

| **Deferred tax liabilities:** | |
|---|---|
| in EUR—1,000 | **2018** |
| Lutech Trade Name (PPA) | 752 |
| Radio Trevisan Trade Name (PPA) | 45 |
| Kronotech Trade Name (PPA) | 12 |
| Sinergy Trade Name (PPA) | 336 |
| Intangible fixed assets | 1,145 |
| unrealized exchange gains | 34 |
| deferred income | 34 |
| **Total** | **1,212** |

### Fair value of derivatives

Pursuant to article 38.1.o-ter of Legislative decree no. 127/1991, this section presents the fair value and information (for the current and previous year) on the size and nature of each category of derivatives held by the Group, Grouped by characteristics and purpose.

With regard to hedges recognised in accordance with hedge accounting rules (OIC 32), the derivatives are measured at fair value and changes in fair value are taken to the hedging reserve. The interest rate caps are recognised at fair value, while changes in their fair value are directly taken to the profit and loss account.

| **Underlying** | **Exchange rate/Interest rate** | | |
|---|---|---|---|
| **Type of transaction** | **Fair value** | | **Fair Value Net** |
| | **gain** | **loss** | |
| **Unlisted derivatives** | | | |
| *Financial derivatives* | 30,722 | — | 30,722 |
| *Forwards* | | | |
| –purchases | 10.582 | 176,062 | 165,480 |
| –sales | — | — | — |
| **TOTAL** | **41,304** | **176,062** | **134,758** |

Details on the individual transactions are provided in the following table.

| ID | Purpose | Notional amount | Underlying risk | Fair value | Hedged liability | Hedge accounting |
|---|---|---|---|---|---|---|
| 1 | Cash flow hedge | 520,000 | EUR/USD exchange rate fluctuations | 10,582 | Purchase orders | Yes |
| 2 | Cash flow hedge | 250,000 | EUR/USD exchange rate fluctuations | (3,687) | Purchase orders | Yes |
| 3 | Cash flow hedge | 500,000 | EUR/USD exchange rate fluctuations | (4,853) | Purchase orders | Yes |
| 4 | Cash flow hedge | 300,000 | EUR/USD exchange rate fluctuations | (2,972) | Purchase orders | Yes |
| 5 | Cash flow hedge | 73,000 | EUR/USD exchange rate fluctuations | (177) | Purchase orders | Yes |
| 6 | Cash flow hedge | 48,000 | EUR/USD exchange rate fluctuations | (1,227) | Purchase orders | Yes |
| 7 | Cash flow hedge | 800,000 | EUR/USD exchange rate fluctuations | (7,124) | Purchase orders | Yes |
| 8 | Cash flow hedge | 1,425,000 | EUR/USD exchange rate fluctuations | (13,668) | Purchase orders | Yes |
| 9 | Cash flow hedge | 728,000 | EUR/USD exchange rate fluctuations | (7,577) | Purchase orders | Yes |
| 10 | Cash flow hedge | 250,000 | EUR/USD exchange rate fluctuations | (1,401) | Purchase orders | Yes |
| 11 | Cash flow hedge | 1,300,000 | EUR/USD exchange rate fluctuations | (19,280) | Purchase orders | Yes |
| 12 | Cash flow hedge | 2,880,000 | EUR/USD exchange rate fluctuations | (45,207) | Purchase orders | Yes |
| 13 | Cash flow hedge | 1,680,000 | EUR/USD exchange rate fluctuations | (22,266) | Purchase orders | Yes |
| 14 | Cash flow hedge | 19,555 | EUR/USD exchange rate fluctuations | (233) | Purchase orders | Yes |
| 15 | Cash flow hedge | 550,000 | EUR/USD exchange rate fluctuations | (5,952) | Purchase orders | Yes |
| 16 | Cash flow hedge | 600,000 | EUR/USD exchange rate fluctuations | (6,489) | Purchase orders | Yes |
| 17 | Cash flow hedge | 1,350,000 | EUR/USD exchange rate fluctuations | (15,987) | Purchase orders | Yes |
| 18 | Cash flow hedge | 265,000 | EUR/USD exchange rate fluctuations | (2,225) | Purchase orders | Yes |
| 19 | Cash flow hedge | 1,750,000 | EUR/USD exchange rate fluctuations | (15,736) | Purchase orders | Yes |
| 20 | Cash flow hedge | 8,680,000.00 | Euribor fluctuations | 8,151 | Term loan | No |
| 21 | Cash flow hedge | 5,236,933.00 | Euribor fluctuations | 2,288 | Term loan | No |
| 22 | Cash flow hedge | 8,680,000.00 | Euribor fluctuations | 8,936 | Term loan | No |
| 23 | Cash flow hedge | 5,236,933.00 | Euribor fluctuations | 2,655 | Term loan | No |
| 24 | Cash flow hedge | 8,680,000.00 | Euribor fluctuations | 6,969 | Term loan | No |
| 25 | Cash flow hedge | 5,236,933.00 | Euribor fluctuations | 1,724 | Term loan | No |

**Disclosure about financial fixed assets recognised at an amount higher than their fair value**

The consolidated financial statements do not include financial fixed assets recognised at an amount higher than their fair value.

**Own shares and shares/quotas held in parents**

The parent holds 73,458 own shares with a nominal amount of €1 each, equal to roughly 2.29% of its share capital. These own shares are worth €244,043. As required by the 2016 OIC, the parent deducted this amount from net equity.

The parent does not hold shares or quotas of its ultimate parent nor has it purchased or sold any such shares or quotas directly or through trustees or nominees.

**Related party transactions**

The parent's related party transactions were carried out on an arm's length basis. Transactions with associated and parent companies are described in specific paragraphs of these Notes, while transactions with Group companies included in the consolidation area have been eliminated in the preparation of these consolidated financial statements.

However, it should be noted that there are no transactions with related parties of an atypical or unusual nature, unrelated to normal business management or such as to prejudice the economic, equity and financial situation of the Group.

**Disclosure about off-balance sheet agreements**

Commitments, which are not recognised on the balance sheet, are obligations with third parties arising from legal agreements with certain obligatory effects which have not been executed by either of the parties. They include commitments of a certain amount and execution (e.g., purchase and sale forwards) and commitments, the execution of which is certain but not the amount. They are shown at their nominal amount as per the related supporting documentation.

Guarantees given by the Group include both personal guarantees and collateral.

Risks for which a liability is probable are described in the notes and provided for in the provisions for risks.

Risks for which a liability is only possible are described in the notes but no provision is made therefor pursuant to the OIC.

Remote risks are not provided for.

Reference should be made to the specific section for information on guarantees, commitments and risks.

**Fees of the independent auditors engaged to perform the statutory audit**

As required by law, we note that the fees due to the independent auditors are as follows:

- fees for the statutory audit of the consolidated financial statements: €136,351
- fees for other audit services: €3,000
- fees for non-audit services provided to the Group: €10,000

The statutory audit is performed by KPMG S.p.A. with registered office in Via Vittor Pisani 25, Milan.

**Fees of the directors and statutory auditors**

As required by law, the fees due to the parent's directors and statutory auditors, including for their services provided to other consolidated companies, are shown below:

| | Fees |
|---|---|
| Directors | 295,220 |
| Statutory auditors | 165,792 |
| **Total** | **461,012** |

**Significant post-balance sheet events**

For 2019, according to the Assintel Report on the survey of over 1,000 users, most companies are confident about the year to come. Over 40% of the medium-sized companies and over 60% of large companies predict an increase in turnover. The most optimistic sectors are Tourism, Retail and Banks. This is reflected in forecast ICT expenses: 49% of large companies plan to increase their ICT investments (15% of which at an annual rate of over 5%), while 20% of small companies are in free fall. The area of greatest investment will be analytics platforms (according to 11.3% of those surveyed).

Against this backdrop, with the support of One Equity Partner, the Group plans to grow again, both internally and with new acquisitions that enable it to expand its product portfolio and improve its position on the market.

On 17 January 2019, based on agreements with the Group's banks, the Group checked and extended the pledges and other guarantees given in relation to the investments and receivables deriving from the acquisitions made in 2017 and 2018 following the reverse merger of OEP Italy Solutions S.r.l. into Lutech S.p.A..

At the date of preparation of this annual report, the directors of Lutech S.p.A. have assessed new investment initiatives, arriving at the formal decision to proceed for some of them and negotiating new financing with the banks together with additional funds made available by One Equity Partner. On 27 March 2019, the parent signed an amendment to the loan agreement with the banks which made an additional €35 million available to finance new acquisitions.

On 27 March 2019, Lutech S.p.A. finalised the first of its planned acquisitions by acquiring the entire quota capital of Finance Evolution S.r.l., a Turin-based company with a dedicated focus on the finance sector that provides over 30 customers, including Italian and foreign banks and other financial operators, with business process consulting services. Being greatly complementary to Lutech from a technological point of view, it reinforces the Group's consultancy product offer, thanks to the company's established positioning in the sector, in the world of banking and capital markets, with experience in securities and derivatives, private banking and security services. Finance Evolution's portfolio brings vertical proprietary solutions to the Group's already expansive portfolio, boosting the end-to-end services offered to the financial services industry. The know-how of the top-range 110 professionals that Finance Evolution brings to the Group completes the Group's value proposition in the financial sector.

On 23 May, Lutech S.p.A. finalised the second of the planned acquisitions by acquiring the entire share capital of DISC S.p.A., a system integrator and software house specialised in the design and development of IT solutions with specific experience matured in the banking, industrial and public administration sectors. DISC employs over 160 people and invoices over €20 million a year. It is broken down into two divisions: applications and systems. It boasts important commercial partnerships with leading consultancy and software engineering companies on the Italian market and is certified by the top international IT vendors and system providers.

Pursuant to the loan agreements in place, the investments in Finance Evolution S.r.l. and DISC S.p.A. were pledged as guarantee for the loan received to acquire such companies.

Additional investment initiatives are currently being assessed in order to complete the Group's product portfolio and provide its customers with more updated and complete solutions.

On 19 March 2019, the dormant company 4PLM S.r.l. was put into liquidation. It will be wound up and liquidated with effect as of 1 April 2019.

Post-merger integration activities are continuing in 2019 involving the main company processes in order to bring them into line with those of the parent and to achieve important business, functional and cost synergies.

**Information about the company that prepares consolidated financial statements of the largest/ smallest Group to which the company belongs**

| | Largest Group | Smallest Group |
|---|---|---|
| Company name | OEP 14 COOPERATIIEF U.A. | OEP 14 COOPERATIIEF U.A. |
| Registered office | HOLLAND | HOLLAND |
| Place where the copy of the consolidated financial statements is filed | HOLLAND | HOLLAND |

The parent is managed and coordinated by OEP Italy Solution S.r.l.. As such company was set up in 2018, the latest approved financial statements data are not available.

These consolidated financial statements, comprising the balance sheet, the profit and loss account, the cash flow statement and notes thereto, give a true and fair view of the Group's financial position and results of operations. They are consistent with the accounting records of the parent and the information provided by the consolidated companies.

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